BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION AND SUBSIDIARY
KENTUCKY 58

CONSOLIDATED FINANCIAL REPORT

December 31, 2025

C O N T E N T S

Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Big Sandy Rural Electric Cooperative Corporation and Subsidiary
Paintsville, Kentucky

Opinion

We have audited the accompanying consolidated financial statements of Big Sandy Rural Electric Cooperative Corporation and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of revenue and comprehensive income, changes in members' equities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Big Sandy Rural Electric Cooperative Corporation and Subsidiary as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Big Sandy Rural Electric Cooperative Corporation and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Big Sandy Rural Electric Cooperative Corporation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Certified Public Accountants and Advisors

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Big Sandy Rural Electric Cooperative Corporation and Subsidiary's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Big Sandy Rural Electric Cooperative Corporation and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2026, on our consideration of Big Sandy Rural Electric Cooperative Corporation and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Big Sandy Rural Electric Cooperative Corporation and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Big Sandy Rural Electric Cooperative Corporation and Subsidiary's internal control over financial reporting and compliance.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
March 16, 2026

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2025 and 2024

ASSETS	2025	2024
Utility plant, at original cost:		
In service	$ 69,149,898	$ 66,396,805
Under construction	530,556	550,821
	69,680,454	66,947,626
Less accumulated depreciation	32,622,886	30,987,396
	37,057,568	35,960,230
Investments in associated organizations	23,998,524	23,298,791
Current Assets:		
Cash and cash equivalents	3,035,539	2,265,653
Accounts receivable, less allowance for credit losses in 2025 of $251,356 and 2024 of $283,580	3,092,174	2,644,378
Other receivables	102,409	199,762
Material and supplies, at average cost	591,472	578,708
Other current assets	22,938	19,760
Total current assets	6,844,532	5,708,261
Deferred Debits	409,944	429,365
Total assets	$ 68,310,568	$ 65,396,647

MEMBERS' EQUITIES AND LIABILITIES	2025	2024
Members' Equities:		
Memberships	$ 225,175	$ 225,780
Patronage capital	28,942,440	28,629,887
Other equities	879,897	865,445
Accumulated other comprehensive (loss)	(269,409)	(395,991)
Total members' equities	29,778,103	29,325,121
Long-Term Liabilities:		
Long-term debt, less current portion	30,084,048	28,357,886
Finance lease obligations, less current portion	107,081	175,164
Accumulated postretirement benefits	2,677,918	2,767,081
Total long-term liabilities	32,869,047	31,300,131
Current Liabilities:		
Current portion of long-term debt	1,301,807	1,284,976
Current portion of finance lease obligations	68,193	85,764
Accounts payable	2,839,188	2,250,514
Consumer deposits	721,545	737,370
Accrued expenses	527,769	279,410
Total current liabilities	5,458,502	4,638,034
Deferred Credits	204,916	133,361
Total members' equities and liabilities	$ 68,310,568	$ 65,396,647

The Notes to Consolidated Financial Statements are an integral part of these statements.

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF REVENUE AND COMPREHENSIVE INCOME
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Sales of electric energy	$ 29,126,071	$ 26,325,216
Other electric revenues	871,483	818,785
	29,997,554	27,144,001
Operating Expenses		
Cost of power	19,066,706	18,029,601
Distribution - operations	1,257,593	1,106,298
Distribution - maintenance	3,389,870	2,839,591
Consumer accounts	1,187,517	1,108,193
Customer services	106,624	102,699
Administrative and general	1,740,269	1,752,548
Depreciation, excluding $230,096 in 2025 and $228,941 in 2024 charged to clearing accounts	2,976,966	2,811,819
Taxes, other than income	29,417	22,850
Interest on long-term debt	1,162,895	950,792
Other interest charges	30,076	8,660
Other deductions	19,069	9,681
Total cost of electric service	30,967,002	28,742,732
Operating (Deficits)	(969,448)	(1,598,731)
Nonoperating Margins and Capital Credits		
Interest income	345,233	324,959
Employee retention credit	208,366	- -
Other non-operating margins	- -	29,770
Generation and transmission capital credits	704,477	115,594
Other capital credits	83,816	107,415
	1,341,892	577,738
Net Margins (Deficits)	372,444	(1,020,993)
Other Comprehensive Income		
Postretirement benefits actuarial gain	115,102	- -
Postretirement benefits amortization of net loss	11,480	13,035
	126,582	13,035
Net Margins (Deficits) and Comprehensive Income	$ 499,026	$ (1,007,958)

The Notes to Consolidated Financial Statements are an integral part of these statements.

