



2025 Year-End Audit Approved by Board During April Meeting

Evan Wilt, Manager with Cherry Bekaert Advisory, LLC, presented the 2025 year-end audit report to the Board during the April 9th regular monthly meeting.

Mr. Wilt informed the Board that an opinion of negative assurance was issued on the 2025 audit. Mr. Wilt also reported that they were not aware of any major weaknesses or significant issues. There were no adjustments to propose and no corrected or uncorrected misstatements. The loss of the plant building in the tornado was noted in Qualitative Aspects of Accounting Practices. Management's noted estimates were based on historical data and authoritative guidance. There were no difficulties encountered with management, no fraud, illegal acts, or violations of law and regulations noted. Auditors were not aware of any noncompliance with RUS standards.

Mr. Wilt further commented that the unmodified report issued is the highest level of opinion. He added that internal controls were considered and no deficiencies were noted, and there were also no issues related to RUS requirements. He informed the directors that Mrs. Bessinger maintained good contact with the auditors throughout the year so that there were no surprises during the audit.

Upon a motion duly made, seconded, and unanimously carried, the directors approved the audit as presented.

2026-2029 Workplan Presented At April Meeting

Dakota Brown, SKRECC Director of Engineering, presented and discussed the construction workplan with the Board. Mr. Brown stated that the co-op must build according to engineering and operations criteria while allowing for updates and developments.

Mr. Brown reviewed the new construction (57%) and system improvements (43%) built into the workplan and presented detailed slides of the proposed work. Mrs. Bessinger added that money is borrowed from RUS at a reduced rate based on the total amount of the workplan.

Newton Updates Board on Headquarters Construction

Mr. Newton reported that finishing touches on the offices in Building B (Warehouse) are being made, and the final punch list with the engineers and architects will be completed next Tuesday. There is a delay in the installation of the interior doors until April 27th.

Mr. Newton added that the roof has been completed on the new headquarters building. Exterior bricking has started and drywall has been hung in the IT area. He commented that the IT group is working to repurpose the existing sign pole on the lot for their antennae instead of erecting another tower. This should result in cost savings.

February Continues With Positive Financial Trend

Carrie Bessinger, CFO, reported that February margins without unbilled revenue were a gain of \$4.1 million. Margins without unbilled revenue are lower than budget by a variance of \$229,000 and revenue was higher than the prior year by \$1.7 million. Net margins for the month including unbilled revenue were a loss of \$913,000. The unbilled revenue amount for February was a reduction to revenue of \$4.9 million which removes the high estimated usage from January and replaces it with the considerably lower estimated usage for February, which was billed during March.

Cost of power is significantly higher than budgeted because of both an increase in kWh sales expected and higher rates. Operating expenses were higher than the budget and in the prior year by \$725,000 and \$770,000, respectively. The increased expenses were from the January ice storm. The amount related to the storm and included in the February operating expenses is \$940,000. Total storm costs to date are \$3.2 million.

Director Boris Haynes Approved as EKPC Director for 2026-2027 Term

Upon a motion duly made, seconded, and unanimously carried, the SKRECC Board of Directors selected Boris Haynes to serve the one-year term as director for the East Ky Power Cooperative Board.