

Gentiva Health Services, Inc.

Charter of Audit Committee of the Board of Directors

I. Statement of Policy

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Gentiva Health Services, Inc. (the “Corporation”) shall provide assistance to the Board in fulfilling its oversight responsibility relating to (i) the integrity of the Corporation’s financial statements, (ii) compliance with legal and regulatory requirements, (iii) the Independent Auditors’ (as defined below) qualifications and independence and (iv) the performance of the Corporation’s internal audit function and its Independent Auditors. To this end, the Committee shall maintain free and open communication with the Board, the Independent Auditors, the Corporation’s internal auditor, the Corporation’s Chief Compliance Officer and the financial management of the Corporation. The Committee shall also prepare the report of the Committee required by the rules of the Securities and Exchange Commission to be included in the Corporation’s annual proxy statement.

As an oversight body, the Committee does not have responsibility for day-to-day operations and financial reporting. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; rather, this is the responsibility of management and the Independent Auditors. The Committee will require that each of management and the Independent Auditors establish to the Committee’s satisfaction that appropriate actions have been taken and procedures followed in order for the financial statements to be complete and accurate and in accordance with generally accepted accounting principles.

II. Organization and Membership

The Committee shall be comprised of a minimum of three directors, each of whom must be an “Independent Director” (as defined below) and free of any relationship that, in the opinion of the Board, would interfere or appear to interfere with their exercise of independent judgment in carrying out the responsibilities of a member of the Committee or a Director. The members of the Committee will be elected by the Board at the annual organizational meeting of the Board and shall serve one-year terms. The Board will appoint one member of the Committee as chairperson. Upon the removal or resignation of a member, the full Board may appoint a successor to serve the remainder of the unexpired term.

III. Qualification

Each member of the Committee must be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member must be a “Financial Expert” (as defined below). The Financial Expert will be identified in the minutes of the Committee and of the Board.

IV. Meetings

The Chairperson of the Committee will establish the agenda for each Committee meeting. The Committee will hold at least four meetings per year or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least quarterly with management, the internal auditor, the Chief Compliance Officer and the Independent Auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately.

V. Powers and Responsibilities

Auditors and Auditor Independence

The Committee will:

1. Have the sole power to select and hire the Independent Auditors to audit the financial statements of the Corporation and its subsidiaries and advise the Independent Auditors that they are accountable to the Board and the Committee as representatives of the shareholders.
2. Have the sole power to approve the Independent Auditors' fees.
3. Assess all relationships of the Independent Auditors with the Corporation to determine their independence. Such assessment should include the review on an annual basis of a formal written statement from the Independent Auditors that discloses all relationships between the Independent Auditors and its related entities and the Corporation and its related entities, consistent with Independence Standards Board Standard No. 1.
4. Discuss with the Independent Auditors any disclosed relationship or services that may impact its objectivity and independence and take appropriate action to oversee the independence of the Independent Auditors.
5. Have the power to discharge the Independent Auditors when circumstances warrant.
6. Have the sole power to approve all audit and non-audit services provided by the Independent Auditors, except those services prohibited by law. The Committee must approve all of these services prior to the Corporation's receipt of such services.
7. Have the power to hire and determine the fees and other retention terms for legal, accounting and other advisors to the Committee as it sees fit without Board approval.
8. Present an evaluation of the Independent Auditor's qualifications, performance and independence to the Board annually. To be in a position to make such evaluation, the Committee shall:
 - (a) At least annually, obtain and review a report by the Independent Auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the Independent Auditors and the Corporation.
 - (b) Review and evaluate the lead partner of the Independent Auditors.
 - (c) Review the Independent Auditor's performance with the Corporation's management and internal auditors.
 - (d) Ensure that the lead and concurring audit partner have not performed audit services to the Corporation in any capacity for more than five consecutive years, with a five year "time out" period after rotation.
 - (e) Ensure that significant audit partners, as defined by the SEC, have not performed audit services to the Corporation in any capacity for more than seven consecutive years, with a two year "time out" period after rotation.
 - (f) Consider whether, in order to assure continuing auditor independence, there should be a regular rotation of the Independent Auditors.
9. Set clear hiring policies for employees or former employees of the Independent Auditors, including the requirement that the Corporation not hire any person as Chief Executive Officer, Chief Financial Officer, Controller, Chief Accounting Officer or any equivalent position if such person was employed by the Independent Auditors and participated in any capacity in the audit of the Corporation during the one year period preceding the date of initiation of such audit.