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITIES
Years Ended December 31, 2025 and 2024

		Patronage Capital						Accumulated Other	Total
				Prior			Other	Comprehensive	Members'
	Memberships	Assigned	Assignable	Deficits	Retirements	Total	Equities	Income (Loss)	Equities
Balance - December 31, 2023	$ 225,630	$ 33,478,375	$ (561,902)	$ - -	$ (3,202,366)	$ 29,714,107	$ 847,859	$ (409,026)	$ 30,378,570
Allocate deficit			561,902	(561,902)		- -			- -
Comprehensive income (loss):									
Net deficit			(1,020,993)			(1,020,993)			(1,020,993)
Postretirement benefit obligation									
Amortization of actuarial loss								13,035	13,035
Total comprehensive (loss)									(1,007,958)
Net change in memberships	150								150
Refunds to estates					(63,227)	(63,227)			(63,227)
Other equities							17,586		17,586
Balance - December 31, 2024	225,780	33,478,375	(1,020,993)	(561,902)	(3,265,593)	28,629,887	865,445	(395,991)	29,325,121
Allocate deficit			1,020,993	(1,020,993)		- -			- -
Comprehensive income:									
Net margins			372,444			372,444			372,444
Postretirement benefit obligation									
Amortization of actuarial loss								11,480	11,480
Actuarial gain								115,102	115,102
Total comprehensive income									499,026
Net change in memberships	(605)								(605)
Refunds to estates					(59,891)	(59,891)			(59,891)
Other equities							14,452		14,452
Balance - December 31, 2025	$ 225,175	$ 33,478,375	$ 372,444	$ (1,582,895)	$ (3,325,484)	$ 28,942,440	$ 879,897	$ (269,409)	$ 29,778,103

The Notes to Consolidated Financial Statements are an integral part of these statements.

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins (deficits)	$ 372,444	$ (1,020,993)
Adjustments to reconcile net deficits to net cash provided by operating activities:		
Depreciation:		
Charged to expense	2,976,966	2,811,819
Charged to clearing accounts	230,096	228,941
Amortization of finance lease ROU assets	78,019	82,966
Patronage capital credits assigned	(788,293)	(223,009)
Amortization of postretirement actuarial adjustment	11,480	13,035
Postretirement actuarial adjustment	115,102	- -
Change in assets and liabilities, net of the effects of investing and financing activities:		
Accounts and other receivables, net	(350,443)	382,316
Material and supplies	(12,764)	43,141
Other current assets	(3,178)	(2,660)
Deferred debits	19,421	355,665
Accounts payable	588,674	50,480
Consumer deposits	(15,825)	(11,435)
Accrued expenses	248,359	(178,730)
Accumulated postretirement benefits	(89,163)	26,719
Deferred credits	71,555	121,696
Net cash provided by operating activities	3,452,450	2,679,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Plant additions	(4,116,713)	(3,715,251)
Plant removal costs	(455,217)	(473,393)
Salvage recovered from retired plant	189,511	81,077
Receipts from other investments, net	88,560	49,536
Net cash (used in) investing activities	(4,293,859)	(4,058,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in memberships	(605)	150
Refund of patronage capital to members	(59,891)	(63,227)
Increase in other equities	14,452	17,586
Principal payments on finance lease obligations	(85,654)	(121,815)
Payments on long-term debt	(1,257,007)	(1,162,326)
Advances of long-term debt	3,000,000	3,000,000
Net cash provided by financing activities	1,611,295	1,670,368
Net increase in cash and cash equivalents	769,886	292,288
Cash and cash equivalents, beginning of year	2,265,653	1,973,365
Cash and cash equivalents, end of year	$ 3,035,539	$ 2,265,653
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 1,204,153	$ 1,068,473
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Electric plant financed through a note payable	$ - -	$ 178,030

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Description of business

Big Sandy Rural Electric Cooperative Corporation (Big Sandy) provides distribution electric services to residential and commercial consumers concentrated in a five-county area in eastern Kentucky. Big Sandy maintains its records in accordance with the policies permitted by the Kentucky Public Service Commission (PSC) and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform in all material respects with accounting principles generally accepted in the United States of America. The more significant of these policies are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of Big Sandy Rural Electric Cooperative Corporation and its wholly-owned subsidiary, Big Sandy Forestry, LLC (Forestry). All significant intercompany accounts and transactions have been eliminated.

Business activity

Big Sandy provides distribution electric services to residential, business, and commercial consumers in eight counties in eastern Kentucky. Forestry provides utility right-of-way services exclusively for Big Sandy.

Use of estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates used in the preparation of the consolidated financial statements.

Utility plant

Utility plant is stated at original cost, which is the cost when first dedicated to public service. Such amount includes applicable supervisory and overhead cost including any construction period interest and taxes. There was no interest required to be capitalized during the years ended December 31, 2025 and 2024.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. Forestry's fixed assets consist primarily of vehicles and tree trimming equipment.

Note 1. Significant Accounting Policies (Continued)

Utility plant (continued)

Utility plant consists of the following as of December 31, 2025 and 2024:

	2025		2024	
Distribution plant	$	61,734,348	$	59,074,521
General plant		7,228,716		7,158,865
Subtotal electric plant		68,963,064		66,233,386
Vehicles		126,161		102,746
Equipment		60,673		60,673
Subtotal subsidiary plant		186,834		163,419
Utility Plant, at original cost	$	69,149,898	$	66,396,805

Depreciation

Provision has been made for depreciation on the basis of the estimated lives of assets, using the straight-line method. Depreciation rates range from 2.20% to 6.67%, for distribution plant. General plant rates range from 2.50% to 17.00%.

Forestry's depreciation is computed using the straight-line method over the useful lives of its assets.

Cash and cash equivalents

Big Sandy considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. Big Sandy maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. Management believes that credit risk related to these accounts is minimal.

Accounts receivable and allowance for credit losses

Big Sandy operates in the electric services distribution industry, and its accounts receivable are primarily derived from the sales of electric energy. Accounts receivable are stated at net realizable value and are usually collected within thirty days. The balance in accounts receivable as of December 31, 2025, 2024, and 2023 was $3,092,174, $2,644,378 and $2,547,916, respectively.

Big Sandy estimates expected credit losses on accounts receivable in accordance with ASC 326, *Financial Instruments – Credit Losses*. Accounts receivable are typically collected within thirty days.

For periods prior to the adoption of ASU 2025-05, Big Sandy estimated its allowance for credit losses based on historical loss experience, adjusted for current conditions and reasonable and supportable forecasts of future economic factors that were expected to affect the collectability of outstanding receivables. This estimate was prepared on a pooled basis for receivables with similar

Note 1. Significant Accounting Policies (Continued)

Accounts receivable and allowance for credit losses (continued)

risk characteristics. Management updated its estimate at each reporting date to reflect any changes in credit risk since initial recognition.

Effective for the year ended December 31, 2025, Big Sandy early adopted ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduced two optional simplifications for current accounts receivable arising under ASC 606. Big Sandy elected both:

1. Current conditions practical expedient – Big Sandy now estimates expected credit losses using historical loss information adjusted for current conditions as of the balance sheet date without developing forward-looking forecasts, and assumes those conditions remain unchanged for the remaining life of the receivable.

2. Subsequent collections accounting policy election – For receivables collected after year-end and before the financial statements are available to be issued, Big Sandy records no allowance, consistent with the updated guidance. Remaining uncollected receivables are evaluated based on their delinquency status as of the same subsequent collections evaluation date.

These changes were applied prospectively and did not affect prior-period amounts.

Under the updated policy, the allowance for credit losses is derived from Big Sandy's historical loss rates for receivables with similar risk characteristics, adjusted for current conditions as of year-end. The allowance is further adjusted to remove receivables collected prior to the date the financial statements are available to be issued. Management believes this methodology appropriately reflects expected credit losses under the updated guidance.

Big Sandy writes off receivables when specific information indicates the customer is experiencing significant financial difficulty and collection is not expected. Any recoveries of amounts previously written off are recognized in the period received.

Materials and supplies

Big Sandy values materials and supplies at the lower of average cost or net realizable value.

Deferred debits and credits

Regulatory requirements authorized by the PSC allow the electric supplier to impose a fuel adjustment surcharge upon Big Sandy. In turn, Big Sandy is required to pass on the fuel surcharge to the consumer. Due to regulatory requirements in calculating the surcharge Big Sandy may experience an over or under recovery of the fuel adjustment surcharge.

Similarly, the PSC has an environmental cost recovery mechanism that allows the electric supplier to recover certain costs incurred in complying with the Federal Clean Air Act as amended and those federal, state, and local environmental requirements which apply to coal combustion wastes and byproducts from facilities utilized for the production of energy from coal. In turn, Big Sandy is required to pass on this environmental cost recovery mechanism to the consumer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Leases

Big Sandy leases vehicles and determines if an arrangement is a lease at inception. Finance lease right-of-use assets are included in utility plant, current liabilities, and long-term liabilities on the consolidated balance sheets.

Right-of-use assets represent Big Sandy's right to use an underlying asset for the lease term and lease liabilities represent Big Sandy's obligation to make lease payments arising from the lease. When a lease does not provide an implicit rate, Big Sandy uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised.

Big Sandy's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Taxes

Big Sandy is required to collect, on behalf of the Commonwealth of Kentucky, sales taxes based on six percent of gross sales from non-residential consumers, a three percent school tax from certain counties on most gross sales, and franchise fees in certain cities. Big Sandy's policy is to exclude taxes from revenue when collected and expenses when paid and instead, record collection and payment of taxes through a liability account.

Cost of power

Big Sandy is one of 16 members of East Kentucky Power Cooperative, Inc. (East Kentucky). Under a wholesale power agreement, Big Sandy is committed to purchase its electric power and energy requirements from East Kentucky until 2068. The rates charged by East Kentucky are subject to approval of the PSC. The cost of purchased power is recorded monthly during the period in which the energy is consumed, based upon billings from East Kentucky. There are certain surcharges, clauses, and credits that East Kentucky includes to Salt River that are passed on to consumers using a methodology prescribed by the PSC.

Advertising

Big Sandy expenses advertising costs as incurred. Advertising expenses were $877 and $1,022 for the years ended December 31, 2025 and 2024, respectively.

Comprehensive income (loss)

Comprehensive income (loss) includes both net margin and other comprehensive income (loss). Other comprehensive income (loss) represents the change in funded status of the accumulated postretirement benefit obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Risk management

Big Sandy and Forestry are exposed to various forms of losses of assets associated with, but not limited to, fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, workers compensation, etc. Each of these areas is covered through the purchase of commercial insurance.

Credit risk

Big Sandy grants credit to residents within its service territory. Concentrations of credit risk with respect to accounts receivables are limited due to its large number of customers.

Commitments

Big Sandy has various other agreements outstanding with local contractors. Under these agreements, the contractors will perform certain construction and maintenance work at specified hourly rates or unit cost, or on an as needed basis. The duration of these contracts are one to three years.

Environmental contingency

Big Sandy from time to time is required to work with and handle PCBs, herbicides, automotive fluids, lubricants, and other hazardous materials in the normal course of business. As a result, there is the possibility that environmental conditions may arise which would require Big Sandy to incur cleanup costs. The likelihood of such an event, or the amount of such costs, if any, cannot be determined at this time. However, management does not believe such costs, if any, would materially affect Big Sandy's financial position or its future cash flows.

Income taxes

Big Sandy qualifies as a tax-exempt organization under Section 501(c)(12) of the Internal Revenue Code. However, income from certain activities not directly related to Big Sandy's tax-exempt purpose is subject to taxation as unrelated business income. Big Sandy is responsible for reporting unrelated business income associated with its wholly owned subsidiary Forestry.

Big Sandy's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Big Sandy has no uncertain tax positions resulting in an accrual of tax expense or benefit.

Big Sandy recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Big Sandy did not recognize any interest or penalties during the years ended December 31, 2025 and 2024.

Big Sandy's Federal Return of Organization Exempt from Income Tax is subject to possible examination by taxing authorities until the expiration of related statutes of limitations on the return, which is generally three years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Pension accounting

In May 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-07, *Improving the Presentation of Net periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The standard specifies how the amount of pension costs and costs for post-retirement benefits other than pensions (PBOP) should be presented on the income statement under accounting principles generally accepted in the United States of America, and what components of those costs are eligible for capitalization in assets. This standard is effective for years beginning after December 15, 2018. The Federal Energy Regulatory Commission (FERC) issued Docket No. AI18-1-000 that allowed jurisdictional public utilities to continue to record PBOP costs in their entirety, less amounts capitalized, without change. Pension and PBOP costs are made up of several components: service cost, interest cost, actual return on plan assets, gain or loss, amortization of prior service cost or credit, and amortization of FASB Accounting Standards Codification (ASC) Subtopic 715-30. Though pension and PBOP costs are computed using the aggregate total of these various components, the Commission's longstanding policy is to consider the amount as a singular cost to the employer. This cost is calculated based on ASC 715 and reported as an expense under net margins from continuing operations.

Subsequent events

Management has evaluated subsequent events through March 16, 2026, the date the consolidated financial statements were available to be issued.

Note 2. Revenue Recognition

Revenue from contracts

Big Sandy is engaged in the distribution and sale of electricity to residential and commercial customers in five counties in eastern Kentucky. Revenue from these activities is generated from tariffs approved by the PSC. Big Sandy satisfies their performance obligation upon the delivery of electricity to customers. Revenue is recognized over-time as the customer simultaneously receives and consumes the benefits provided by Big Sandy. The amount of revenue recognized is the billed volume of electricity multiplied by a tariff rate per-unit of energy, plus any applicable fixed or additional regulatory charges. Customers are billed monthly and outstanding amounts are typically due within 20 days of the date of the bill.

