

**Minutes of the Audit Committee  
Scenic Rivers Energy Cooperative  
Held on March 25, 2021  
Via Microsoft Teams**

The Audit Committee and the board of directors of Scenic Rivers Energy Cooperative met in joint session on March 25, 2021 via Microsoft Teams for the purpose of reviewing the 2020 audit report prepared by Bauman Associates LTD, an independent certified public accountant.

The meeting began at 1:01 p.m.

Members of the Audit Committee present were:

Connie Swenson	Larry Kalina
Burdette Nelson	Dave Wesener
Dianne Kohout	Lily Long
Joe Wedig	Tom Rowe
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  
Dawn Meade-----CFO  
Tammy Stoney-----Manager Administrative Services  
Jason Knapp -----Line Superintendent  
Ron Jentz-----Director of Member Services  
Judy Mims-----Admin/Customer Service Rep.

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

The auditor, Nathan Kalepp, presented an oral and visual, virtual report of the 2020 Audit. The members of the Board of Directors and the Audit committee were provided with the written audit report prior to the meeting.

Mr. Kalepp carefully reviewed all of these reports, 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 again this year, with high equity and positive ratios.

SREC has one of the lowest debt interest rates in the region. The TIER Ratio is very good. The Co-op is very healthy with good cash flow and healthy margins. There were noted consistencies between years. Mr. Kalepp noted that we our managing our debt well and that our equity level consistently exceeds our peers.

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.

Audit Committee Member Dave Wesener made a motion to approve the audit report. Audit Committee Member Burdette Nelson seconded the motion. Motion carried.

Audit Committee Member Dave Wesener made a motion to adjourn the meeting. Audit Committee Member Tom Rowe seconded the motion. Motion carried.

The meeting was then adjourned at 1:54 p.m.

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Sandra Davidson, Recording Secretary