

# **Runestone**

Telecom Association

## **73rd Annual Meeting**



**Wednesday, July 19th, 2023**

**6:30 p.m. Entertainment: Guitarist, Ken Elvehjen**

**6:30 p.m. Registration**

**7:00 p.m. Meeting**

**West Central Area School– Barrett, MN**

- 1) Welcome
- 2) Report on the number of members present to establish a quorum
- 3) Report of the Notice of the Meeting and Proof of Due Publication or mailing
- 4) Approval of the 2022 Annual Meeting Minutes
- 5) Election of John Kapphahn– Elbow Lake Exchange to serve a 5 year term
- 6) Presentation and consideration of reports of officers and manager
- 7) Unfinished business
- 8) New business

**Door Prize Drawings**

**New! Grand Prize: \$250 Cash & RTA Swag**

**Brownies & ice cream served by WCA Trap Team following the meeting.**

# Welcome from the Manager & President

Dear Runestone Telecom Cooperative Members,

Runestone Telecom employees had a productive year, providing reliable service to our cooperative members as we significantly expanded our service area, building out to new customers. The Runestone Telecom Board of Directors has spent considerable time researching opportunities for expansion and planning for the company's future. I appreciate the opportunity to share the company's 2022 annual report.

Runestone Telecom received its fifth State of Minnesota Border-to-Border Broadband Grant in December 2022. The grant allows us to continue to build the projects in the Herman and Dumont areas, allowing Runestone Telecom to provide services to more than 400 locations currently with limited or no Internet access. The project will begin in July of this year.

Fiber to the Home (FTTH) construction in the City of Wheaton is complete. This project added nearly 200 new customers to the Runestone Telecom Cooperative. The current FTTH build is in the communities of Cyrus, Donnelly, and Kensington will be completed this year. The FTTH build-out in Hoffman will be finished in 2024. Upon its completion, we will have met our goal of providing FTTH to all members of the Cooperative.

Our decision to expand into areas outside of the cooperative's footprint, when not all current cooperative members have access to fiber, is due to the limited areas where expansion is feasible and where grant funding is available to provide services to unserved areas. State Border to Border grant opportunities are competitive, as is the opportunity to provide service to these unserved areas. Growing our cooperative membership and expanding our cooperative's service area strengthens Runestone Telecom. If the Alternative Connect America Model (ACAM) support expires in 2028, a large customer base will be necessary for Runestone's future vitality. In 2018, the Cooperative membership approved allowing customers outside our traditional cooperative footprint, who subscribe to retail Internet service, to become members of the Cooperative. It was also decided, at that time, that the Director representing Donnelly, Norcross, Tintah, and Wendell Exchanges (D-N-T-W) would represent these new members. As of 2023, more than 2,000 Internet accounts have been added, resulting in directorship from D-N-T-W representing most of the new members. To equalize the number of members each directorship represents, make the areas geographically contiguous, and proactively manage future expansion, the board recommends the formation of Cooperative Districts. A change in the By-Laws is required for this to take effect. Ballots for voting and more detailed information about the proposal were mailed out to the members during the last week of June. If you have any questions, please feel free to contact us.

Your cooperative had a financially strong year with net margins of \$5,021,896, which is the best year in the company's history. There has been a 10% increase in Internet customers, with 454 new accounts. A pricing change that no longer requires a phone line to receive a discount on our Internet service resulted in the discontinuation of 111 telephone lines. The line loss was anticipated, as future Cooperative growth will be found in providing Broadband Internet Access to the area.

On behalf of the Board of Directors and Employees, we thank you for your patronage. The 73rd annual meeting for the members of Runestone Telecom Association will be held at West Central Area Secondary School in Barrett on July 19th at 7:00 PM. We look forward to seeing you at the meeting.