Significant judgements

Big Sandy produces customer bills during the first week of each month for service provided in the previous month. Revenue is recorded in the month in which the electric service is delivered based on kilowatt usage. There are no significant judgements for over or under-billed revenues because each month's revenue is based on actual meter readings. This method of revenue recognition presents fairly, Big Sandy's transfer of electricity to customers as the amount recognized is based on actual volumes delivered and the tariff rate per-unit of energy plus any applicable fixed charges as set by the PSC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Revenue Recognition (Continued)

Performance obligations

Big Sandy customers generally have no minimum purchase commitments. Big Sandy recognizes revenue as each performance obligation is satisfied. Performance obligations are limited to the service requested and received to date. Accordingly, there are no unsatisfied performance obligations to recognize as of December 31, 2025 and 2024.

Disaggregation of revenue

The following table shows revenues from contracts with customers disaggregated by customer class for the years ended December 31, 2025 and 2024:

	2025	2024
Residential rural	$ 23,559,693	$ 20,741,593
Large industrial	4,183,934	4,203,682
Small commercial	1,382,444	1,379,941
Total	$ 29,126,071	$ 26,325,216

Contract assets and liabilities

Contract assets include fuel adjustment surcharges and environmental cost recovery mechanisms. The fuel adjustment surcharges and environmental cost recovery mechanisms are included in deferred debits on the consolidated balance sheets. Contract liabilities include consumer deposits, fuel adjustment surcharges and environmental cost recovery mechanisms. The fuel adjustment surcharges and environmental cost recovery mechanisms are included in deferred credits on the consolidated balance sheets. The balances in contract assets and contract liabilities were as follows as of December 31:

	2025	2024	2023
Contract assets	$ - -	$ - -	$ 384,129
Contract liabilities	$ 905,093	$ 848,076	$ 748,805

Note 3. Allowance for Credit Losses

The allowance for credit losses for accounts receivable and the related activity are as follows:

	2025	2024
Beginning balance	$ 283,580	$ 288,689
Provision for credit losses	46,168	48,842
Write-offs	(87,697)	(64,783)
Recoveries	9,305	10,832
Ending balance	$ 251,356	$ 283,580

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Investments in Associated Organizations

Investments in associated organizations consist of the following as of December 31, 2025 and 2024:

	2025	2024
East Kentucky, patronage capital	$ 18,548,249	$ 17,843,771
CFC member capital securities	4,000,000	4,000,000
CFC CTC's	398,660	449,710
CFC patronage capital	227,007	230,868
Other associated organizations	824,608	774,442
Total	$ 23,998,524	$ 23,298,791

Big Sandy records patronage capital assigned by associated organizations in the year in which such assignments are received. The Capital Term Certificates (CTCs) of CFC are recorded at cost. The CTCs were purchased from CFC as a condition of obtaining long-term financing. The CTCs bear interest at 3.00% and 5.00% and are scheduled to mature at varying times from 2030 to 2080. The CFC member capital securities were purchased in April 2020 and bear interest at 5.00%. The member capital securities mature in April 2050 and are callable by CFC, in whole or in part, at any time after ten years from the date of issuance at 100 percent of the principal amount to be redeemed together with accrued and unpaid interest to the redemption date.

Note 5. Investment in Subsidiary

Big Sandy's wholly-owned subsidiary, Forestry, is engaged in utility right-of-way services exclusively for Big Sandy. In February 2023, Big Sandy loaned $300,000 to Forestry. The loan is payable over 10 years at an interest rate of 4.50% per annum. The principal balance outstanding was $240,692 and $264,786 as of December 31, 2025 and 2024, respectively. The earnings of Forestry are eliminated in consolidation and are not included in the consolidated financial statements. The activity of the investment in subsidiary is as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Beginning balance	$ 42,288	$ 2,928
Net income (loss)	(5,072)	39,360
Ending balance	$ 37,216	$ 42,288

Note 6. Leases

Big Sandy has finance leases for vehicles. The leases have remaining lease terms of 2 years to 3 years. As of December 31, 2025 and 2024, the net ROU assets included with utility plant on the consolidated balance sheets were $191,183 and $274,256, respectively.

The components of lease expense were as follows for the year ended December 31:

	2025	2024
Finance lease cost		
Right-of-use asset amortization	$ 78,019	$ 82,966
Interest expense	11,145	14,688
Total lease cost, net	$ 89,164	$ 97,654

Other information related to leases was as follows for the year ended December 31:

	2025	2024
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 11,438	$ 14,218
Financing cash flows from finance leases	$ 85,654	$ 121,815
Right-of-use asset obtained in exchange for lease obligation		
Finance lease	$ - -	$ 178,030
Weighted average remaining lease term		
Finance leases	2.62 years	3.35 years
Weighted average discount rate		
Finance leases	5.55%	5.15%

Future undiscounted lease payments for finance leases with initial terms of one year or more as of December 31, 2025, were as follows:

2026	$ 76,157
2027	67,382
2028	41,058
2029	3,422
	188,019
Less imputed interest	(12,745)
Net lease liabilities	$ 175,274

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Patronage Capital

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total equities and margins to be less than 30.00% of total assets, except that distributions may be made to estates of deceased patrons. The debt agreement provides, however, that should such distributions to estates not exceed 25.00% of the net margins for the next preceding year, Big Sandy may distribute the difference between 25.00% and the payments made to such estates. Members' equity at December 31, 2025 and 2024 was 43.59% and 44.84% of total assets, respectively.

Note 8. Long-Term Debt

All assets, except vehicles, are pledged as collateral on the long-term debt to RUS, Federal Financing Bank (FFB), CoBank, and CFC under a joint mortgage agreement. The long-term debt is due in quarterly and monthly installments of varying amounts through 2057. RUS assesses 12.5 basis points to administer the FFB loans. As of December 31, 2025 and 2024, there was $3,881,000 and $6,881,000 of FFB loan funds unadvanced, respectively. These funds will be used for future plant additions.

Long-term debt consists of the following as of December 31, 2025 and 2024:

	2025	2024
RUS:		
3.72% to 4.31% variable rate notes	$ 10,679,457	$ 7,839,738
1.25% to 4.25% fixed rate notes	596,819	709,862
	11,276,276	8,549,600
FFB, 1.12% to 4.47% fixed rate notes	16,212,405	16,852,125
CFC:		
6.46% fixed rate notes	153,836	179,118
Refinanced RUS loans, 3.90% to 4.30% fixed rate notes	3,743,338	4,062,019
	31,385,855	29,642,862
Less current portion	1,301,807	1,284,976
Long-term portion	$ 30,084,048	$ 28,357,886

As of December 31, 2025, the annual principal portion of long-term debt outstanding for the next five years and thereafter are as follows:

2026	$ 1,301,807
2027	1,334,732
2028	1,369,010
2029	1,404,665
2030	1,437,970
Thereafter	24,537,671
	$ 31,385,855

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Short-Term Notes Payable

As of December 31, 2025 and 2024, Big Sandy had a short-term line of credit of $2,500,000 available from CFC with a variable interest rate of 7.25% as of December 31, 2025 and 2024. There were no amounts outstanding on the CFC line of credit as of December 31, 2025 and 2024. The CFC line of credit matures in December 2069. Big Sandy also had a short-term line of credit of $7,000,000 available from CoBank with variable interest rates of 5.77% and 6.39% as of December 31, 2025 and 2024, respectively. There were no amounts outstanding on the CoBank line of credit as of December 31, 2025 and 2024. The CoBank line of credit matures on July 31, 2026.

Note 10. Pension Plans

All eligible non-union employees of Big Sandy participate in the NRECA Retirement Security Plan (RS Plan), a defined benefit pension plan qualified under section 401 and tax exempt under section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. Eligible employees include employees hired prior to August 1, 2002. Non-eligible employees are those hired after August 1, 2002. The Plan sponsor's identification number is 53-0116145 and the Plan Number is 333. A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Big Sandy's contributions to the RS Plan in 2025 and 2024 represent less than 5.00% of the total contributions made to the plan by all participating employers. Big Sandy made contributions to the plan for eligible employees of $236,125 in 2025 and $223,514 in 2024. There have been no significant changes that affect the comparability of 2025 and 2024.

In the RS Plan, a zone status determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80.00% funded at January 1, 2025 and 2024 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Note 11. Savings Plans

Big Sandy participates in the NRECA Savings Plan, a multi-employer, defined contribution master pension plan. Non-eligible employees, as defined above, participate in the Savings Plan with Big Sandy contributing 10.00% of annual base pay. Employer contributions to the plan were $81,225 for 2025 and $73,658 for 2024, and vest immediately.

All eligible union employees participate in EmPower's 401(k) Savings Plan. Big Sandy contributes 10.00% of base wages to the plan. Employer contributions to the plan totaled $142,307 in 2025 and $138,888 in 2024, and vest immediately. There have been no significant changes that affect the comparability of 2025 and 2024 for either plan.

Note 12. Postretirement Benefits

Big Sandy sponsors a defined benefit plan that provides medical insurance coverage to retirees and their dependents. Participating retirees and dependents do not contribute to the projected cost of coverage. For measurement purposes, an annual rate of increase of 7.00% in 2026, then decreasing by 0.50% per year until 4.00% per year, in the per capita cost of covered health care benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 4.50%.

The funded status of the plan as of December 31, 2025 and 2024 was as follows:

	2025	2024
Projected benefit obligation	$ (2,677,918)	$ (2,767,081)
Plan assets at fair value	- -	- -
Funded status	$ (2,677,918)	$ (2,767,081)

The components of net periodic postretirement benefit cost for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Benefit obligation - beginning of period	$ 2,767,081	$ 2,740,362
Net periodic benefit cost:		
Service cost	71,693	44,263
Interest cost	123,917	157,887
Net period cost	195,610	202,150
Actuarial adjustment	(115,102)	- -
Benefit payments to participants	(169,671)	(175,431)
Benefit obligation - end of period	$ 2,677,918	$ 2,767,081
Amounts recognized in the consolidated balance sheets consists of:		
Unrecognized actuarial loss	$ (269,409)	$ (395,991)
Accumulated postretirement benefits	$ 2,677,918	$ 2,767,081
Amounts included in other comprehensive income:		
Postretirement benefits actuarial gain	$ 115,102	$ - -
Postretirement benefits amortization of net loss	$ 11,480	$ 13,035
Effect of 1% increase in the health care trend:		
Postemployment benefit obligation	$ 2,892,000	
Net periodic benefit cost	$ 211,000	

Projected retiree benefit payments for the next five years are expected to be as follows: 2026 - $153,500; 2027 - $148,100; 2028 - $148,100; 2029 - $122,100; 2030 - $112,600.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Related Party Transactions

Several of the Directors of Big Sandy and its President and General Manager are on the Board of Directors of various associated organizations.

Note 14. Contingencies

Big Sandy, on occasion, is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the consolidated financial statements.

Note 15. Labor Force

Approximately 40.00% of Big Sandy's labor force is subject to a collective bargaining agreement. A five-year agreement was negotiated and approved for the period starting January 2021 through December 2025 between Big Sandy and the International Brotherhood of Electric Workers (IBEW). During the current year, a new three-year agreement between Big Sandy and the IBEW was negotiated and approved for the period starting January 2026 through December 2028.

Note 16. Employee Retention Credits

Under provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Big Sandy determined it met the criteria and was eligible for the refundable Employee Retention Credit (ERC). Big Sandy amended its Form 941 Employer Quarterly Federal Tax Return for three quarters to claim refunds related to this credit. For the years ended December 31, 2025 and 2024, Big Sandy claimed $208,366 and zero, respectively, with the amount recognized as nonoperating margins, in accordance with ASC 450-30, in the statements of revenue and comprehensive income. The IRS may subsequently initiate an ERC audit and request a refund, including penalties and interest, if they determine that Big Sandy was not eligible for the ERC claimed. The general statute of limitations is three years but the IRS has extended the statute to five years for ERC. Big Sandy engaged a third-party service provider to assist in determining that Big Sandy met the criteria for the ERC and management believes Big Sandy met the eligibility requirements.

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Big Sandy Rural Electric Cooperative Corporation and Subsidiary
Paintsville, Kentucky

We have audited the consolidated financial statements of Big Sandy Rural Electric Cooperative Corporation and Subsidiary as of and for the years ended December 31, 2025 and 2024, and our report thereon dated March 16, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information shown on pages 22 and 23, and the schedule of deferred debits and deferred credits shown on page 24, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
March 16, 2026

Certified Public Accountants and Advisors

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BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET
December 31, 2025

ASSETS	Big Sandy RECC	Big Sandy Forestry, LLC	Eliminations	Consolidated
Utility plant, at original cost:				
In service	$ 68,963,064	$ 186,834	$ - -	$ 69,149,898
Under construction	530,556	- -	- -	530,556
	69,493,620	186,834	- -	69,680,454
Less accumulated depreciation	32,526,502	96,384	- -	32,622,886
	36,967,118	90,450	- -	37,057,568
Investments and Other Assets:				
Investments in associated organizations	23,998,524	- -	- -	23,998,524
Investment in Subsidiary	37,216	- -	(37,216)	- -
Note receivable, less current portion	213,200	- -	(213,200)	- -
	24,248,940	- -	(250,416)	23,998,524
Current Assets:				
Cash and cash equivalents	2,866,196	169,343	- -	3,035,539
Accounts receivable, less allowance for credit losses in 2025 of $251,356	3,092,174	27,006	(27,006)	3,092,174
Other receivables	102,409	- -	- -	102,409
Current portion of note receivable	27,492	- -	(27,492)	- -
Material and supplies, at average cost	591,472	- -	- -	591,472
Other current assets	22,938	- -	- -	22,938
Total current assets	6,702,681	196,349	(54,498)	6,844,532
Deferred Debits	409,944	- -	- -	409,944
Total assets	$ 68,328,683	$ 286,799	$ (304,914)	$ 68,310,568
MEMBERS' EQUITIES AND LIABILITIES				
Members' Equities:				
Capital investment	$ - -	$ 37,216	$ (37,216)	$ - -
Memberships	225,175	- -	- -	225,175
Patronage capital	28,942,440	- -	- -	28,942,440
Other equities	879,897	- -	- -	879,897
Accumulated other comprehensive (loss)	(269,409)	- -	- -	(269,409)
Total members' equities	29,778,103	37,216	(37,216)	29,778,103
Long-Term Liabilities:				
Long-term debt, less current portion	30,084,048	213,200	(213,200)	30,084,048
Finance lease obligations, less current portion	107,081	- -	- -	107,081
Accumulated postretirement benefits	2,677,918	- -	- -	2,677,918
Total long-term liabilities	32,869,047	213,200	(213,200)	32,869,047
Current Liabilities:				
Current portion of long-term debt	1,301,807	27,492	(27,492)	1,301,807
Current portion of finance lease obligations	68,193	- -	- -	68,193
Accounts payable	2,860,444	5,750	(27,006)	2,839,188
Consumer deposits	721,545	- -	- -	721,545
Accrued expenses	524,628	3,141	- -	527,769
Total current liabilities	5,476,617	36,383	(54,498)	5,458,502
Deferred Credits	204,916	- -	- -	204,916
Total members' equities and liabilities	$ 68,328,683	$ 286,799	$ (304,914)	$ 68,310,568

