FLEMING-MASON ENERGY COOPERATIVE, INC.
AND SUBSIDIARY
KENTUCKY 52

CONSOLIDATED FINANCIAL REPORT

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fleming-Mason Energy Cooperative, Inc. and Subsidiary
Flemingsburg, Kentucky

Opinion

We have audited the accompanying consolidated financial statements of Fleming-Mason Energy Cooperative, Inc. 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 Fleming-Mason Energy Cooperative, Inc. 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 Fleming-Mason Energy Cooperative, Inc. 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 Fleming-Mason Energy Cooperative, Inc. 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.

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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 Fleming-Mason Energy Cooperative, Inc. 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 Fleming-Mason Energy Cooperative, Inc. 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 our report dated April 3, 2026, on our consideration of the Fleming-Mason Energy Cooperative, Inc. and Subsidiary's internal control over financial reporting and on our tests of its 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 Fleming-Mason Energy Cooperative, Inc. 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 Fleming-Mason Energy Cooperative, Inc. and Subsidiary's internal control over financial reporting and compliance.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 3, 2026

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2025 and 2024

ASSETS	2025	2024
Utility Plant, at original cost:		
In service	$ 137,225,877	$ 132,825,214
Under construction	303,565	232,554
	137,529,442	133,057,768
Less accumulated depreciation	54,411,939	52,303,027
	83,117,503	80,754,741
Investments in Associated Organizations	62,721,636	59,916,705
Current Assets:		
Cash and cash equivalents	989,208	810,478
Accounts receivable, less allowance for credit losses in 2025 of $104,965 and 2024 of $109,530	9,637,961	9,043,578
Other receivables	1,934,552	1,806,320
Pension asset	1,800,383	204,365
Material and supplies, at average cost	930,221	747,386
Other current assets	317,864	291,173
Total current assets	15,610,189	12,903,300
Deferred Debits	866,511	684,919
Total assets	$ 162,315,839	$ 154,259,665
MEMBERS' EQUITIES AND LIABILITIES		
Members' Equities:		
Memberships	$ 266,825	$ 262,785
Patronage capital	83,540,021	79,537,796
Other equities	989,126	984,961
Accumulated other comprehensive gain	3,090,570	1,357,458
Total members' equities	87,886,542	82,143,000
Long-Term Liabilities:		
Long-term debt, less current portion	47,862,140	44,793,398
Accumulated postretirement benefits	2,072,938	2,299,226
Total long-term liabilities	49,935,078	47,092,624
Current Liabilities:		
Notes payable	5,700,000	8,300,000
Current portion of long-term debt	2,823,555	2,740,111
Accounts payable	10,052,721	8,269,684
Consumer deposits	1,882,581	1,864,666
Accrued expenses	3,698,229	3,845,657
Total current liabilities	24,157,086	25,020,118
Deferred Credits	337,133	3,923
Total member's equities and liabilities	$ 162,315,839	$ 154,259,665

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

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

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

	2025	2024
Operating Revenues		
Sale of electric energy	$ 90,864,383	$ 87,993,051
Other electric revenues	1,344,370	1,135,927
	92,208,753	89,128,978
Operating Expenses		
Cost of power	74,757,896	72,212,765
Distribution - operations	1,985,171	1,675,942
Distribution - maintenance	3,990,298	4,174,623
Consumer accounts	1,508,020	1,413,906
Customer services	130,082	122,460
Sales	87,992	81,744
Administrative and general	1,816,258	1,707,739
Depreciation, excluding $365,908 in 2025 and $351,440 in 2024 charged to clearing accounts	4,525,873	4,447,626
Taxes, other than income	82,927	76,085
Interest on long-term debt	1,805,223	1,787,266
Other interest expense	332,470	393,094
Other deductions	21,497	17,265
Total cost of electric service	91,043,707	88,110,515
Operating Margins	1,165,046	1,018,463
Nonoperating Margins		
Interest income	45,302	49,895
Other nonoperating income (loss)	(1,873)	236
Gain (loss) on sale of equipment	13,195	(4,201)
	56,624	45,930
Patronage Capital Credits		
Generation and transmission	2,586,229	425,056
Other associated organizations	459,242	332,957
	3,045,471	758,013
Net Margins	4,267,141	1,822,406
Other Comprehensive Income		
Pension plan amortization of net actuarial loss	- -	15,555
Pension plan actuarial gain	1,596,018	1,708,985
Postretirement amortization of net actuarial gain	(60,689)	(60,689)
Postretirement actuarial gain	197,783	- -
	1,733,112	1,663,851
Net Margins and Comprehensive Income	$ 6,000,253	$ 3,486,257

