

Runestone

Telecom Association

74th Annual Meeting



Wednesday, July 17th, 2024

6:30 p.m. Entertainment: Guitarist, Ken Elvehjem

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 2023 Annual Meeting Minutes
- 5) Election of Dick Staples, Director, 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

Prize Giveaways: \$300 Cash & RTA Swag

Refreshments served by WCA Trap Team following the meeting.

Welcome from the Manager & President

Dear Runestone Telecom Cooperative Members,

We are pleased to present the annual report for Runestone Telecom Association for the year ending 2023. This year, we have experienced significant growth and development as we continue to offer high-quality fiber optic facilities to our valued members. Our commitment to improving connectivity in rural areas remains unwavering, and we are proud of the progress we have achieved together.

Runestone Telecom received its sixth State of Minnesota Border-to-Border Broadband Grant in late June 2023. In early 2022, Stearns County officials contacted Runestone to inquire about using county and township funds as a portion of the local match for our grant application. With financial assistance from Stearns County and the State of Minnesota, the direct cost to Runestone is 30% of the original construction cost. The grant covers the area in western Stearns County south of Interstate 94 in Sauk Centre, west of U.S. Highway 71 to the western county line, and into the communities of Brooten and Belgrade. There are over six hundred locations in this project area with limited or no Internet access. The project will commence in July of this year.

Construction on our Herman - Dumont Grant area is complete, and we have connected 165 customers to the Runestone fiber network. Several of these are new customers, but approximately one-third of these are existing customers we have converted from the wireless system on the Herman water tower. There is still the potential for an additional two hundred accounts in this area.

Fiber to the Home (FTTH) construction in the City of Wheaton is complete. This project added over 250 new customers to the cooperative. As people fulfill their contracts with existing providers, we acquire additional subscribers.

The FTTH build in the communities of Cyrus, Donnelly, and Kensington is complete. The FTTH build-out in Hoffman will be finished in 2024. With this completion, we will have achieved our goal of providing FTTH to all members of the Cooperative.

Financially, Runestone had another fantastic year with Net Margins of \$4,836,597. There is a 9% increase in Internet customers, with 427 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 257 telephone lines. This line loss was expected, and we anticipate it will continue.

On behalf of the Board of Directors and Employees, we thank you for your patronage. We are proud of the progress we have made this year and are grateful for the support and trust of our members. Your feedback and participation are important to us, and we hope you can attend the 74th annual meeting for the members of Runestone Telecom Association which will be held at West Central Area Secondary School in Barrett on July 17th at 7:00 PM. We look forward to seeing you there.

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

Our Board of Directors



Left to right: Dick Staples, Jolene Vipond, Bob Leegaard, Tory Belgum, John Kapphahn



Kent Hedstrom
CEO—General Manager

Bob Leegaard, President

Representing District 3
Barrett, Cyrus, Hoffman

Tory Belgum, Vice President

Representing District 5
Belgrade, Brooten, Elrosa, Lowry,
Glenwood, Sauk Centre, Villard

John Kapphahn, Secretary/Treasurer

Representing District 2
Elbow Lake, Wendell

Jolene Vipond, Director

Representing the District 1
Donnelly, Norcross, Tintah, Beardsley,
Campbell, Graceville, Herman, Wheaton

