

**Audit Committee
Meeting Minutes
October 20, 2023**

CPCNH Audit Committee, Appointed 4/21/23		
Member	Name	Present/Absent
Kathleen	Kelley	Physically present
Henry	Noel	Physically present
Andrea	Hodson	absent
Robin	Rainie-Lobacz	Online, not able to be physically present
Kevin	Charette	Online, not able to be physically present
Peter	Kulbacki	Online, not able to be physically present

Kathleen called the meeting to order 1:35pm with roll call.

Henry moved and seconded by Robin, to unanimously approve agenda.

Kevin moved to approve the minutes of the 9/8/23 Audit Committee Meeting as presented, and Robin seconded the motion. There was no discussion, the chair called the motion passed by unanimous consent without objection.

The committee reviewed the draft questions from RFP responders and proposed responses:

1. Does CPCNH have a Copy of the Determination Letter from the IRS?

We don't have an IRS tax status determination letter. That filing (Form 1024-A) is due by the end of the year if we want to have IRS acknowledge our 501(3)(4) status from date of inception, which has been our goal all along. We, through DWGP, did timely file Form 8976 to put on the record that we are operating as 501(c)4. Here for reference is what IRS says on their Form 8976 web page:

“Organizations complete Form 8976 only once. However, you will have to file annual information returns or notices (e.g., Form 990, Form 990-EZ, or Form 990-N) depending on your total assets and gross receipts.

*“In addition to submitting Form 8976, organizations operating as 501(c)(4) organizations **may also choose to file** [Form 1024-A, Application for Recognition of Exemption Under Section 501\(c\)\(4\) of the Internal Revenue Code](#), to request recognition of tax-exempt status. Submission of a Form 1024-A does not relieve an organization of the requirement to submit Form 8976.”*

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And here is what the instructions for Form 1024-A say:

“When to File Generally, if you file Form 1024-A within 27 months after the month in which you were legally formed, and we approve your application, the effective date of recognition of your exempt status will be your legal date of formation. If you otherwise meet the requirements for tax-exempt status but don’t meet the requirements for recognition from your date of formation, the effective date of recognition of your exempt status will be the date you submitted Form 1024-A.”

2. Did CPCNH file the NH annual report for 2021?

This has not been done. It is not clear if it was actually required and upon completion of the 2022 Form 990 CPCNH will be filing a Form NHCT-10, Request for Pre-Registration Review.

3. Has CPCNH filed the 2022 tax returns.

Not yet, but we have contracted with Miller and Associates to have 2022 Form 990 completed by Nov 15.

4. Does CPCNH need an audit for 2022 or just for 2023?

Yes. and audit of 2022 is desirable. The Audit Committee members think an audit of the few 2022 transactions would be foundational for all other work since the bulk was done by a volunteer prior to hiring ECO CFO.

5. The RFP requests that the proposals include an affirmative statement that “the firm and all assigned key professional staff are properly licensed to practice in NH.” Please clarify if CPCNH is referring to a business license or CPA license? Does CPCNH require a copy of the firm’s license, or copies of licenses for each individual engagement team member?

Our intent is that the audit staff assigned to the CPCNH contract would be licensed to perform audits in the state of NH. This requires the audit staff to have a CPA license and the Firm to be licensed in NH to perform audit work.

6. In two places, the RFP requests that the Proposer state the proposal is valid for “[fill in] days” following the deadline. Can you please confirm how many days?

90 days would be preferable, but we hope to make a decision on the audit contract within 60 days of receipt of the RFP responses.

7. Please clarify if the first audit report is expected to be for the year ending 12/31/2023 as compared to the year (or period) ending 12/31/2022.

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The first audit report is expected to be for the year ending 12/31/22. CPCNH will make records available for the few transactions of the year ending 12/31/21 that influence the beginning balance as soon as contract is signed.

8. When are the 12/31/2023 records expected to be available to begin our audit procedures?

12/31/2023 records will be available by or before February 1, 2024.

9. Does CPCNH prefer remote or on-site work during the engagement?

Remote work during the engagement would be better, due to the availability of office space.

10. Is it expected that we will work with the external accountants/ bookkeepers directly or through CPCNH staff (or both)?

Both the CPCNH staff, CPCNH Treasurer and the ECO-CFO will work directly with the auditing firm selected.

11. Does CPCNH expect to have internal audit staff?

Not at this time.

12. Does CPCNH consider its hedging activities to be safeguards against power market fluctuations or derivative financial instruments as defined under U.S. GAAP?

Hedging activities thus far are actual procurement of strips of power supply in the ISO New England market and are safeguards against power market fluctuations.

13. What are the details of the deferred compensation plan identified in CPCNH's Board Approved 4/21/23 Budget-2023?

CPCNH has not worked out the details yet with the CEO. There is no plan yet in place.