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

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

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

		Patronage Capital						Accumulated Other Comprehensive Income (Loss)	Total Members' Equities
	Memberships	Assigned	Unassigned	Prior Deficits	Retirements	Total	Other Equities		
Balance - December 31, 2023	$ 259,115	$ 87,546,233	$ 640,756	$ (1,608,812)	$(8,641,810)	$ 77,936,367	$ 983,611	$ (306,393)	$ 78,872,700
Allocate margins		433,934	(640,756)	206,822		- -			- -
Comprehensive income:									
Net margins			1,822,406			1,822,406			1,822,406
Pension plan									
Amortization								15,555	
Actuarial gain								1,708,985	1,724,540
Postretirement benefit obligation									
Amortization								(60,689)	(60,689)
Total comprehensive income									3,486,257
Net change in memberships	3,670								3,670
Refunds of capital credits					(220,977)	(220,977)			(220,977)
Other equities							1,350		1,350
Balance - December 31, 2024	262,785	87,980,167	1,822,406	(1,401,990)	(8,862,787)	79,537,796	984,961	1,357,458	82,143,000
Allocate margins		1,770,686	(1,822,406)	51,720		- -			- -
Comprehensive income:									
Net margins			4,267,141			4,267,141			4,267,141
Pension plan									
Actuarial gain								1,596,018	1,596,018
Postretirement benefit obligation									
Amortization								(60,689)	
Actuarial gain								197,783	137,094
Total comprehensive income									6,000,253
Net change in memberships	4,040								4,040
Refunds of capital credits					(264,916)	(264,916)			(264,916)
Other equities							4,165		4,165
Balance - December 31, 2025	$ 266,825	$ 89,750,853	$ 4,267,141	$ (1,350,270)	$(9,127,703)	$ 83,540,021	$ 989,126	$ 3,090,570	$ 87,886,542

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

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margins	$ 4,267,141	$ 1,822,406
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation:		
Charged to expense	4,525,873	4,447,626
Charged to clearing accounts	365,908	351,440
Patronage capital credits assigned	(3,045,471)	(758,013)
(Gain) loss on disposition of general plant	(13,195)	4,201
Amortization of pension plan actuarial adjustment	- -	15,555
Pension plan actuarial adjustment	1,596,018	1,708,985
Amortization of postretirement actuarial gain	(60,689)	(60,689)
Postretirement actuarial adjustment	197,783	- -
Change in assets and liabilities, net of the effects of investing and financing activities:		
Receivables, net	(722,615)	(730,244)
Material and supplies	(182,835)	11,264
Other current assets	(26,691)	(171,161)
Deferred debits	(181,592)	413,225
Accounts payable	1,783,037	412,991
Consumer deposits	17,915	43,990
Pension liability	(1,596,018)	(1,724,540)
Accumulated postretirement benefits	(226,288)	(564)
Accrued expenses	(147,428)	48,367
Deferred credits	333,210	(932)
Net cash provided by operating activities	6,884,063	5,833,907
CASH FLOWS FROM INVESTING ACTIVITIES		
Plant additions	(6,492,261)	(5,858,833)
Plant removal costs	(1,050,357)	(727,670)
Salvage recovered from retired plant	301,270	15,025
Receipts from other investments, net	240,540	110,183
Net cash (used in) investing activities	(7,000,808)	(6,461,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in memberships	4,040	3,670
Refund of patronage capital to members	(264,916)	(220,977)
Increase in other equities	4,165	1,350
Proceeds from long-term debt	6,000,000	- -
Payments on long-term debt	(2,847,814)	(2,758,221)
Short-term borrowings (repayments)	(2,600,000)	3,700,000
Net cash provided by financing activities	295,475	725,822
Net increase in cash and cash equivalents	178,730	98,434
Cash and cash equivalents, beginning of year	810,478	712,044
Cash and cash equivalents, end of year	$ 989,208	$ 810,478
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash payments for interest	$ 2,159,362	$ 2,133,046

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

Fleming-Mason Energy Cooperative, Inc. (Fleming-Mason) maintains its records in accordance with the policies prescribed or 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 significant accounting policies are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of Fleming-Mason Energy Cooperative, Inc. and its wholly-owned subsidiary, FM Utility Resources, LLC (FMUR). All significant intercompany accounts and transactions have been eliminated.

