EAST OF HUDSON WATERSHED CORPORATION

AUDIT AND FINANCE COMMITTEE CHARTER

This Audit and Finance Committee Charter was adopted by the Board of Directors of the East of Hudson Watershed Corporation ("EOHWC"), a local development corporation established pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York, at its meeting on _________, 2026

Audit Responsibilities

A. Independent Auditors and Financial Statements

The Audit and Finance Committee shall:

1. Appoint, compensate and oversee independent auditors retained by EOHWC and pre-approve all audit services provided by the independent auditor.
2. Establish procedures for the engagement of the independent auditor to provide permitted audit services. EOHWC's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit and Finance Committee. Non-audit services include tasks that directly support EOHWC's operations, such as bookkeeping or other services related to the accounting records or financial statements of EOHWC, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
3. Review and approve EOHWC's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
4. Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
5. Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.
6. Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Auditors

The Audit and Finance Committee shall:

1. Review with management and the internal audit director, the charter, activities, staffing and organizational structure of the internal audit function.
2. The Audit and Finance Committee shall have authority over the appointment, dismissal, compensation and performance reviews of the internal audit director.

3. Ensure that the internal audit function is organizationally independent from EOHWC operations.
4. Review the reports of internal auditors, and have authority to review and approve the annual internal audit plan.
5. Review the results of internal audits and approve procedures for implementing accepted recommendations of the internal auditor.

C. Internal Controls, Compliance and Risk Assessment

The Audit and Finance Committee shall:

Review management's assessment of the effectiveness of EOHWC's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

D. Special Investigations

The Audit and Finance Committee shall:

1. Ensure that EOHWC has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of EOHWC or any persons having business dealings with EOHWC or breaches of internal control.
2. Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
3. Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)
4. Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

Finance Responsibilities

The finance responsibilities of the Audit and Finance Committee shall be to:

1. Appoint, compensate, and oversee the work of any public accounting firm employed by EOHWC.
2. Review proposals for the level and nature of debt to be issued or repaid by EOHWC and make recommendations concerning those proposals to the board.
3. Make recommendations concerning the appointment and compensation of bond counsel, investment advisors, underwriting firms and banks used by EOHWC, and oversee the work performed by these individuals and firms on behalf of EOHWC.
4. Annually review EOHWC's financing guidelines and make recommendations to the board concerning criteria that should govern its financings. These should include security provisions required for a bond financing undertaking, specific requirements of credit

enhancements or additional guarantees used, such as a pledge of revenues, financial covenants or debt service reserves.

5. Conduct or authorize investigations into any matters within its scope of responsibility. Seek any information it requires from EOHWC employees, all of whom should be directed by the board to cooperate with committee requests. Meet with EOHWC staff, independent auditors or outside counsel, as necessary.

Other Responsibilities of the Audit and Finance committee

The Audit and Finance Committee shall:

1. Present annually to EOHWC's board a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.
2. Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
3. Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of EOHWC.
4. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.

Composition of Committee and Selection of Members

The Audit and Finance Committee shall be established as set forth in and pursuant to Article VI, Section 1 of EOHWC's bylaws. The Audit and Finance Committee shall consist of at least three members of the board of directors who are independent of EOHWC operations. EOHWC's board will appoint the Audit and Finance Committee members and the Audit and Finance Committee chair.

Audit and Finance Committee members shall be prohibited from being an employee of EOHWC or an immediate family member of an employee of EOHWC. In addition, Audit and Finance Committee members shall not engage in any private business transactions with EOHWC or receive compensation from any private entity that has material business relationships with EOHWC, or be an immediate family member of an individual that engages in private business transactions with EOHWC or receives compensation from an entity that has material business relationships with EOHWC. Notwithstanding the above, the fact that a board member is the chief elected official of a member municipality that receives benefits from EOHWC shall not be considered an interest which prohibits the member from serving on the Audit and Finance Committee.

The Audit and Finance Committee shall have access to the services of at least one financial expert; whose name shall be disclosed in the annual report of EOHWC. The Audit and Finance Committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls and, 5) an understanding of Audit and Finance Committee functions.

Meetings

The Audit and Finance Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter. Members of the Audit and Finance Committee are expected to attend each committee meeting, in person or via telephone or videoconference. The Audit and Finance Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit and Finance Committee will meet with EOHWC's independent auditor at least annually to discuss the financial statements of EOHWC.

Meeting agendas will be prepared for every meeting and provided to the Audit and Finance Committee members along with briefing materials at least five business days before the scheduled Audit and Finance Committee meeting. The Audit and Finance Committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded.