

Minutes of the Audit Committee

The Audit Committee and the Board of Directors of Scenic Rivers Energy Cooperative met in joint session on March 26, 2020 via tele-conference for the purpose of reviewing the 2019 audit report prepared by Bauman Associates LTD, an independent certified public accountant.

The meeting began at 11:00 a.m. Members of the Audit Committee were:

Stephen Kvigne	Larry Kalina	Rhonda Tollefson
Ted Mc Donald	James Coates	David Stute
Paul Ginkel	Norman Gordon	Mike Yager

The following members of the Board of Directors were present: Chuck Simmons, Don Schaefer, Sandra Davidson, Ellen Conley, Marcus Saegrove, Delbert Reuter, Larry Butson, Jack Larson and Steve Carpenter.

Also present were:

Nathan Kalepp-----Bauman Associates LTD	Steve Lucas-----CEO
Ron Jentz-----Director of Member Services	Jason Knapp-----Line Superintendent
Judy Mims-----Admin/Customer Service Rep.	Dawn Meade-----CFO
Tammy Stoney-----Manager Administrative Services	

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

The auditor, Nathan Kalepp, presented an oral report of the 2019 Audit. Mr. Kalepp reviewed the formal audit report and related materials, pointing out various interesting points and answering questions. The report indicated that the financial statements were presented fairly in all material respects – that is, it was a “clean” audit. Mr. Kalepp stated that the cooperative was in strong financial condition, with high equity and positive ratios.

SREC has one of the lowest debt interest rates in the region, Mr. Kalepp noted. The TIER Ratio is also very good. The Co-op is very healthy with good cash flow and strong margins, which is consistent with past years’ performance.

The separate 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.

Audit Committee Member Paul Ginkel made a motion to approve the audit report. Audit Committee Member Mike Yager seconded the motion and motion was carried.

Audit Committee Member Norman Gordon made a motion to nominate Dave Stute to present the Minutes of the Audit Committee at the Annual Meeting. Audit Committee Member Stephen Kvigne seconded the motion and motion was carried.

The meeting was then adjourned at 11:40 a.m.