Business activity

Fleming-Mason provides distribution electric service to residential, business, and commercial consumers in eight counties in eastern Kentucky. FMUR provides utility right-of-way services exclusively for Fleming-Mason.

Use of estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America 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 year.

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. FMUR's fixed assets consist primarily of vehicles and tree trimming equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	$ 123,880,537	$ 120,181,992
General plant	13,086,153	12,384,035
Subtotal electric plant	136,966,690	132,566,027
Vehicles	253,760	253,760
Equipment	5,427	5,427
Subtotal subsidiary plant	259,187	259,187
Utility Plant, at original cost	$ 137,225,877	$ 132,825,214

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 1.44% to 10.00%, for a composite rate of 3.53% for distribution plant. General plant rates are as follows:

Structures and improvements	2.50%
Transportation equipment	10.00 - 20.00%
Other general plant	5.00 - 10.00%

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

Cash and cash equivalents

Fleming-Mason considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. Fleming-Mason maintains its cash balances, which may exceed the federally insured limit, with several financial institutions. These financial institutions have strong credit ratings and management believes that credit risk related to the accounts is minimal.

Accounts receivable and allowance for credit losses

Fleming-Mason 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 $9,637,961, $9,043,578, and $9,010,993, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Accounts receivable and allowance for credit losses (continued)

Fleming-Mason 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, Fleming-Mason 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 collectibility of outstanding receivables. This estimate was prepared on a pooled basis for receivables with similar 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, Fleming-Mason 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. Fleming-Mason elected both:

1. Current conditions practical expedient – Fleming-Mason 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, Fleming-Mason 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 Fleming-Mason'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.

Fleming-Mason 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

Fleming-Mason values materials and supplies at the lower of average cost or net realizable value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Deferred debits and credits

Regulatory requirements authorized by the PSC allow the electric supplier to impose a fuel adjustment surcharge upon Fleming-Mason. In turn, Fleming-Mason is required to pass on the fuel surcharge to the consumer. Due to regulatory requirements in calculating the surcharge Fleming-Mason 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, Fleming-Mason is required to pass on this environmental cost recovery mechanism to the consumer.

Taxes

Fleming-Mason 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. Fleming-Mason'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

Fleming-Mason is one of 16 members of East Kentucky Power Cooperative (East Kentucky). Under a wholesale power agreement, Fleming-Mason 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 Fleming-Mason that are passed on to consumers using a methodology prescribed by the PSC.

Advertising

Fleming-Mason expenses advertising costs as incurred. Advertising expenses were $2,826 and zero 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 changes in funded status of the accumulated pension benefit obligation and the accumulated postretirement benefit obligation.

Risk management

Fleming-Mason and FMUR 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Credit risk

Fleming-Mason 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.

Environmental contingency

Fleming-Mason 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 Fleming-Mason 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 Fleming-Mason's financial position or its future cash flows.

Income tax status

Fleming-Mason 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 Fleming-Mason's tax-exempt purpose is subject to taxation as unrelated business income. Fleming-Mason is responsible for reporting unrelated business income associated with its wholly owned subsidiary FMUR.

Fleming-Mason'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. Fleming-Mason has no uncertain tax positions resulting in an accrual of tax expense or benefit.

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

Fleming-Mason'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 April 3, 2026, the date the consolidated financial statements were available to be issued.

Note 2. Revenue Recognition

Revenue from contracts

Fleming-Mason is engaged in the distribution and sale of electricity to residential and commercial customers in eight counties in eastern Kentucky. Revenue from these activities is generated from tariffs approved by the PSC. Fleming-Mason 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 Fleming-Mason. 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

Fleming-Mason has multiple billing cycles that process customer bills on approximately the same day each month. The amounts billed are based on actual meter readings of kilowatt hours used for the billing period. The amount of revenue recorded each month represent a full month of kilowatt hour 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, Fleming-Mason'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.

