



BETTER TOGETHER

KANKAKEE VALLEY REMC

2020 ANNUAL REPORT

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YOUR BOARD OF DIRECTORS ELECTED BY YOU, OUR MEMBER-CONSUMERS.

Each Kankakee Valley REMC director is elected by the membership and they are member-consumers of the cooperative, too.



Christian Birky | DISTRICT 1



Dean Moreton | DISTRICT 2



Otto Werner | DISTRICT 3



Mike Yankauskas | DISTRICT 4

Board President

Board Vice-President



Susan Bachert | DISTRICT 5



David Janney | AT-LARGE

Secretary-Treasurer



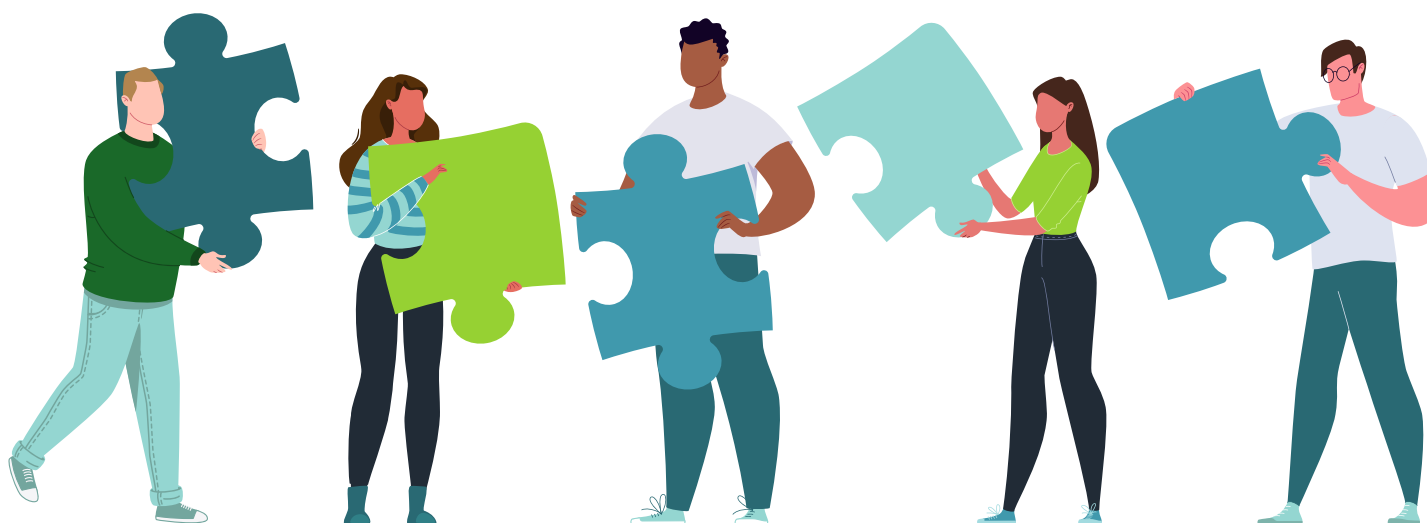
Russell Guse | AT-LARGE



Scott Sears

Chief Executive Officer

ATTORNEY
Timothy C. Krsak
 DOUGLAS, KOEPPEN, & KRSAK



WE'RE BETTER TOGETHER

This has been a year none of us will ever forget. Twelve months ago, we were surrounded by doubts, uncertainty, questions, and divisions as our communities and our nation struggled to find a way forward. Few services are as essential as reliable electric power, and Kankakee Valley REMC's staff put aside their own fears to find ways to keep our members connected and protected, whether that involved electronic ways to pay bills or using social media channels to deliver vital information.

Throughout, the pandemic reinforced the value and power of cooperative organizations like ours, providing a clear reminder our lives are better when we work together. That's what inspired our theme for this year's Member Appreciation Day and Annual Business Meeting, "Better Together." When our staff and our members work together, our communities become even better places to live, work, and play.

As Kankakee Valley REMC's leadership and staff adapted to the day-to-day challenges COVID presented, we knew better times were ahead and remained focused on the future. We continued to invest in improving the reliability and resiliency of our electric power infrastructure by upgrading our power lines

and improving our substations.

These improvements are designed to reduce outages and allow us to respond and repair problems more quickly. You and your neighbors depend on reliable electric power more than ever before, and as more members choose electric vehicles and switch from fossil fuels, that reliability becomes even more important. At the same time, we're preparing for tomorrow's needs, evidenced by the fiber plan that's currently underway.

Finally, we're working to accomplish all this in financially responsible ways. After all, you're the owners of our cooperative and we need to make sure we keep Kankakee Valley REMC financially strong so we can continue to meet your needs accountably and affordably. That's just one more benefit of being Better Together. We appreciate your continued trust and look forward to a brighter future for our communities.

Scott Sears
CEO
Kankakee Valley REMC

Otto Werner
Board President
Kankakee Valley REMC

SECRETARY-TREASURER REPORT

After a unique year, Kankakee Valley REMC is proud to report that your cooperative weathered the COVID storm and remains in a solid financial position.

KV REMC invested over \$5 million in ongoing efforts to ensure reliability through continuous investments in utility plant improvements and replacements. The cooperative's utility plant includes items such as poles, wires, meters, transformers and other equipment. The total assets held by the REMC totaled \$74 million, with the majority of those being electric plant. The cash position stayed consistent and had no other substantial changes. The investments made to the plant were made with equity contributions from member-consumers and an increase in debt of \$1.5 million.

As of the end of the year, member-owned equity in the cooperative totaled \$51 million. In addition, the cooperative returned \$400,000 worth of patronage equity to the membership.

The revenue collected by the REMC was steady, compared to the prior year as rates stayed consistent. Operating expenses increased in 2020, primarily due to the increased cost of power. This increase drove margins for the cooperative down slightly to \$3.3 million compared to the prior year's \$3.6 million. Through the REMC's rates, member-consumers pay for the cost of their electric service. During the year, we collected \$36.7 million to operate the utility. The REMC expended a total of \$32 million to purchase power and cover the operating cost to manage the utility. As mentioned before, another \$5 million was spent to invest in utility plant improvements.

Given the challenges of 2020, your cooperative leadership team has remained focused on providing quality service to the membership. Your cooperative remained vigilant on the system's integrity with increased investment, absorbing the rising costs while maintaining the same level of revenue, and collecting from the membership only what was necessary to provide safe and reliable electrical service.

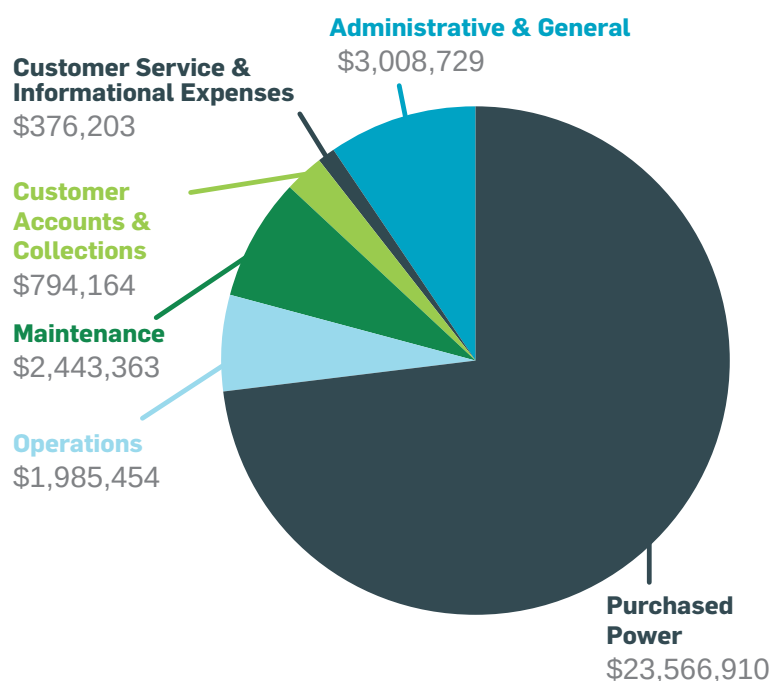
Comparative Balance Sheet

	2019	2019
Assets & Other Debits		
Total Utility Plant	\$78,437,742	\$83,564,758
Less Reserve for Depreciation	30,426,628	32,038,177
Net Utility Plant	48,011,114	51,526,581
Other Property & Investments	13,557,332	14,234,897
General Funds		
(Cash & Temporary Investments)	\$2,956,948	\$3,301,985
Accounts Receivable	2,897,052	2,792,987
Materials & Supplies	1,023,251	614,089
Pre-Payments	66,659	65,789
Other Current and Accrued Assets	23,386	24,784
Deferred Debits	1,554,423	1,925,304
Total Assets & Other Debits	70,090,165	74,486,416
Liabilities & Other Credits		
Membership Fees	\$646,860	\$651,750
Patronage Capital	43,416,059	46,760,266
Other Margins & Equities	3,775,064	3,446,842
Long-Term Debt — RUS	9,912,244	11,950,503
Long-Term Debt — Other	7,338,698	6,857,983
Notes & Accounts Payable	1,820,622	1,846,199
Consumer Deposits	982,926	939,256
Other Current & Accrued Liabilities	1,726,680	1,648,272
Deferred Credits	471,012	385,345
Total Liabilities & Other Credits	\$70,090,165	\$74,486,416

Statement of Operations

	2019	2020
OPERATING REVENUES	\$36,506,510	\$36,764,224
Operating Expenses		
Purchased Power	\$22,662,918	\$23,566,910
Operations	2,165,177	1,985,454
Maintenance	2,241,909	2,443,363
Customer Accounts & Collections	764,000	794,164
Customer Service & Informational Expense	429,848	376,203
Administrative & General	2,625,406	3,008,729
Total Cost of Operating Expenses	\$30,889,258	\$ 32,174,823
Other Deductions		
Depreciation	\$2,442,383	\$2,296,330
Tax	525,590	530,005
Interest and Other	880,819	839,591
Total Cost of Other Deductions	\$3,848,792	\$3,665,926
Total Cost of Electric Service	\$34,738,050	\$35,840,749
Operating Margins	\$1,768,460	\$923,475
Non-Operating Margins	\$446,818	\$402,492
Other Capital Credits & Patronage Dividends	\$1,402,294	\$1,963,382
Patronage Capital or Margins	\$3,617,572	\$3,289,349

Operating Expenses



“Given the challenges of 2020, your cooperative leadership team has remained focused on providing quality service to the membership.”

Sources and Uses of Cash Margins

FOR THE YEAR ENDING DEC. 31, 2020

Sources of Cash	
Sales to Members	\$36,764,224
Borrowings from RUS/CFC (lenders)	3,000,000
New Membership Fees & Consumer Deposits	(38,780)
Total Sources of Cash	\$39,725,444

Uses of Cash	
Payments to Power Supplier & Vendor	\$32,327,537
New Construction & Replacement of Utility Plant	5,127,016
Repayment of Long-Term Debt	1,925,854
Total Uses of Cash	\$39,380,407
New (decrease) or increase in cash	\$345,037

Kankakee Valley REMC has included in this report the financial statements from the year ended Dec. 31, 2020. These financial statements are reported to the REMC's lenders, as well as our members. Kankakee Valley REMC also has an annual audit performed by London Witte Group, LLC, Certified Public Accounts, for the fiscal year ended March 31, 2019. The audit reports are on file at the REMC office and available for inspection within 120 days after the audit period ends.

MINUTES OF THE ANNUAL MEETING OF MEMBERS OF THE KANKAKEE VALLEY RURAL ELECTRIC MEMBERSHIP CORPORATION, INC.

September 10, 2020

The 2020 Annual Meeting of the membership of the **Kankakee Valley Rural Electric Membership Corporation** was held at the Porter County Expo Center in Valparaiso, Porter County, Indiana, on the 10th day of September 2020. A catered meal was served beginning at 4:30 p.m. CDT. Recipients were asked to receive their pre-packaged meals via drive-through service provided by REMC employees and Board members. 45 RPM, an Indianapolis cover band, played on the outdoor stage from 5:00 to 7:30. Attendees were invited to park in the back of the Expo Center and remain in their vehicles in sight of the stage. A corporate highlight video was played on the outside stage. The business meeting began at 7:30 p.m. CDT, pursuant to notice provided to each member of the Corporation included the announcement of Election results and prizes awarded.

A copy of the proof of mailing of the Notices and Secretary's Affidavit is appended as EXHIBIT A, at the end of these minutes and was included in the member program distributed to each member who appeared and registered at the meeting, it was also available in the September member newsletter and on the corporate website.

The business meeting opened, and the first matter of business was the consideration of the notice of the meeting. The reading of the Notice of the Meeting to Members as provided in Bylaw Art. III Sec. 3, was waived and dispensed with after a motion duly made and seconded carried on a unanimous vote. The next item on the agenda was the reading of the minutes of the 2019 annual meeting. On motion duly made and seconded, the membership resolved to waive reading of the minutes. Then, on motion duly made and seconded, the minutes of the 2019 annual meeting were approved as printed in the program, on vote. This was the second year that the Board approved early voting which was available

by mail or online. The amendment to the enabling law provides a person who intended their vote be counted at the annual meeting, are also counted for purposes of a quorum. The preliminary report, once made available, showed a quorum was reached during the online and vote by mail balloting. Moreover, 619 members also appeared in person at the annual meeting. Bylaw Art. IV Sec. 4(d).

The membership had been advised during the early voting period and at the annual meeting that there were two directors' seats up for election at this annual meeting for terms of three years each or until their successor shall be duly elected and qualified. The candidates were selected by obtaining nominations by petition pursuant to the bylaws of the cooperative.

All members had been given instructions to carry out the membership voting. Voting could be accomplished online, by mail and in person at the annual meeting.

In accordance with Bylaw Art. IV the following candidates were nominated for election by petition in Districts 4 and At-Large (6).

District 4 Michael Yankauskas (Unopposed)
At-Large (6) Andy Blastick, Russell Guse

Due to an amendment to Bylaw Art. IV Sec. 4(d), Michael Yankauskas, by virtue of his being unopposed, was elected by the membership on voice vote. On motion duly made and seconded, Michael Yankauskas was duly elected to the position of Director of District 4 for the ensuing three years.

Attorney Krsak called the members appointed to serve as election inspectors to gather and begin the count of the votes and certify the election. The members appointed to serve as election inspectors were Dennis Leek and Edward Marks.

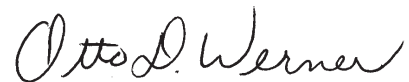
The election inspectors, aided by KVREMC

employees, counted the votes cast for the election for the At-Large position where Andy Blastick and Russell Guse were on the ballot by virtue of their nomination. Ballots were counted and added to the premeeting voting and the total results showed: Andy Blastick with 1,214 votes and Russell Guse with 1,275 votes. Thus, Mr. Guse was duly elected director on the Board of Directors for the At-Large District for the ensuing three years or until their successors have been elected and qualified. The results of the election to the board for District 4 and the At-Large District were duly certified by the Election Inspectors and the prevailing candidates are as reported above.

The Certificate of Election Inspectors is available to member-consumers upon request at the KV REMC office.

CEO Sears announced prize winners which included anyone whose registration card was selected regardless of whether or not the member was present at the time of the drawing.

The chairman called for any other business or new business to be brought to the attention of the membership; there being none, the meeting was duly adjourned.



Otto Werner, Board President
Chairman of the Meeting

ATTEST:



Susan Bachert, Secretary of the Board
Secretary of the Meeting

The foregoing proceedings were held Sept. 10, 2020 at Porter County Expo Center, Valparaiso, Porter County, IN.

2020 OPERATION ROUND UP GRANT RECIPIENTS

Morgan Township Volunteer Fire Department
 Kids Closet Ministry, NJUMC
 San Pierre Fire Department
 South Central Community School Corporation
 LaCrosse Volunteer Fire Department
 Family House, Inc.
 LaPorte County Sheriff's Office
 Coalition Against Domestic Abuse
 Junior Achievement-LaPorte County
 Prairie Trail Club

FOOD PANTRY DONATIONS

North Judson United Methodist Church Food Pantry
 Supplemental United Food Pantry
 Community Services of Starke County
 St. Vincent DePaul
 St. Vincent DePaul Society of Sacred Heart
 The Church of Jesus Christ of Valparaiso
 Holy Spirit Church, St. Vincent DePaul
 Hebron Country Pantry
 The Christian Community Food Pantry
 Pulaski County Human Services
 SC Weekend Food Pantry.

**YOUR ASSISTANCE HAS
HELPED IN DONATING**

\$80,850

**BACK TO NON-PROFITS
IN THE COMMUNITY.**

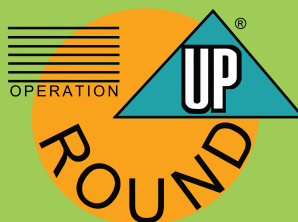


EXHIBIT A

Secretary's Affidavit of Mailing of the Notice of the 2020 Annual Meeting State of Indiana, County of LaPorte

I, Susan Bachert, being first duly sworn, upon her oath deposes and says:

That she is the duly elected and qualified Secretary of the Kankakee Valley Rural Electric Membership Corporation, hereinafter called the Cooperative. That on the 7th day of August 2020, she mailed to each member-consumer of the Cooperative, to the addresses as they appear on the records of the Cooperative, a notice of the annual meeting of the members on September 10, 2020 by depositing such notice with postage pre-paid thereon and addressed as aforesaid in the United States mail, and that the attached copy of the notice is a true and correct copy of such notice mailed as aforesaid.

Susan Bachert

Subscribed and sworn to Susan Bachert,
Secretary before me this 7th day of August
2020

Lori S. Young

Lori S. Young

Notary Public County of Resident, LaPorte
My commission Expires: October 2023

PORTER COUNTY EXPO CENTER



- 1** REGISTRATION 4:30 PM
DINING 4:30 - 6:30 PM
BUSINESS MEETING 7:30 PM
- 2** BINGO 5-8 PM
- 3** OUTDOOR DINING SPACE
- 4** LIVE SHOW BY THE VAN-DELLS 5 - 7:30 PM
- 5** VENDOR TENT 5 - 8 PM
- 6** POPCORN & WATER
- 7** KIDS ACTIVITIES 5:30 - 8:00 PM
Chester Mouse Fun House 5:30 & 6:30 PM show
Balloon Twists & Glitter Tattoos 5-8 PM