Dick Staples, Director

Representing District 4
Kensington, Holmes City, Alexandria

Statement of Operations

**RUNESTONE TELECOM ASSOCIATION
STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

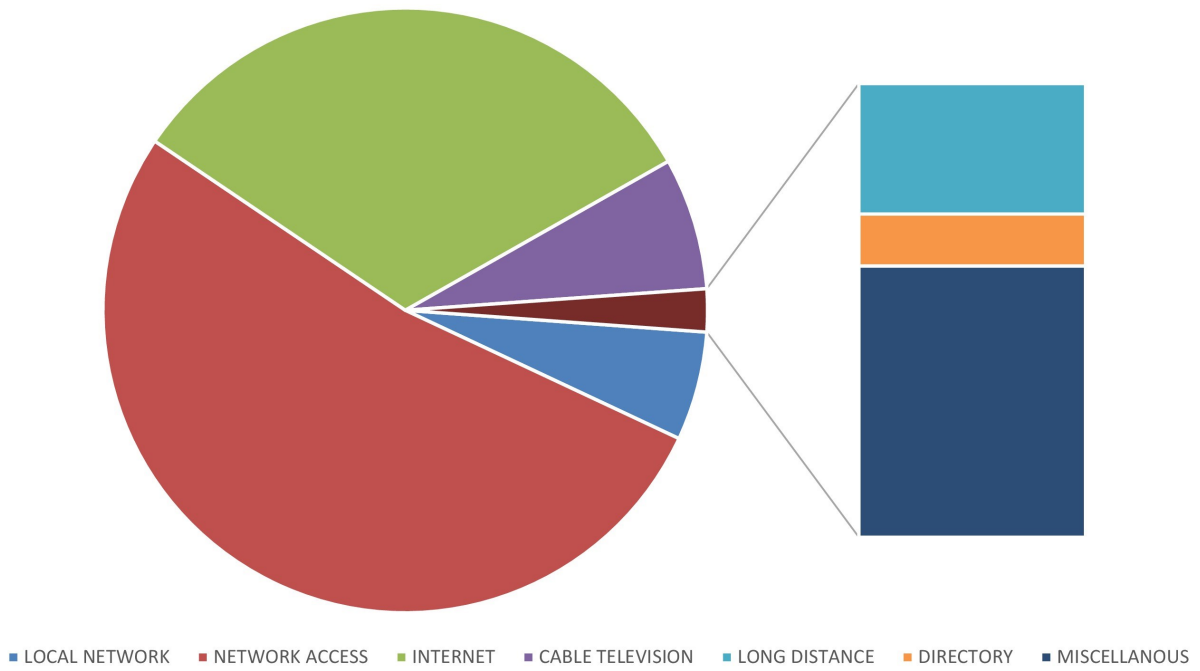
	2023	2022	DIFFERENCE	
OPERATING REVENUES:				
NETWORK ACCESS	\$6,391,938	\$6,406,413	(\$14,475)	-0.2%
INTERNET	3,937,360	3,367,332	570,028	16.9%
LOCAL NETWORK	708,196	749,583	(41,387)	-5.5%
CABLE TELEVISION	859,733	829,920	29,813	3.6%
LONG DISTANCE	80,541	101,835	(21,294)	-20.9%
MISCELLANEOUS	153,859	143,690	10,169	7.1%
DIRECTORY	32,142	34,245	(2,103)	-6.1%
UNCOLLECTIBLES	13,569	11,264	2,305	20.5%
TOTAL OPERATING REVENUES	\$12,177,338	\$11,644,282	\$533,056	4.6%
OPERATING EXPENSES:				
DEPRECIATION	\$2,457,533	\$1,907,106	\$550,427	28.9%
CORPORATE	953,919	811,776	142,143	17.5%
PLANT SPECIFIC	1,154,059	1,197,065	(43,006)	-3.6%
CABLE TELEVISION	795,707	793,357	2,350	0.3%
CUSTOMER	767,760	713,833	53,927	7.6%
INTERNET	791,325	755,249	36,076	4.8%
PLANT SUPPORT	358,249	293,126	65,123	22.2%
MISCELLANEOUS	118,934	137,878	(18,944)	-13.7%
LONG DISTANCE	87,124	89,986	(2,862)	-3.2%
OTHER TAXES	60,829	60,920	(91)	-0.1%
TOTAL OPERATING EXPENSES	\$7,545,439	\$6,760,296	\$785,143	11.6%
OPERATING MARGINS	\$4,631,899	\$4,883,986	(\$252,087)	-5.2%
OTHER INCOME AND EXPENSES:				
INVESTMENT INCOME	122,202	49,599	72,603	146.4%
EQUITY IN INCOME OF LLCs	90,492	93,654	(3,162)	-3.4%
INCOME TAXES	(7,996)	(5,343)	(2,653)	49.7%
TOTAL OTHER INCOME AND EXPENSES	\$204,698	\$137,910	\$66,788	48.4%
NET MARGINS	\$4,836,597	\$5,021,896	(\$185,299)	-3.7%
TELEPHONE LINES LINES END OF YEAR	3835	4092	-257	-6.3%
CATV SUBSCRIBERS END OF YEAR	916	930	-14	-1.5%
INTERNET SUBSCRIBERS END OF YEAR	5171	4744	427	9.0%

Balance Sheet

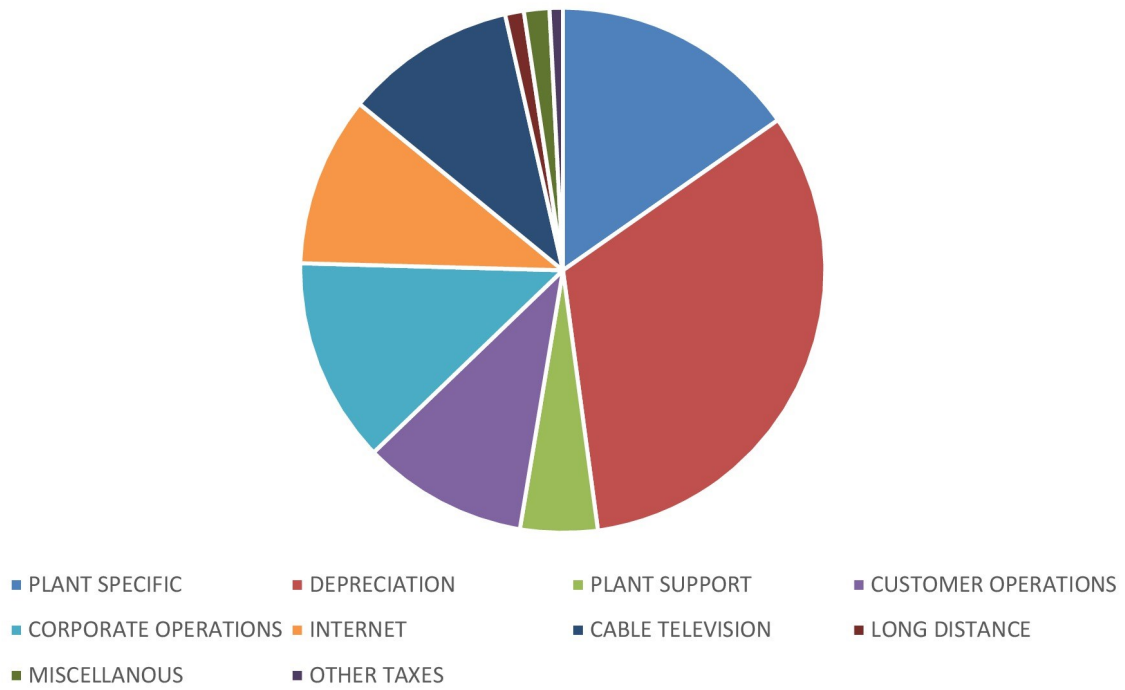
**RUNESTONE TELECOM ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2023 AND 2022**

