

**Minutes of the Audit Committee
Scenic Rivers Energy Cooperative
March 26, 2024**

The Audit Committee and the board of directors of Scenic Rivers Energy Cooperative met in joint session on March 26, 2024, at the main offices of Scenic Rivers Energy Cooperative in Lancaster for the purpose of reviewing the 2023 audit report prepared by Bauman Associates Ltd., an independent certified public accountant.

The meeting began at 12:47 p.m.

Members of the Audit Committee present were:

Betty Brown	Charley Fisher
Patricia Davenport	Mike Yager
Joe Wedig	Janette Spitzbarth
Peter Reynolds	Tim Shager
Mary Butson	

The following members of the Board of Directors were present: Charles Simmons, Sandra Davidson, Steve Carpenter, Donald Schaefer, Lily Long, Marcus Saegrove, Delbert Retuer, Ellen Conley, and Allen Abraham.

Also present were:

Nathan Kalepp, CPA, CFE, Bauman Associates Ltd.
Steve Lucas, CEO
Tammy Stoney, Controller
Ashley Cray, Member Service / Administrative Support Rep.

CEO, Steve Lucas, gave an oral overview of the co-op this past year.

The auditor, Nathan Kalepp, CPA, CFE, presented an oral and visual report of the 2023 Audit. The members of the Board of Directors and the Audit Committee were provided with the written audit report.

Mr. Kalepp and Bauman Associates were happy to provide us with another clean and unmodified opinion. This is the highest assurance that they can issue. He stated that the cooperative was in strong financial condition again this year, with high equity and positive ratios.

Mr. Kalepp presented various PowerPoint slides outlining how SREC compares to the averages for the state and G&T. The slides also provided a comparison over the years. There were noted consistencies between the years. SREC continues to have a low debt interest rate below the average rate. Both the TIER Ratio and DSC Ratio are at a good, healthy level. SREC continues to have a good cushion available. We have a solid debt

to cash ratio, meaning the cooperative can meet its debt obligations and the upcoming operation expenses.

Mr. Kalepp indicated that the Board has faithfully executed their financial responsibilities. The compliance report stated that nothing had come to the auditors' attention that caused them to believe that Scenic Rivers Energy Cooperative had not complied, in all material respects, with all applicable laws and regulations.

In closing, Mr. Kaleep reiterated the overall good financial health that the cooperative continues to achieve.

Audit Committee Member Peter Reynolds made a motion to approve the audit report. Audit Committee Member Tim Shager seconded the motion. Motion carried.

Audit Committee Member Tim Shager made a motion to nominate Mary Butson to present the Audit Committee Report at the Annual Meeting. Audit Committee Member Mike Yager seconded the motion and motion carried.

Audit Committee Member Peter Reynolds made a motion to adjourn the meeting. Audit Committee Member Tim Shager seconded the motion. Motion carried.

The meeting was adjourned at 1:17 p.m.

Steve Carpenter, Recording Secretary