

Kenefick-Aschoff, Paul

From: Kenefick-Aschoff, Paul
Sent: Monday, June 24, 2019 1:13 PM
To: Vicki Clingman
Subject: RE: [EXT] Completed Application for High Country Mercantile, Inc....

For the information on the application page 3 #14 using the internal balance sheet was sufficient. However, it is also required to have a fiscal yearend financial statement prepared from an outside source. It was my understanding from Pam that this was in the process of being completed. I apologize for any confusion. Please note the administrative rules on this below on financial statement requirements.

20:10:12:15. Financial criteria for licensing. At a minimum, for a class A license the applicant's balance sheet must show a positive net worth of \$100,000. At a minimum, for a class B license the applicant's balance sheet must show a positive net worth. In determining net worth for a class A or class B applicant, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

At a minimum, the balance sheet for a class A or class B applicant must show current assets greater than current liabilities. In determining working capital, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

Source: 24 SDR 190, effective July 15, 1998; 40 SDR 39, effective September 9, 2013.

General Authority: SDCL 49-45-6(5).

Law Implemented: SDCL 49-45-7.

20:10:12:14. Financial statement requirements. Each applicant for a public grain buyer's license shall submit financial statements for the most recently completed year of operation. The financial statements may not be prepared by the applicant or an employee of the applicant, and if the applicant is a partnership or corporation, by an officer, shareholder, partner, or an employee of the partnership or corporation.

An applicant for a class A grain buyer license shall submit financial statements prepared by a certified or independent public accountant at the review, or audit level, or detailed financial statements prepared by an approved grain commission or management firm in accordance with generally accepted accounting principles or international financial reporting standards.

An applicant for a class B grain buyer license shall submit financial statements prepared by a certified or independent public accountant, a grain commission or management firm, or other individual skilled in the preparation of financial statements.

If the commission determines that the first financial statements submitted are incomplete or otherwise unsatisfactory, the commission may require the applicant to submit a second set of financial statements prepared by a certified or independent public accountant in accordance with general accepted accounting principles or international financial reporting standards at the compilation, review, or audit level.

The financial statements must include a balance sheet and statement of profit and loss. If a statement of retained earnings, a statement of cash flows, a statement of changes in financial position, or notes and disclosures to the financial statements have been prepared, those items must also be submitted.

If the valuation of any assets are listed at fair market value, those valuations shall be established or confirmed by a person experienced in making assessments of the fair market value of fixed assets. The valuations must be accompanied by a statement signed by the person who establishes or confirms the values stating that such person:

- (1) Has no interest in the property;
- (2) Is not an employee of the applicant; and
- (3) Has no personal bias with respect to the parties involved.

Source: 24 SDR 190, effective July 15, 1998; 35 SDR 48, effective September 9, 2008; 40 SDR 39, effective September 9, 2013.

General Authority: SDCL 49-45-6(5).

Law Implemented: SDCL 49-45-7, 49-45-7.1.

Paul Kenefick-Aschoff

From: Vicki Clingman <vicki@highcountrymercantile.com>
Sent: Monday, June 24, 2019 12:09 PM
To: Kenefick-Aschoff, Paul <Paul.Kenefick-Aschoff@state.sd.us>
Subject: Re: [EXT] Completed Application for High Country Mercantile, Inc....

I did ask if the page 3 information added could be pen amended with initials and date and was replied "yes" and I was instructed by earlier email that a simple balance sheet was sufficient. Is that not correct now? Please advise, thanks.

Sincerely,

Vicki Clingman- Office Manager

Vicki@HighCountryMercantile.com
Direct 307-587-8761
Cell 307-578-7196
Fax 307-587-0538
www.HighCountryMercantile.com



On Mon, Jun 24, 2019 at 7:06 AM Kenefick-Aschoff, Paul <Paul.Kenefick-Aschoff@state.sd.us> wrote:

What we will need to complete the licensing is the original application, original signed notarized bond and your fiscal yearend financial statement mailed to our office.

Paul Kenefick-Aschoff

From: Pam Connally <pam@highcountrymercantile.com>
Sent: Friday, June 14, 2019 3:32 PM
To: Kenefick-Aschoff, Paul <Paul.Kenefick-Aschoff@state.sd.us>
Cc: Vicki Clingman <vicki@highcountrymercantile.com>
Subject: [EXT] Completed Application for High Country Mercantile, Inc....

...is attached.

Greetings, Paul!

I believe the attached 2 pages complete the application. I will give you an update on the bond early next week.



Pam Connally

Direct: (307) 587-2417

Main: (307) 587-0537 ext. 101

Cell: (307) 578-7135

www.highcountrymercantile.com

From: vicki@highcountrymercantile.com [mailto:vicki@highcountrymercantile.com]
Sent: Friday, June 14, 2019 10:54 AM
To: paul.kenefick-aschoff@state.sd.us
Cc: pam@highcountrymercantile.com
Subject: Report from High Country Mercantile

Hello Paul,

This is a report I get from our QuickBooks system. Will these numbers be what we fill in on the application?

Sincerely,
Vicki Clingman