_____ Cooperative, Inc.

Internal Audit Committee Policy and Procedure

In accordance to RSA 301-A:30, every association shall cause its books to be audited or reviewed at the end of each year by qualified independent accountants who shall not be officers or directors.

To provide protection for the Cooperative and its Board of Directors, as well as compliance with RSA 301-A:30, it is the policy of the _____ Cooperative, whose annual business (revenue) is less than one million dollars ($1,000,000.00), to have its books audited internally on an annual basis. This audit will be conducted by an Audit Committee consisting of 3 members elected at the annual membership meeting. No current officer or director, or anyone serving as an officer or director during the fiscal year being audited, may serve on the Audit Committee.

The Committee will follow an Audit Plan that will be approved by the Board of Directors at the first Board meeting following the end of the fiscal year to be audited. The financial statements of the Cooperative will be completed within 90 days of the fiscal year end, or within 30 days of the expiration of 6-month extension to file tax returns. The Committee will deliver its report to the Board of Directors within 90 days after the completion of the financial statements. The audit report will also be included in the notification packet for the next Annual Meeting of the Cooperative.

In the event the audit report notes any minor deficiencies and recommendations, the Board of Directors will ensure that those items are acted upon. Significant deficiencies and recommendations will be brought to the attention of the Membership during a special Membership Meeting called by the Board of Directors.

If the cooperative is unable to elect the required Audit Committee members at the annual membership meeting, the Cooperative shall have its books reviewed by a qualified independent accountant.

This policy and procedure was approved the Board of Directors on _____

Attested:

_____

Board Secretary