~ Kent Hedstrom, CEO/General Manager  
~ Robert Leegaard, President

# Thank you to our Board of Directors!

**Kent Hedstrom, CEO – General Manager**

**Bob Leegaard, President**

Representing the Barrett & Hoffman exchanges

**Tory Belgum, Vice President**

Representing the Lowry exchange

**John Kappahn, Secretary/Treasurer**

Representing the Elbow Lake exchange

**Dick Staples, Director**

Representing the Cyrus & Kensington exchanges

**Jolene Vipond, Director**

Representing the Donnelly, Norcross, Tintah, or Wendell exchanges  
or a member outside the telephone franchise exchange territory



**Kent Hedstrom**  
CEO—General Manager



**Robert Leegaard**  
President

# Runestone Telecom Employees



## Network Technicians

*Left to right:* Dan Perry, Chris Veldhouse, Matt Lloyd, Riley Moore, Nathan Richards, Brady Combs, Ryan Schonhardt, Gary Ness, Braeden Long, Brad Frank, Shawn Engler, Curt Hyatt *Not Pictured:* Cyndi Gulbranson



## Network - Internet IT Technicians

*Left to right:* Jacob Veldhouse,  
Joe Polzin, Chris Schmiesing,  
Ken Elvehjem, Russ Froemming

## Customer Service

*Left to right:* Liza Long, Pam Randt,  
Dawn Bumgardner, Angie Huseth,  
Michelle Martinson