14. How many, and what type of leases does CPCNH have?

CPCNH has short term leases the office space in Lebanon, NH and in Concord, NH.

15. Is the start-up funding received from Calpine an investment or a loan to be paid back?

Calpine Energy Solutions, LLC provided the funding as part of its contract for start-up services to CPCNH. It is neither an investment in terms of generating any equity for Calpine, nor a loan.

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16. Is CPCNH required to have a letter of credit or cash deposits or a combination of both with ISO-NE?

No

17. Will CPCNH or the electric distribution companies be billing and collecting the purchased power for customers?

The electric distribution companies are currently billing and collecting from customers the cost of electricity purchased and provided by CPCNH called “Consolidated Billing”, however in some special cases “Dual Billing” or separate billing by CPCNH (with Calpine Energy Solutions support) may be utilized for the power supply portion of the customer bill.

18. Could you provide the most recent internally prepared financial statements to include the statement of operations and statement of net assets (balance sheet)?

Yes, August Financial Statements are attached as presented to the Board.

The Committee then reviewed the excel spreadsheet prepare to evaluate the RFP's. A five-point scale will be used.

1. Demographics

Name of Firm
Street Address
City
State
Zip
Phone Number
Email
Name of primary Contact
Proposal was signed by official of firm
Peer Review included
Three references provided
Company policies on notice of staff changes included
Continuing Education policy included
Signed Appendix A Included
Signed Appendix B included
Signed Appendix C included
Affirmation of independence included
Proof of adequate insurance included

2. Deadlines

proposal was valid for () days
990 will be completed by May 15
State of NH Charitable Organization Annual Report will be completed by May 15

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Audit field work will be completed by May 15
Timeline of the field work is acceptable

3. Bid

2023 min/ max
2024 min/ max
2025 min/ max
Partner hourly
Audit Manager hourly
Field Staff hourly
Subcontractor fees

4. Quality of Firm

Staff assigned are qualified to complete the audit of a NH firm

Partner
Audit Manager
Field Staff

Staff assigned receive adequate continuing education
Staffing plan is adequate
Firm has experience with 501c4, quasi-governmental organization and or community power organizations
Size of organization is adequate
Technical section of proposal shows understanding of the work to be performed
The peer review is positive
The peer review included a review of contracts with quasi-governmental organizations
Disciplinary actions were resolved
There were no disbarments
Subcontracts will be used on the project
Number of years' experience is adequate

5. Notes from each member

6. Rate enthusiasm and relationship opportunity based on the interview

Paul Miller of Miller and Associates talked with Clifton about the 990 for 2022 and has assigned a partner to complete the project by Nov 15.

Kathleen summarized the interest in the Audit Services RFP:

1. BerryDunn, 1000 Elm Street 4th Floor Manchester, NH 03101- has indicated that they are interested in bidding on the audit services. (sent them the questions on 10/22)
2. Deloitte & Touche, LLP- Jack Pickette 200 Berkeley Street, 10th Floor Boston, MA 02116- has not yet responded to the RFP.

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3. KPMG-60 South Street, Two Financial Center Boston, MA- will not be responding to the audit RFP.
4. Miller and Company, LLP 14107 20th Ave #101, Queens, NY 11357- has indicated that they are interested in bidding on the audit services. (sent them the questions on 10/22)
5. Wipfli LLP (which was Howe, Riley & Howe, PLLC) 43 Constitution Drive, Suite 100 Bedford, NH 03110 has not indicated whether they will respond to the RFP(sent them the questions on 10/22)
6. MGO.com- 445 Broadhollow Road, Suite 319 Melville, NY 11747-3601 has not indicated wither they will respond to the RFP. (sent them the questions on 10/22)
7. Nathan Wechsler & Company, P.A. 44 School St, Lebanon, NH 03766 has not indicated whether they will respond to the RFP. (sent them the questions on 10/22)
8. [Tyler Ernest R - Tyler Simms & St Sauveur CPA](#) 19 Morgan Drive Lebanon, NH 03766 will not be responding to the RFP. (sent them the questions on 10/22)
9. Vachon, Clukay & Co., PC 608 Chestnut Street | Manchester, NH 03104 has not indicated whether they would be responding to the RFP. (sent them the questions on 10/22)

Next meeting will be Nov 8 2-4 pm to review the RFP received. Kathleen will place all RFP responses in a secure file and will send a link to the audit committee members only. Kathleen will try to schedule interview of three firms with Brian on Nov 15th. We would not have a quorum for the 3 interviews of selected firms. Everyone else will listen to the interviews. We will inform the audit firms interviewed that the committee members are listening.

Robin is not getting access to the folder for the audit committee. Clifton will try to resolve this issue.

Meeting ended at 2:15 pm.

Sincerely Submitted,

Kathleen Kelley.