	2023	2022
CURRENT ASSETS:		
CASH AND TEMPORARY CASH INVESTMENTS	\$4,528,671	\$6,641,507
DUE FROM CUSTOMERS	9,072	10,571
OTHER ACCOUNTS RECEIVABLE	2,202,367	776,286
MATERIALS AND SUPPLIES	3,093,511	2,129,202
PREPAID EXPENSE	126,032	108,977
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TOTAL CURRENT ASSETS	\$9,959,653	\$9,666,543
INVESTMENTS AND OTHER ASSETS:		
NOTE RECEIVABLE	139,537	198,671
GOODWILL & INTANGIBLES	49,538	99,071
TEMPORARY CASH INVESTMENTS	229,517	630,892
INVESTMENTS IN PARTNERSHIPS & LLCs	996,511	944,911
PREPAID EXPENSE	67,542	59,849
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TOTAL INVESTMENTS AND OTHER ASSETS	\$1,482,645	\$1,933,394
TELECOMMUNICATIONS PLANT:		
IN SERVICE	\$46,922,641	\$42,925,245
UNDER CONSTRUCTION	6,277,850	4,845,967
ACCUMULATED DEPRECIATION	(27,614,518)	(25,776,646)
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NET TELECOMMUNICATIONS PLANT	\$25,585,973	\$21,994,566
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TOTAL ASSETS	\$37,028,271	\$33,594,503
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	513,105	257,169
OTHER ACCRUED LIABILITIES	449,274	402,687
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TOTAL CURRENT LIABILITIES	\$962,379	\$659,856
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DEFERRED LIABILITIES	\$779,452	\$828,062
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MEMBERS EQUITY:		
PATRONAGE CAPITAL	\$15,287,022	\$15,434,027
OTHER EQUITIES	19,999,418	16,672,558
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TOTAL MEMBERS EQUITY	\$35,286,440	\$32,106,585
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TOTAL LIABILITIES & MEMBERS EQUITY	\$37,028,271	\$33,594,503

2023 Revenues



2023 Expenses



ANNUAL MEETING OF THE MEMBERS OF RUNESTONE TELECOM ASSOCIATION July 19, 2023

The members of Runestone Telecom Association held their 73rd Annual Meeting on July 19, 2023, 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 Belgium, Richard Staples and Jolene Vipond.

President, Robert Leegaard, welcomed everyone to the 73rd Annual Meeting and thanked Ken Elvehjem 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 2022 Annual Meeting Minutes as presented in the 2022 Annual Report. A motion was made by Audrey Hjelle, seconded by Shelly Belgium 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 2023 uncontested nomination and election of Tory Belgium as a Director of the Lowry exchange, along with an explanation of the proposed Articles of Incorporation and By-Law changes. A motion was made by Phil Corrigan, seconded by Richard Torgusen, and carried to elect Tory Belgium by a voice vote to a 5-year term starting July 19, 2023, as the Director of the Lowry exchange.

General Manager/CEO, Kent Hedstrom, presented the 2022 financial statement along with updates on fiber to the home projects and Border-to-Border grants, ACAM support, membership growth, and directorship member representation. A motion was made by Eileen Olson, seconded by David Hedner, and carried to accept the financial statements as presented.

The Tellers for the Annual Meeting, Dianne Johnson and Elaine Nelson were introduced and thanked for their service.

The results of the proposed Articles of Incorporation and By-Law Proposals were announced. Proposal: Formation of Districts, Election Schedule for Board of Directors Representation and Clarification of Director Qualifications passed with 721 For, 13 Against and 3 Spoiled.

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 brownies, treats, and ice cream served by some of the West Central Area Trap Shooting students.

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