Financial Reporting

The Committee will:

1. Meet with the Independent Auditors, internal auditors and financial management of the Corporation prior to the annual audit to review the scope and audit procedures of the proposed audit and, at the completion of the audit, meet again with the Independent Auditors to review audit results and discuss the Independent Auditors' judgment, comments and recommendations about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting.
2. Review the annual audited financial statements and quarterly financial statements with management and the Independent Auditors (both with and separate from management), including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
3. Obtain and review a report of the Independent Auditors prior to the filing of the Form 10-K or the release of any audited financial statements of the Corporation with respect to:
 - (a) all critical accounting policies and practices to be used;
 - (b) all alternative treatments of financial information within generally accepted accounting principles (GAAP) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditors; and
 - (c) other material written communications between the Independent Auditors and management, such as any management letter or schedule of unadjusted differences.
4. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the Independent Auditors, management or the internal auditing department.
5. Review with the Independent Auditors, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
6. Discuss with the Independent Auditors its evaluation of the Corporation's financial, accounting and auditing personnel and the cooperation that the Independent Auditors received during the course of its audit, and any audit problems or difficulties, including any restrictions on the scope of work or access to required information and management's response to the problem or difficulty.
7. Establish regular and separate systems of reporting to the Committee by each of management, the Independent Auditors and the internal auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
8. Discuss the guidelines and policies with respect to the Corporation's financial risk assessment and risk management policies with management.

Internal Controls and Process Improvement

The Committee will:

1. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.
2. Establish procedures for the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3. Review with the Independent Auditors, the Corporation's internal auditor, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Corporation, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures would be desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
4. Review the functions and effectiveness of the Corporation's internal audit department, including its budget, staffing, organization, independence, and proposed audit plans for the year.
5. Review at each meeting a summary of findings from completed internal audits and a progress report on the proposed internal audit plan.
6. Review with the Chief Executive Officer and the Chief Financial Officer the contents of their respective certifications required by Section 302 of the Sarbanes-Oxley Act of 2002.

Miscellaneous

The Committee will:

1. Oversee the Corporation's compliance program, including meeting with, and receiving reports from, the Corporation's Chief Compliance Officer and review and approve the annual compliance program.
2. Review with the Corporation's General Counsel, on not less than a semi-annual basis, all material litigation and other significant legal matters that may have a material impact on the Corporation's financial statements and compliance policies and programs.
3. Review and pre-approve any related-party transaction. These include transactions in which any of the following persons has a direct or indirect material interest: a director or officer of the Corporation, a nominee for director, an owner of more than 5% of the outstanding shares of any class of stock or an Immediate Family Member of any of the foregoing persons.
4. Review and update the Committee's Charter annually or as circumstances dictate.
5. Report to the Board on a regular basis and submit minutes of all meetings to the Board.
6. Cooperate in an annual performance evaluation of the Committee by the Board. In connection with the evaluation, the Committee should review with the Board:
 - (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
 - (b) analyses setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, arrangements or obligations on the Corporation's financial statements; and
 - (d) earnings press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies.
7. Post this Charter on the Corporation's website.

VI. Definitions

1. For purposes of this Charter, the term “Family Member” includes any person who is a relative by blood, marriage or adoption or who has the same residence.
2. For purposes of this Charter, the term “Financial Expert” means a person who has the following attributes:
 - (a) an understanding of generally accepted accounting principles (GAAP) and financial statements;
 - (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
 - (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
 - (d) an understanding of internal controls and procedures for financial reporting; and
 - (e) an understanding of audit committee functions.

The person shall have acquired such attributes through:

- (a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
 - (b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - (c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
 - (d) other relevant experience.
3. For purposes of this Charter, the term “Independent Auditors” will mean, as and when required by the Sarbanes-Oxley Act of 2002, a public accounting firm registered with the Public Company Accounting Oversight Board, and as otherwise defined by the SEC. Until such time, “Independent Auditors” shall mean an independent legal entity engaged in the practice of public accounting or preparing or issuing audit reports.
4. For purposes of this Charter, the term “Independent Director” means: a person other than an officer or employee of the Corporation or its subsidiaries or any other individual having a relationship which, in the opinion of the Corporation’s Board of Directors, would interfere with or appear to interfere with the exercise of independent judgment in carrying out the responsibilities of a member of the Committee or a director. The following persons shall not be considered independent:
 - (a) a director who is or has been employed by the Corporation or any parent or subsidiary of the Corporation within the past five years;
 - (b) a director who accepts or who has a non-employee Family Member who accepts any payment from the Corporation or any of its affiliates, including political contributions, in the current year or any of the past three fiscal years, other than compensation for board or board committee service;

- (c) a director who is a partner, member, principal or occupier of a similar position of an entity that accepts payments from the Corporation for the provision of accounting, consulting, legal, investment banking, financial or other advisory services or similar services;
- (d) a director who is a director, executive officer, partner, member, principal or designee of an affiliate of the Corporation (affiliate shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation, including a 10% shareholder of the Corporation);
- (e) a director who is a Family Member of an individual who is, or within the past five years was, employed by the Corporation or by any parent or subsidiary of the Corporation as an officer;
- (f) a director who is a partner in, or a controlling shareholder or an executive officer of, any business organization, including a non-profit entity, to which the Corporation made, or from which the Corporation received, payments (other than those arising solely from investments in the Corporation's securities) that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, in the current fiscal year or if such relationship existed within the past three years;
- (g) a director who is employed by another company while any of the Corporation's executive officers serve on that other company's compensation committee, or if such relationship existed within the past three years;
- (h) a director who holds, directly or indirectly, 10% or more of the Corporation's outstanding common stock;
- (i) a director who serves on the audit committee of three other companies; or
- (j) a director who was a partner or employee of the Corporation's outside auditors, and worked on the Corporation's audit within the past three years.