Note 2. Revenue Recognition (Continued)

Performance obligations

Fleming-Mason customers generally have no minimum purchase commitments. Fleming-Mason recognizes revenue as each performance obligation is satisfied. Performance obligations are limited to the service requested and received to date. Accordingly, there is no unsatisfied performance obligation 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	2024
Large industrial	$ 45,588,201	$ 45,976,440
Residential	40,131,534	37,195,780
Small commercial	4,746,844	4,453,618
Public lights	397,804	367,214
Rent from electric property	590,607	591,848
Other	753,763	544,078
Total	$ 92,208,753	$ 89,128,978

Contract assets and liabilities

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

	2025	2024	2023
Contract assets	$ 866,511	$ 655,604	$ 1,090,724
Contract liabilities	$ 2,215,774	$ 1,864,666	$ 1,820,676

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	$ 109,530	$ 109,991
Provision for credit losses	51,498	26,631
Write-offs	(83,881)	(56,968)
Recoveries	27,818	29,876
Ending balance	$ 104,965	$ 109,530

Note 4. Investments in Associated Organizations

Investments in associated organizations consist of the following as of December 31:

	2025	2024
East Kentucky, patronage capital	$ 59,436,222	$ 56,849,994
CFC, CTC's	723,375	802,777
CFC, patronage capital	267,656	282,237
Others	2,294,383	1,981,697
	$ 62,721,636	$ 59,916,705

Fleming-Mason 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 ranging from zero to 5.00% and are scheduled to mature at varying times from 2027 to 2080.

Note 5. Investment in Subsidiary

Fleming-Mason is a 100% owner of a subsidiary, FM Utility Resources, LLC, which is engaged in utility right-of-way services exclusively for Fleming-Mason. In March 2020, Fleming-Mason loaned $284,514 to FM Utility Resources, LLC. The loan is payable over 10 years at an interest rate of 3.25% per annum. The principal balance outstanding was $132,238 and $160,797 as of December 31, 2025 and 2024, respectively. The activity of the investment in subsidiary is as follows for the year ended December 31, 2025 and 2024 and is eliminated in consolidation:

	2025	2024
Beginning balance	$ (5,034)	$ (5,034)
Net income	- -	- -
Ending balance	$ (5,034)	$ (5,034)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. 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, Fleming-Mason may distribute the difference between 25.00% and the payments made to such estates. Fleming-Mason's equity as of December 31, 2025 and 2024 were 54.15% and 53.25% of total assets, respectively.

Note 7. 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 2060. RUS assesses 12.5 basis points to administer the FFB loans. As of December 31, 2025 and 2024, there were zero FFB loan funds unadvanced.

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

	2025	2024
RUS:		
3.69% to 3.89 % fixed rate notes	$ 5,997,872	$ - -
Economic Development loan, no interest	55,555	166,667
	6,053,427	166,667
FFB, 1.38% to 4.73% fixed rate notes	39,305,886	40,873,355
CFC, 2.42% to 6.04% fixed rate notes	376,195	514,634
CoBank, 3.26% fixed rate note	4,950,187	5,978,853
	50,685,695	47,533,509
Less current portion	2,823,555	2,740,111
	$ 47,862,140	$ 44,793,398

Fleming-Mason is participating in a RUS sponsored program which provides economic development funds to businesses in Fleming-Mason's service area. Fleming-Mason serves as a conduit for these funds and is contingently liable if the recipient fails to repay the loan. 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	$ 2,823,555
2027	2,838,514
2028	2,903,280
2029	2,917,332
2030	2,413,612
Thereafter	36,789,402
	$ 50,685,695

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Short-Term Notes Payable

As of December 31, 2025 and 2024, Fleming-Mason has a short-term line of credit of $10,000,000 available from CFC and a short-term line of credit of $5,000,000 available from CoBank. The outstanding balance under the CFC line of credit was $5,700,000 and $8,300,000 as of December 31, 2025 and 2024, respectively. The variable interest rate was 5.75% and 6.50% as of December 31, 2025 and 2024, respectively. The CFC line of credit matures in 2069. There were no outstanding balances on the CoBank line of credit as of December 31, 2025 and 2024. The CoBank line of credit had variable interest rates of 5.77% and 6.72% as of December 31, 2025 and 2024, respectively, and matures in August 2026.

Note 9. Pension Plan

Fleming-Mason has a noncontributory defined benefit pension plan covering substantially all employees who meet minimum age and service requirements. The plan has a pay-related pension benefit formula. Fleming-Mason's policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act (ERISA). The plan was measured as of December 31, 2025 and 2024. There have been no significant changes that affect the comparability of 2025 and 2024.