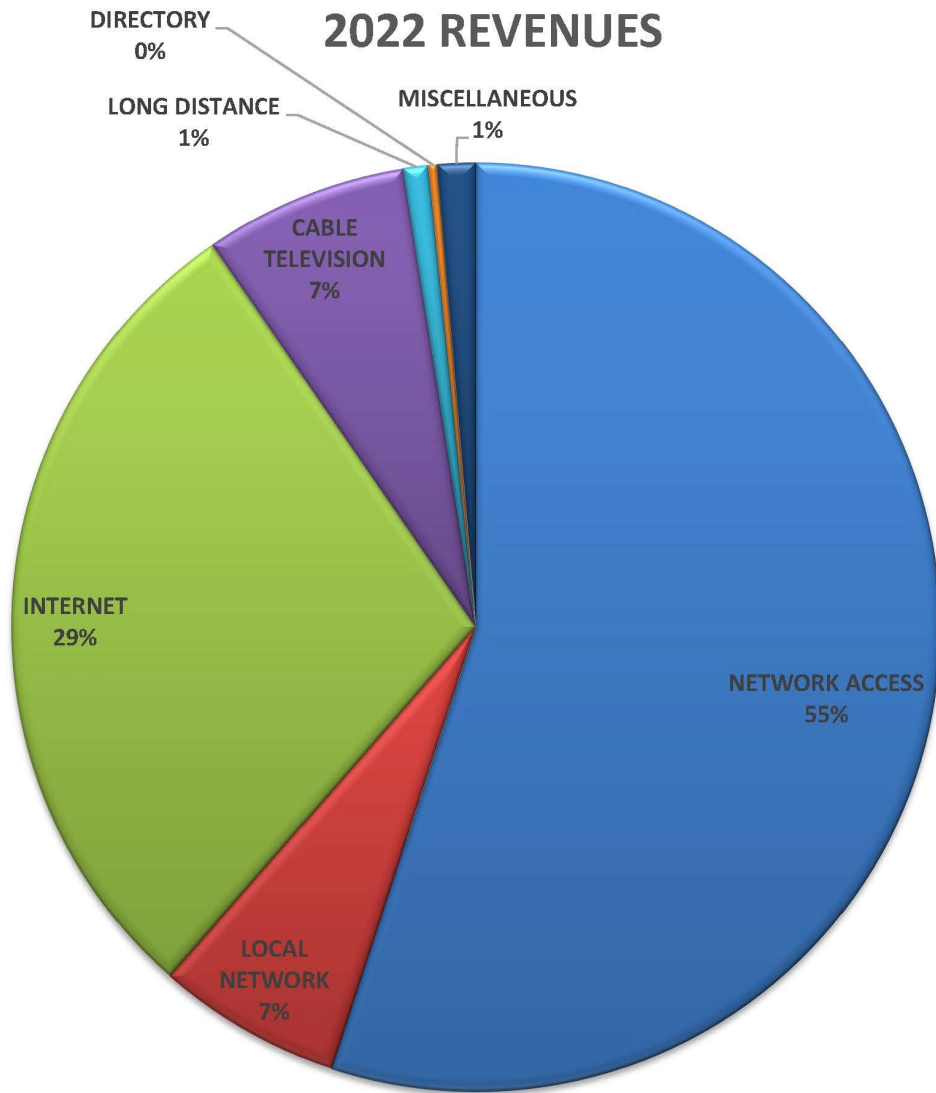
RUNESTONE TELECOM ASSOCIATION  
STATEMENT OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021	DIFFERENCE	
<b>OPERATING REVENUES:</b>				
NETWORK ACCESS	\$6,406,413	\$6,439,834	(\$33,421)	-0.5%
INTERNET	3,367,332	2,980,763	386,569	13.0%
LOCAL NETWORK	749,583	733,661	15,922	2.2%
CABLE TELEVISION	829,920	855,629	(25,709)	-3.0%
LONG DISTANCE	101,835	107,172	(5,337)	-5.0%
MISCELLANEOUS	143,690	146,484	(2,794)	-1.9%
DIRECTORY	34,245	35,626	(1,381)	-3.9%
UNCOLLECTIBLES	11,264	10,091	1,173	11.6%
<b>TOTAL OPERATING REVENUES</b>	<b>\$11,644,282</b>	<b>\$11,309,260</b>	<b>\$335,022</b>	<b>3.0%</b>
<b>OPERATING EXPENSES:</b>				
DEPRECIATION	\$1,907,106	\$1,945,706	(\$38,600)	-2.0%
CORPORATE	811,776	899,656	(87,880)	-9.8%
PLANT SPECIFIC	1,197,065	1,144,332	52,733	4.6%
CABLE TELEVISION	793,357	760,747	32,610	4.3%
CUSTOMER	713,833	675,950	37,883	5.6%
INTERNET	755,249	792,139	(36,890)	-4.7%
PLANT SUPPORT	293,126	300,687	(7,561)	-2.5%
MISCELLANEOUS	137,878	164,564	(26,686)	-16.2%
LONG DISTANCE	89,986	89,191	795	0.9%
OTHER TAXES	60,920	57,511	3,409	5.9%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$6,760,296</b>	<b>\$6,830,483</b>	<b>(\$70,187)</b>	<b>-1.0%</b>
<b>OPERATING MARGINS</b>	<b>\$4,883,986</b>	<b>\$4,478,777</b>	<b>\$405,209</b>	<b>9.0%</b>
<b>OTHER INCOME AND EXPENSES:</b>				
INVESTMENT INCOME	49,599	39,442	10,157	25.8%
EQUITY IN INCOME OF LLCs	93,654	147,263	(53,609)	-36.4%
INCOME TAXES	(5,343)	(8,198)	2,855	-34.8%
<b>TOTAL OTHER INCOME AND EXPENSES</b>	<b>\$137,910</b>	<b>\$178,507</b>	<b>(\$40,597)</b>	<b>-22.7%</b>
<b>NET MARGINS</b>	<b>\$5,021,896</b>	<b>\$4,657,284</b>	<b>\$364,612</b>	<b>7.8%</b>
TELEPHONE LINES END OF YEAR	4092	4203	-111	-2.6%
CATV SUBSCRIBERS END OF YEAR	930	970	-40	-4.1%
INTERNET SUBSCRIBERS END OF YEAR	4744	4290	454	10.6%

