

COOPERATIVE BALANCE SHEETS

From December 31, 2025 and 2024

Assets (What we have)

Current Assets	2025	2024	Current Liabilities	2025	2024
Cash, Temporary Investments, Special Funds	\$ 7,514,103	\$ 8,966,010	Accrued and Deferred Credits	\$ 2,833,886	\$ 2,159,679
Notes & Accounts Receivable	\$ 1,574,267	\$ 1,443,703	Consumer Deposits	\$ 221,801	\$ 43,008
Materials & Supplies	\$ 1,454,951	\$ 1,275,678	Current Portion Long-Term Debt	\$ 2,519,372	\$ 998,336
Accrued & Deferred Debits	\$ 715,705	\$ 215,503			
Current Asset Totals	\$ 11,259,026	\$ 11,900,893	Current Liability Totals	\$ 5,575,059	\$ 3,201,023

Fixed Assets

Poles, Lines, Transformers, Equipment	\$ 47,029,620	\$ 43,824,327	RUS (Rural Utilities Service)	\$ 12,388,563	\$ 12,958,595
Less: Provision For Depreciation	\$ (14,971,319)	\$ (14,118,328)	RUS Economic Development Loans	\$ 308,616	\$ 308,616
Fixed Asset Totals	\$ 32,058,301	\$ 29,705,998	CFC (Cooperative Finance Corporation)	\$ 2,388,534	\$ 2,692,252
			CoBank	\$ 2,045,162	\$ 2,189,455
			Long Term Liability Totals	\$ 17,130,876	\$ 18,148,918

Asset Totals

Asset Totals	\$ 43,317,327	\$ 41,606,891
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Net Worth (What We Own)

Membership Fees	\$ 12,370	\$ 12,370
Deferred Patronage Allocated	\$ 8,096,811	\$ 7,841,210
Current Year Margins	\$ 708,970	\$ 1,289,381
Margin Reserves	\$ 11,793,341	\$ 11,113,990
Net Worth Total	\$ 20,611,392	\$ 20,256,951
Total Liabilities and Net Worth	\$ 43,317,326	\$ 41,606,891

STATEMENT OF REVENUE AND EXPENSES

Our Receipts

	2025	2024
Electricity Sold	\$ 15,076,649	\$ 14,013,499
Other Operating Revenue	\$ 40,000	\$ 138,871
Non-Operating Revenue	\$ 569,918	\$ 937,882
<i>Total Revenue</i>	<u>\$ 15,686,567</u>	<u>\$ 15,090,252</u>

Our Expenses

Purchased Power	\$ 9,864,107	\$ 8,848,115
Operation Expense	\$ 410,041	\$ 441,732
Maintenance Expense	\$ 855,409	\$ 789,356
Meter Accounting and Collection	\$ 257,844	\$ 189,289
Customer Service and Information	\$ 297,717	\$ 266,150
Other General Expenses	\$ 1,362,567	\$ 1,346,901
Depreciation Expense	\$ 1,337,590	\$ 1,298,879
Interest on RUS, CFC, and CoBank Loans	\$ 592,322	\$ 620,450
<i>Total Operating Expenses</i>	<u>\$ 14,977,597</u>	<u>\$ 13,800,871</u>
Margin for the Year	<u>\$ 708,969</u>	<u>\$ 1,289,381</u>

Financial Statement Notes

**RESPECTFULLY SUBMITTED BY
COOPERATIVE TREASURER:
KENT KERSTEN**

In 2024, HCREC received an allocation of patronage in the amount of \$655,828 from Northwest Iowa Power Cooperative (NIPCO). This allocation was not a cash payment, but represents a receivable that will be paid by NIPCO at a future time. This allocation resulted in overall margins of \$1,289,381, instead of \$633,553.

In 2025, the Harrison County REC board approved of a \$500,000 Revenue Deferral that decreased margins from \$1,208,970, to \$708,969. This \$500,000 deferral will be applied in 2026 to offset an expected 9.90% increased power cost, and reduce the effect on the power cost adjustment factor used in billing 2026 electricity.

Also in 2025, HCREC received an allocation of patronage in the amount of \$552,997 from NIPCO. This allocation was not a cash payment, but represents a receivable that will be paid by NIPCO at a future time. This allocation resulted in overall margins of \$708,970, instead of \$155,973.

This unaudited financial report shall be regarded as confidential information and not distributed to other than members of the Cooperative. Reprinting of any information in this report is strictly forbidden without the permission of the Board of Directors.

In compliance with regulations issued by the Rural Utilities Service, a copy of the Cooperative's bylaws are also available to all members upon request. Please contact HCREC's office at 712.647.2727 if you would like a copy. Members can also view a digital copy of the Cooperative's bylaws by visiting our website at www.hcrec.coop.