The following is an assessment of the noncontributory defined benefit plan:

	2025	2024
Change in Benefit Obligation:		
Beginning of year	$ 10,809,428	$ 11,447,087
Service cost	415,105	451,241
Interest cost	588,336	560,617
Actuarial gain	(1,161,962)	(1,421,471)
Benefits paid	(616,043)	(228,046)
End of year	10,034,864	10,809,428
Change in Plan Assets:		
Beginning of year	8,365,782	7,404,423
Actual return on assets	1,199,927	839,405
Employer contributions	400,000	350,000
Benefits paid	(616,043)	(228,046)
End of year	9,349,666	8,365,782
Funded status of plan (deficit)	$ (685,198)	$ (2,443,646)
Accumulated benefit obligation in plan	$ 8,001,290	$ 8,181,466

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

The amounts recognized in the consolidated balance sheets are as follows:

	2025	2024
Unrecognized actuarial gain	$ 1,800,383	$ 204,365
Pension asset	$ 1,800,383	$ 204,365
Accrued expenses	(2,485,581)	(2,648,011)
	$ (685,198)	$ (2,443,646)

Amounts included in other comprehensive income:

	2025	2024
Amortization of net actuarial loss	$ - -	$ 15,555
Actuarial gain	$ 1,596,018	$ 1,708,985

The net periodic pension benefit cost was calculated as follows:

	2025	2024
Service cost	$ 415,105	$ 451,241
Interest cost	588,336	560,617
Expected return on plan assets	(685,524)	(599,738)
Amortization of actuarial loss	- -	15,555
Net periodic benefit cost	$ 317,917	$ 427,675

Assumptions used to develop the projected benefit obligation are as follows:

	2025	2024
Discount rate	5.75%	5.50%
Rate of increase in compensation level	3.00%	3.00%
Expected long-term rate of return on assets	8.00%	8.00%

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen from the best range determined by applying anticipated long-term returns for various asset categories to the target asset allocation of the plan, as well as taking into account historical returns.

Note 9. Pension Plan (Continued)

The general investment objectives are to invest in a diversified portfolio, comprised of debt investments, equity investments, and fixed income investments. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plan of approximately 50.00% equities. The remaining may be allocated among fixed income or cash equivalent investments. The plan's investments are reported at fair value as follows as of December 31:

		Fair value measurements using:	
December 31, 2025	Fair Value	Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 186,993	$ 186,993	$ - -
Stocks	7,479,733	7,479,733	- -
Investment grade debt instruments	1,682,940	- -	1,682,940
	$ 9,349,666	$ 7,666,726	$ 1,682,940

		Fair value measurements using:	
December 31, 2024	Fair Value	Unadjusted quoted prices (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	$ 250,973	$ 250,973	$ - -
Stocks	6,608,968	6,608,968	- -
Investment grade debt instruments	1,505,841	- -	1,505,841
	$ 8,365,782	$ 6,859,941	$ 1,505,841

Expected retiree pension benefit payments are projected to be as follows: 2026 - $227,853; 2027 - $227,448; 2028 - $227,031; 2029 - $227,677; 2030 - $228,418.

Fleming-Mason expects to contribute approximately $400,000 during the year ending December 31, 2026. However, Fleming-Mason reserves the right to contribute more or less depending on other considerations and circumstances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Postretirement Benefits

Fleming-Mason sponsors a defined benefit plan that provides medical insurance coverage to retired employees. Eligible participants are limited to employees hired prior to March 5, 1993. The plan calls for benefits to be paid at retirement based primarily upon years of service with Fleming-Mason. For measurement purposes, an annual rate of increase of 6.00% in 2024, then decreasing by .25% per year until 3.00% per year, in the per capita cost of covered healthcare benefit was assumed. The discount rate used in determining the accumulated postretirement benefit obligation was 4.50% in 2025 and 2024. There have been no significant changes that affect the comparability of 2025 and 2024.