**RUNESTONE TELECOM ASSOCIATION  
BALANCE SHEET  
DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CURRENT ASSETS:</b>		
CASH AND TEMPORARY CASH INVESTMENTS	\$6,641,507	\$7,691,274
DUE FROM CUSTOMERS	10,571	10,247
OTHER ACCOUNTS RECEIVABLE	776,286	1,656,525
MATERIALS AND SUPPLIES	2,129,202	1,320,625
PREPAID EXPENSE	108,977	121,702
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>\$9,666,543</b>	<b>\$10,800,373</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
NOTE RECEIVABLE	198,671	197,725
GOODWILL & INTANGIBLES	99,071	148,604
TEMPORARY CASH INVESTMENTS	630,892	974,106
INVESTMENTS IN PARTNERSHIPS & LLCs	944,911	1,001,621
PREPAID EXPENSE	59,849	5,000
	<hr/>	<hr/>
<b>TOTAL INVESTMENTS AND OTHER ASSETS</b>	<b>\$1,933,394</b>	<b>\$2,327,056</b>
<b>TELECOMMUNICATIONS PLANT:</b>		
IN SERVICE	\$42,925,245	\$39,546,401
UNDER CONSTRUCTION	4,845,967	4,449,777
ACCUMULATED DEPRECIATION	(25,776,646)	(24,908,706)
	<hr/>	<hr/>
<b>NET TELECOMMUNICATIONS PLANT</b>	<b>\$21,994,566</b>	<b>\$19,087,472</b>
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$33,594,503</b>	<b>\$32,214,901</b>
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	257,169	219,207
OTHER ACCRUED LIABILITIES	402,687	368,643
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$659,856</b>	<b>\$587,850</b>
	<hr/>	<hr/>
<b>DEFERRED LIABILITIES</b>	<b>\$828,062</b>	<b>\$812,509</b>
<b>MEMBERS EQUITY:</b>		
PATRONAGE CAPITAL	\$15,434,027	\$17,476,335
OTHER EQUITIES	16,672,558	13,338,207
	<hr/>	<hr/>
<b>TOTAL MEMBERS EQUITY</b>	<b>\$32,106,585</b>	<b>\$30,814,542</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES &amp; MEMBERS EQUITY</b>	<b>\$33,594,503</b>	<b>\$32,214,901</b>

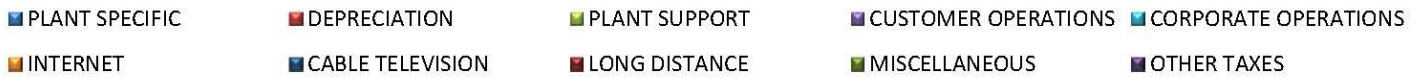
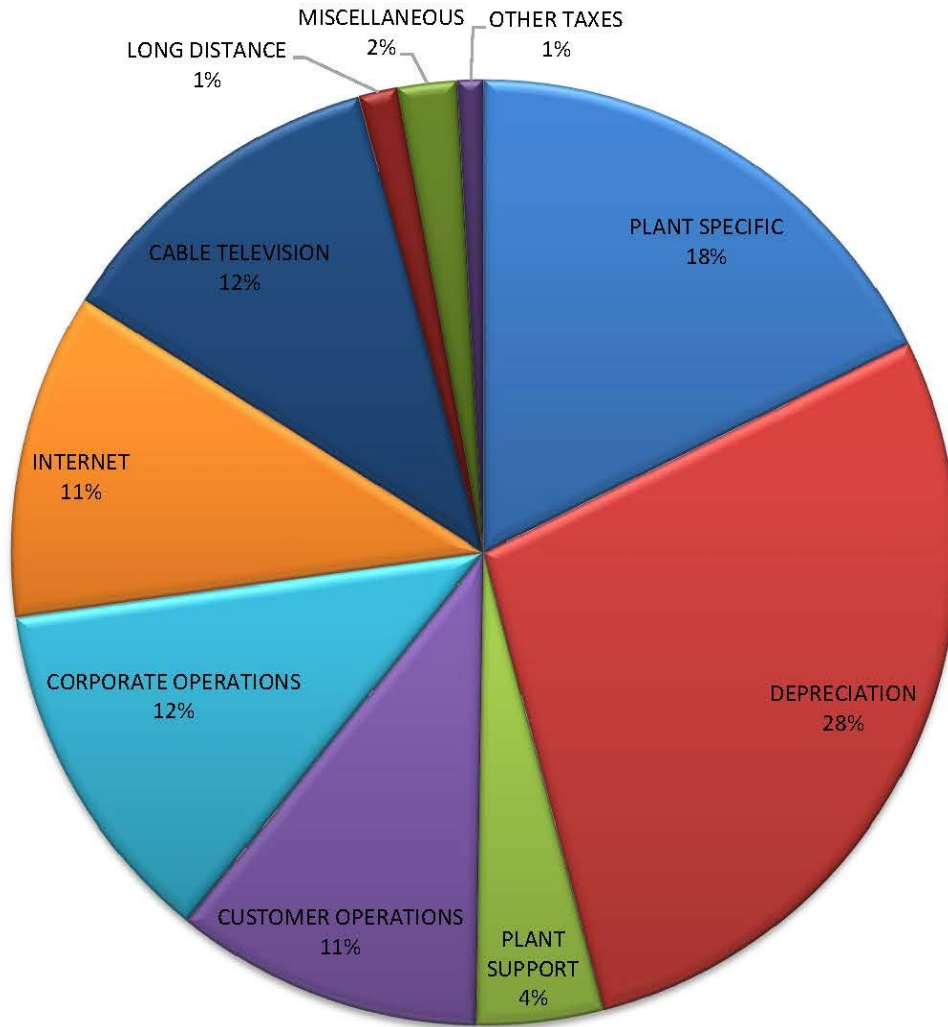
# 2022 REVENUES



