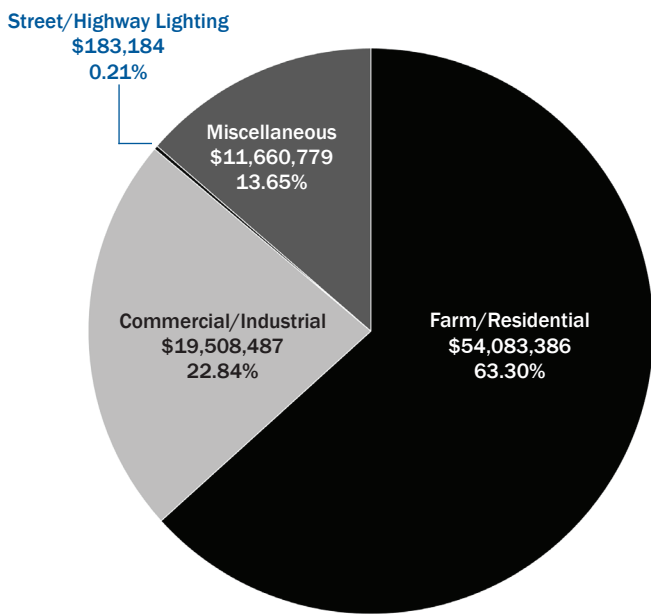


North Arkansas Electric Cooperative



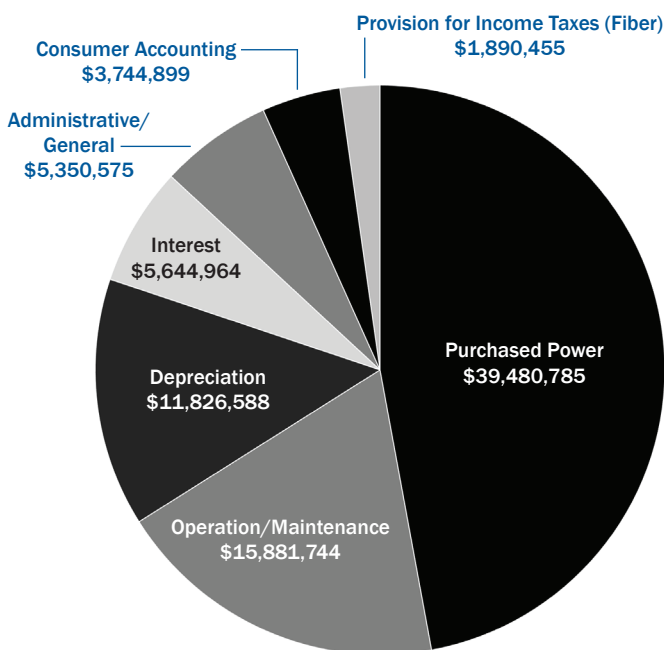
CONDENSED STATEMENT OF MARGINS			
	2024	2023	2022
REVENUES			
Electric energy sales	\$73,775,057	\$73,633,841	\$86,102,720
Other electric revenue	\$11,660,779	\$11,131,737	\$10,285,971
Total Operating Revenue	\$85,435,836	\$84,765,578	\$96,388,691
EXPENSES			
Purchased power	\$39,480,785	\$39,480,042	\$49,109,771
Operation/maintenance	\$15,881,744	\$15,394,294	\$14,869,908
Depreciation	\$11,826,588	\$11,369,482	\$10,529,366
Interest	\$5,644,964	\$5,383,838	\$5,212,416
Administrative and general	\$5,350,575	\$4,726,266	\$4,419,300
Consumer accounting/collecting/information	\$3,744,899	\$3,828,828	\$3,784,936
Provision for income taxes for fiber division	\$1,890,455	\$1,389,811	\$3,414,500
Total Operating Expenses	\$83,820,010	\$81,572,561	\$91,340,197
OPERATING MARGINS			
Electric division operating margins	-\$1,988,829	-\$1,116,867	\$2,620,561
Fiber division operating margins	\$3,604,655	\$4,309,884	\$2,427,933
Total Operating Margins	\$1,615,826	\$3,193,017	\$5,048,494
NON-OPERATING MARGINS			
Electric division non-operating margins	\$641,273	\$858,393	\$199,714
Patronage allocations from associated entities	\$3,598,174	\$1,325,995	\$1,268,931
Fiber division non-operating margins (includes NEXT)	\$3,988,651	\$2,290,715	\$1,039,597
Total Non-operating Margins	\$8,228,098	\$4,475,103	\$2,508,242
TOTAL MARGINS			
Operating margins	\$1,615,826	\$3,193,017	\$5,048,494
Patronage allocations from associated entities	\$3,598,174	\$1,325,995	\$1,268,931
Non-operating margins	\$4,629,924	\$3,149,108	\$1,239,311
Total Margins	\$9,843,924	\$7,668,120	\$7,556,736