The funded status of the plan was as follows as of December 31:

	2025	2024
Projected benefit obligation	$ (2,072,938)	$ (2,299,226)
Plan assets at fair value	- -	- -
Funded status	$ (2,072,938)	$ (2,299,226)

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

	2025	2024
Benefit obligation - beginning of period	$ 2,299,226	$ 2,299,790
Actuarial adjustment	(197,783)	- -
Net periodic benefit cost:		
Service cost	103,499	98,267
Interest cost	65,996	71,228
Net period cost	169,495	169,495
Benefits payments to participants	(198,000)	(170,059)
Benefit obligation - end of period	$ 2,072,938	$ 2,299,226
Amounts recognized in the consolidated balance sheets consist of:		
Unrecognized actuarial gain	$ 1,290,187	$ 1,153,093
Accumulated postretirement benefits	$ 2,072,938	$ 2,299,226
Amounts included in other comprehensive income:		
Actuarial gain	$ 197,783	$ - -
Amortization of net actuarial gain	$ (60,689)	$ (60,389)
Effect of 1% increase in the health care trend:		
Postemployment benefit obligation	$ 2,218,000	
Net periodic benefit cost	$ 181,000	

Projected retiree benefit payments for the next five years are expected to be as follows: 2026 - $214,000; 2027 - $160,500; 2028 - $116,100; 2029 - $114,200; 2030 - $112,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Major Customer Concentration

One industrial customer accounted for approximately 20% of electric revenues for the years ended December 31, 2025 and 2024. Accounts receivable from this customer included 17% of the total accounts receivable balance as of December 31, 2025 and 2024. Fleming-Mason has a contract in place with the customer. Management does not expect the business relationship to change with this customer.

In addition, Fleming-Mason bills and collects steam charges for East Kentucky to the customer. There are no margins realized from this arrangement with East Kentucky, therefore, the amounts are not reflected in operating revenues or cost of power.

Note 12. Related Party Transactions

Several of the Directors of Fleming-Mason, its President and CEO, and another employee, serve on the Boards of Directors of various associated organizations.

Note 13. Commitments

Fleming-Mason 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.

Note 14. Contingencies

Fleming-Mason, 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 outcome will not have a material adverse effect on the consolidated financial statements.

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Fleming-Mason Energy Cooperative, Inc. and Subsidiary
Flemingsburg, Kentucky

We have audited the consolidated financial statements of Fleming-Mason Energy Cooperative, Inc. and Subsidiary as of and for the years ended December 31, 2025 and 2024, and our report thereon dated April 3, 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 23 and 24, and the schedule of deferred debits and deferred credits shown on page 25, 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
April 3, 2026

Certified Public Accountants and Advisors

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET
December 31, 2025

ASSETS	Fleming-Mason Energy	FM Utility Resources	Eliminations	Consolidated
Utility Plant, at original cost:				
In service	$ 136,966,690	$ 259,187	$ - -	$ 137,225,877
Under construction	303,565	- -	- -	303,565
	137,270,255	259,187	- -	137,529,442
Less accumulated depreciation	54,237,477	174,462	- -	54,411,939
	83,032,778	84,725	- -	83,117,503
Investments and Other Assets:				
Associated organizations	62,721,636	- -	- -	62,721,636
Investment in Subsidiary	(5,034)	- -	5,034	- -
Note receivable, less current portion	102,739	- -	(102,739)	- -
	62,819,341	- -	(97,705)	62,721,636
Current Assets:				
Cash and cash equivalents	934,399	54,809	- -	989,208
Accounts receivable, less allowance for credit losses in 2025 of $104,965	9,637,961	- -	- -	9,637,961
Other receivables	1,944,029	2,864	(12,341)	1,934,552
Current portion of note receivable	29,499	- -	(29,499)	- -
Pension asset	1,800,383	- -	- -	1,800,383
Material and supplies, at average cost	930,221	- -	- -	930,221
Other current assets	317,864	- -	- -	317,864
Total current assets	15,594,356	57,673	(41,840)	15,610,189
Deferred Debits	866,511	- -	- -	866,511
Total assets	$ 162,312,986	$ 142,398	$ (139,545)	$ 162,315,839
MEMBERS' EQUITIES AND LIABILITIES				
Members' Equities:				
Capital investment	$ - -	$ (5,034)	$ 5,034	$ - -
Memberships	266,825	- -	- -	266,825
Patronage capital	83,540,021	- -	- -	83,540,021
Other equities	989,126	- -	- -	989,126
Accumulated other comprehensive gain	3,090,570	- -	- -	3,090,570
Total members' equities	87,886,542	(5,034)	5,034	87,886,542
Long-Term Debt				
Long-term debt, less current portion	47,862,140	102,739	(102,739)	47,862,140
Accumulated postretirement benefits	2,072,938	- -	- -	2,072,938
Total long-term liabilities	49,935,078	102,739	(102,739)	49,935,078
Current Liabilities:				
Notes payable	5,700,000	- -	- -	5,700,000
Current portion of long-term debt	2,823,555	29,499	(29,499)	2,823,555
Accounts payable	10,055,585	9,477	(12,341)	10,052,721
Consumer deposits	1,882,581	- -	- -	1,882,581
Accrued expenses	3,692,512	5,717	- -	3,698,229
Total current liabilities	24,154,233	44,693	(41,840)	24,157,086
Deferred Credits	337,133	- -	- -	337,133
Total members' equities and liabilities	$ 162,312,986	$ 142,398	$ (139,545)	$ 162,315,839