■ NETWORK ACCESS ■ LOCAL NETWORK ■ INTERNET ■ CABLE TELEVISION ■ LONG DISTANCE ■ DIRECTORY ■ MISCELLANEOUS

---

## 2022 EXPENSES





**ANNUAL MEETING OF THE MEMBERS  
OF RUNESTONE TELECOM ASSOCIATION  
JULY 13th, 2022**

The members of Runestone Telecom Association held their 72<sup>nd</sup> Annual Meeting on July 13, 2022, at 7:00 p.m. at the West Central School Auditorium in Barrett, MN, with President, Robert Leegaard and Secretary/Treasurer, John Kapphahn being present. Other directors in attendance were Tory Belgum, Richard Staples and Jolene Vipond.

President, Robert Leegaard, welcomed everyone to the 72<sup>nd</sup> Annual Meeting and thanked Maureen Volker for providing entertainment prior to the meeting.

A register signed by the members established the attendance of a sufficient number of members to constitute a quorum. The Secretary was directed to file the registration for the establishment of a quorum and make the same a part of the minutes of this meeting.

Secretary/Treasurer, John Kapphahn, read the Affidavit of Publication of Notice of Annual Meeting. President Leegaard then asked for a motion to approve the Affidavit and the 2021 Annual Meeting Minutes as presented in the 2021 Annual Report. A motion was made by Eileen Olson, seconded by Les Alvstad and carried to approve the Affidavit and Minutes and make the same a part of the minutes of the meeting.

Attorney, Justin Anderson, explained the 2022 uncontested nomination and election of John Kapphahn as a Director of the Elbow Lake exchange. A motion was made by Rod Melin, seconded by Richard Torgusen and carried to elect John Kapphahn by a voice vote to a 5 year term starting July 13, 2022, as the Director of the Elbow Lake exchange.

General Manager/CEO, Kent Hedstrom, presented the 2021 financial statement along with a presentation showing capital credit payouts, information on a discounted capital credit buyout offer coming in the fall, a cable tv update, streaming options, and an update on our construction projects. A motion was made by Jeff Drier, seconded by Jim Prael, and carried to accept the financial statements as presented.

There was no old or new business to come before the meeting.

The Runestone directors and employees were introduced and door prizes were given out.

The members were then invited to stay for pie and ice cream served by some of the West Central Area FCCLA students.

A motion was made by Robert Shervey, seconded and carried to adjourn the meeting at 8:00 p.m.