The Notes to Financial Statements are an integral part of these statements.

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF REVENUE AND COMPREHENSIVE INCOME
Year Ended December 31, 2025

	Big Sandy RECC	Big Sandy Forestry, LLC	Eliminations	Consolidated
Operating Revenues				
Sales of electric energy	$ 29,126,071	$ - -	$ - -	$ 29,126,071
Other electric revenues	871,483	- -	- -	871,483
Contract services	- -	377,428	(377,428)	- -
	29,997,554	377,428	(377,428)	29,997,554
Operating Expenses				
Cost of power	19,066,706	- -	- -	19,066,706
Distribution - operations	1,257,593	- -	- -	1,257,593
Distribution - maintenance	3,427,832	339,466	(377,428)	3,389,870
Consumer accounts	1,187,517	- -	- -	1,187,517
Customer services	106,624	- -	- -	106,624
Administrative and general	1,740,269	- -	- -	1,740,269
Depreciation, excluding $230,096 in 2025 charged to clearing accounts	2,945,377	31,589	- -	2,976,966
Taxes, other than income	29,417	- -	- -	29,417
Interest on long-term debt	1,162,895	11,445	(11,445)	1,162,895
Other interest charges	30,076	- -	- -	30,076
Other deductions	19,069	- -	- -	19,069
	30,973,375	382,500	(388,873)	30,967,002
Operating (Deficits)	(975,821)	(5,072)	11,445	(969,448)
Nonoperating Margins and Capital Credits				
Interest income	356,678	- -	(11,445)	345,233
Investment in subsidiary	(5,072)	- -	5,072	- -
Employee retention credit	208,366	- -	- -	208,366
Generation and transmission capital credits	704,477	- -	- -	704,477
Other capital credits	83,816	- -	- -	83,816
	1,348,265	- -	(6,373)	1,341,892
Net Margins (Deficits)	372,444	(5,072)	5,072	372,444
Other Comprehensive Income				
Postretirement benefits actuarial gain	115,102	- -	- -	115,102
Postretirement benefits amortization of net loss	11,480	- -	- -	11,480
	126,582	- -	- -	126,582
Net Margins (Deficits) and Comprehensive Income	$ 499,026	$ (5,072)	$ 5,072	$ 499,026

The Notes to Financial Statements are an integral part of these statements.

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY

SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS
December 31, 2025 and 2024

	2025	2024	RUS Approval
Deferred Debits			
Work plan study	$ 15,401	$ 20,994	§1767, account #183
PSC rate case expenses	179,090	141,209	§1767, account #186
NISC conversion costs	215,453	267,162	§1767, account #186
Total deferred debits	$ 409,944	$ 429,365	
Deferred Credits			
Consumer advances for construction	$ 21,368	$ 22,655	§1767, account #252
Environmental surcharge	114,605	5,615	§1767, account #253
Fuel adjustment surcharge	68,943	105,091	§1767, account #253
Total deferred credits	$ 204,916	$ 133,361	

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Big Sandy Rural Electric Cooperative Corporation and Subsidiary
Paintsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Big Sandy Rural Electric Cooperative Corporation and Subsidiary (the Corporation), which comprise the consolidated balance sheet as of December 31, 2025 and the related consolidated statements of revenue and comprehensive income, changes in members' equities, and cash flows for the year then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated March 16, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Certified Public Accountants and Advisors

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
March 16, 2026