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF REVENUE AND COMPREHENSIVE INCOME
Year Ended December 31, 2025

	Fleming-Mason Energy	FM Utility Resources	Eliminations	Consolidated
Operating Revenues				
Sale of electric energy	$ 90,864,383	$ - -	$ - -	$ 90,864,383
Other electric revenues	1,344,370	- -	- -	1,344,370
Contract services	- -	316,476	(316,476)	- -
	92,208,753	316,476	(316,476)	92,208,753
Operating Expenses				
Cost of power	74,757,896	- -	- -	74,757,896
Distribution - operations	1,985,171	- -	- -	1,985,171
Distribution - maintenance	4,020,092	286,682	(316,476)	3,990,298
Consumer accounts	1,508,020	- -	- -	1,508,020
Customer services	130,082	- -	- -	130,082
Sales	87,992	- -	- -	87,992
Administrative and general	1,816,258	- -	- -	1,816,258
Depreciation, excluding $365,908 charged to clearing accounts	4,500,959	24,914	- -	4,525,873
Taxes, other than income	82,927	- -	- -	82,927
Interest on long-term debt	1,805,223	4,880	(4,880)	1,805,223
Other interest expense	332,470	- -	- -	332,470
Other deductions	21,497	- -	- -	21,497
Total cost of electric service	91,048,587	316,476	(321,356)	91,043,707
Operating Income	1,160,166	- -	4,880	1,165,046
Nonoperating Margins				
Interest income	50,182	- -	(4,880)	45,302
Other nonoperating (loss)	(1,873)	- -	- -	(1,873)
Gain on sale of equipment	13,195	- -	- -	13,195
	61,504	- -	(4,880)	56,624
Patronage Capital Credits				
Generation and transmission	2,586,229	- -	- -	2,586,229
Other associated organizations	459,242	- -	- -	459,242
	3,045,471	- -	- -	3,045,471
Net Margins	4,267,141	- -	- -	4,267,141
Other Comprehensive Income				
Pension plan actuarial gain	1,596,018	- -	- -	1,596,018
Postretirement amortization of net actuarial gain	(60,689)	- -	- -	(60,689)
Postretirement actuarial gain	197,783	- -	- -	197,783
	1,733,112	- -	- -	1,733,112
Net Margins and Comprehensive Income	$ 6,000,253	$ - -	$ - -	$ 6,000,253

FLEMING-MASON ENERGY COOPERATIVE, INC. AND SUBSIDIARY

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

	2025	2024	RUS Approval
Deferred Debits			
Preliminary survey costs	$ - -	$ 29,315	§1767, account #183
Environmental cost recovery mechanisms	- -	302,624	§1767, account #186
Fuel adjustment surcharge	866,511	352,980	§1767, account #186
Total deferred debits	$ 866,511	$ 684,919	
Deferred Credits			
Consumer energy prepayments	$ 3,940	$ 3,923	§1767, account #253
Environmental cost recovery mechanisms	333,193	- -	§1767, account #254
Total deferred credits	$ 337,133	$ 3,923	

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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
Fleming-Mason Energy Cooperative, Inc. and Subsidiary
Flemingsburg, 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 Fleming-Mason Energy Cooperative, Inc. and Subsidiary (the Cooperative), 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 April 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Cooperative'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 Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 Cooperative'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

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative'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 results of that testing, and not to provide an opinion on the effectiveness of the Cooperative'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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
April 3, 2026