

**Minutes of the Audit Committee
Scenic Rivers Energy Cooperative
Held on March 31, 2022
Youth and Ag Building, Lancaster**

The Audit Committee and the board of directors of Scenic Rivers Energy Cooperative met in joint session on March 31, 2022 at the Youth and Ag Building in Lancaster for the purpose of reviewing the 2021 audit report prepared by Bauman Associates LTD, an independent certified public accountant.

The meeting began at 11:00 am

Members of the Audit Committee present were:

Connie Swenson	Nordell Freymiller
Dennis Bell	William Schaefer
Ralph Morovits	Mary Butson
Joe Wedig	John Mathys
Mike Yager	

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

Also present were:

Nathan Kalepp and Greg Mleziva-----Bauman Associates LTD
Steve Lucas-----CEO
Tammy Stoney-----Controller
Jason Knapp -----Director of Operations
Ron Jentz-----Director of Member Services
Judy Mims-----Executive Assistant

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

The auditor, Nathan Kalepp, presented an oral and visual report of the 2021 Audit. The members of the Board of Directors and the Audit committee were provided with the written audit report.

Mr. Kalepp indicated that again, our audit received a designation of “clean”, which is the highest assurance that they can provide. This designation is shared with our lenders who require the information and who further require assurances that our financial practices meet the highest standards. Mr. Kalepp was happy to report that Scenic Rivers exceeds the standards and remains in good financial position.

During the presentation, Mr. Kalepp indicated that Scenic Rivers continues to compare favorably with our peers and our energy provider, Dairyland Cooperative. Scenic Rivers continues to manage our debt well maintaining a lower blended interest rate than other cooperatives in Wisconsin and which has declined steadily in the past six years.

Mr. Kalepp also addressed the cooperative’s spending in the area of Administrative and General expenses. He noted that Scenic Rivers operates leaner than most cooperatives in regards to administrative costs, spending less than the state wide average. Mr. Kalepp stated that Scenic Rivers is positioned well financially having good cash flow, adequate margins, low interest on debt and a solid equity level. Scenic Rivers remains financially healthy.

Audit Committee Member Dennis Bell made a motion to approve the audit report. Audit Committee Member Mike Yager seconded the motion. Motion carried.

Board Member Long made a motion to nominate Mary Butson to present the Audit Committee Report at the Annual Meeting. Board Member Davidson seconded the motion and motion was carried.

Audit Committee Member Mike Yager made a motion to adjourn the meeting. Audit Committee Member Dennis Bell seconded the motion. Motion carried.

The meeting was then adjourned at 11:55 a.m.

Sandra Davidson, Recording Secretary