

New Hampshire Electric Cooperative, Inc.

Minutes of the Meeting of the

Audit Committee

March 20, 2026

Present: Committee Members: Pat Barbour (Chair), Alana Albee, Peter Laufenberg, Harry Viens, Bill Darcy, Jeff Morrill, Kristen Taylor, Brittany L'Heureux

Other Board Members: Jerry Stringham, Tom Mongeon

NHEC Employees: Michael Jennings, Maria Stella, Christine Parent (Recording)

Others Present: Terry McMichael (McNair, McLemore, Middlebrooks & Co., LLC)

Meeting Called to Order

Chair Barbour called the meeting to order at 10:00a.m.

Agenda Review

There were no suggested changes to the agenda.

Audited Financials & Resolution

Mr. McMichael shared the Summary of Audited Consolidated Financial Statements through December 31, 2025, including the following topics:

- Audit Timing
- Timing of Audit Procedures (Preliminary)
- Materiality Assessment
- Timing Of Audit Procedure (Final)
- Discussion and Commentary on Financial Current Year Financial Statements and Disclosures
- Communication to Those Charged with Governance
- Report on Compliance
 - In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the terms, covenants, provisions or conditions of lending instruments.
- Independent Auditor's Report
 - Anticipated issuance date March 24, 2026
 - Unmodified opinion (clean opinion)
 - Consolidated financial statements are free of material

Discussion:

Mr. Darcy asked when utility poles are replaced during make-ready and charged to the broadband business via lease payments, has Mr. McMichael seen that we allocate those costs between the utility business and the broadband business. He also asked if there is any established practice—particularly among cooperatives—for allocating the shared pole asset and its costs between the electric utility and broadband businesses. Mr. McMichael responded that the structured lease payment is what they see across the industry. He added that they have not seen the asset moved from one balance sheet to another.

Mr. Darcy asked if NHEC allocated installation costs to both broadband and electric would that be inconsistent with accounting principles. Mr. McMichael responded the asset itself needs to stay with its owner, and there could be an adjustment to the lease payment itself. Mr. Darcy asked if it would work the same way with fiber. Mr. McMichael responded they are seeing this with a number of clients.

Mr. Darcy and Mr. McMichael discussed the post-retirement healthcare benefits and the employer contributions. Mr. Darcy suggested the \$412,000 in benefits paid be shown as an employer contribution.

Ms. Albee asked in auditing terms if it makes a difference if the lease agreement is done through a policy or a resolution. Mr. McMichael replied that it doesn't matter for financial reporting and audit, but on the tax and compliance side it will need to be more formal.

Executive Session with Auditors and Board only

The committee went into executive session for the purpose of discussing the audited financials with the auditors at 10:35 a.m.

At 10:40 a.m. the committee came out of executive session.

Ms. Taylor stated that if Mr. McMichael makes a change to the employer contribution in the post-retirement section, the anticipated issuance date of the financials should be changed to the Board meeting date which is March 31.

Resolution

Upon motion by Mr. Darcy, seconded by Mr. Morrill, it was

VOTED that the committee recommend that the Board of Directors accept the 2025 audited financial statements as presented by McNair, McLemore, Middlebrooks & Company, LLC at the March 20, 2026, Audit Committee meeting, with the provision that on page 25 the employer contribution, which is now blank, be shown as an employer contribution of \$412,000 to match the benefits paid of \$412,000.

Vote was unanimous.

Financial Internal Controls Audit and IT Updates

Mr. Darcy motioned to go into executive session for the purpose of discussing confidential financial information and IT updates. The motion was seconded by Mr. Morrill, passed unanimously, and the committee entered executive session at 10:42 a.m.

At 11:37 a.m. the committee came out of executive session.

Discussion:

Ms. Albee asked where we are with the non-financial internal audit. Mr. Jennings wants to keep moving forward with the audit and keep trying to bring someone in internally. He will post the job next week to work on operational side of audit. It will be up to the committee if the internal person takes over the audit from Berry Dunn. The committee agreed this could easily and safely be brought in-house.

Ms. Albee added in the medium term the external auditor's work on the internal audit is beneficial, and it will be informative for the new internal auditor when they take over.

Mr. Mongeon and Mr. Jennings will discuss Berry Dunn deliverables. Ms. Albee suggested Berry Dunn report at a higher level.

Adjournment

Upon motion by Mr. Darcy, seconded by Mr. Laufenberg, Chair Barbour adjourned the meeting at 11:54 a.m.