Where the Dollar Comes From



BALANCE SHEET As of December 31			
	2024	2023	2022
ASSETS			
Net utility plant	\$275,440,649	\$263,461,011	\$255,888,512
Investments in associated entities	\$34,921,976	\$29,205,411	\$27,154,719
Cash and cash equivalents	\$6,232,432	\$3,923,128	\$7,677,181
Accounts receivable	\$9,445,660	\$8,882,388	\$9,051,791
Other assets	\$23,538,883	\$24,479,098	\$28,124,761
Total Assets	\$349,579,600	\$329,951,036	\$327,896,964
LIABILITIES			
Long-term debt and lease liabilities	\$180,060,032	\$169,043,142	\$169,468,148
Accrued liabilities	\$23,385,296	\$27,049,831	\$26,576,121
Accounts payable	\$5,715,619	\$5,995,556	\$8,465,057
Other liabilities	\$11,304,829	\$11,418,395	\$9,574,935
Total Liabilities	\$220,465,776	\$213,506,924	\$214,084,261
MEMBERS' EQUITY			
Membership fees	\$752,975	\$747,670	\$739,800
Patronage capital	\$110,504,310	\$106,434,826	\$106,385,484
Other equities	\$17,856,539	\$9,261,616	\$6,687,419
Total Net Worth	\$129,113,824	\$116,444,112	\$113,812,703
Total Liabilities and Net Worth	\$349,579,600	\$329,951,036	\$327,896,964

Where the Dollar Goes



SYSTEM STATISTICS As of December 31			
Item	2024	2023	2022
Average number of meters billed per month	38,978	38,609	38,259
Average number of meters per mile of line	7.61	7.57	7.53
Average miles of power line in operation	5,120	5,100	5,078
Total kWh bought by cooperative members	625,047,776	614,034,147	658,458,779
Average monthly kWh use per meter	1,342	1,322	1,430
Average monthly residential kWh use	968	944	1,044
Average monthly revenue per meter billed	\$158.28	\$158.93	\$186.90
Average revenue per kWh sold (¢/kWh)	\$0.1179	\$0.1203	\$0.1306
Average revenue per residential kWh sold (¢/kWh)	\$0.1250	\$0.1322	\$0.1374
Average power cost adjustment per kWh sold (¢/kWh)	-\$0.00069	\$0.00309	\$0.01699
Total kWh bought by cooperative	665,857,092	653,152,993	701,004,561
Total cost of power bought by cooperative	\$39,480,785	\$39,480,042	\$49,109,771
Average cost per kWh bought by cooperative (¢/kWh)	\$0.0593	\$0.0604	\$0.0701
Power (kWh) required for system operation (office use)	1,084,454	1,100,177	1,096,880
kWh unaccounted for (line loss)	39,724,862	38,018,669	41,548,902
System peak demand (kW)	221,337	153,031	228,670
Month of system peak demand	January	June	December
Counties served and property taxes paid:			
Baxter	\$844,813	\$877,723	\$951,951
Fulton	\$353,459	\$369,710	\$406,765
Izard	\$231,978	\$242,956	\$266,645
Sharp	\$176,949	\$183,756	\$200,347
Marion	\$30,602	\$31,699	\$34,402
Stone	\$8,215	\$8,343	\$9,394
Lawrence	\$818	\$814	\$901
Randolph	\$79	\$83	\$92
Total property taxes paid	\$1,646,913	\$1,715,084	\$1,870,497

2024 FINANCIAL NOTES

- A financial statement audit is performed annually by Forvis Mazars, with a clean opinion reported on the financial statements for all years presented in this report.
- Despite strong total margins, electric operating margins have seen a drastic decline the past two years, with negative electric margins of nearly \$2 million in 2024 and \$1.1 million in 2023.
- The decline in electric operating margins is due to higher operating costs. These include: right-of-way maintenance, materials, insurance, equipment, labor, etc. This has caused a significant decline in a critical debt covenant ratio, the operating times interest earned ratio, during the past 24 months.
- Patronage allocations of \$3,598,174 million represent paper allocations received from Arkansas Electric Cooperative Corporation and other related entities, with a promise to receive cash in the future. Actual cash retired by these entities to NAEC in 2024 was \$1.5 million.
- Total margins from the fiber division were \$7.6 million in 2024, with \$5.7 million derived from federal and state grants that will expire in years 2029 to 2032.
- In May 2024, NAEC experienced tornadoes throughout our territory that damaged our utility plant (infrastructure) and caused damages of approximately \$4 million. We received \$266,000 in reimbursements from FEMA in 2024 and expect to receive approximately \$2.7 million in FEMA reimbursement related to this federally declared disaster in 2025.
- Investments in NAEC utility plant (gross) were approximately \$22 million in 2024 and include the \$4 million in tornado damage mentioned above.
- Capital credit retirements to members via check or bill credit were \$2.2 million in 2024. The cooperative has retired \$27 million in the past 10 years and \$53 million cumulatively since being founded in 1939.

ONE MISSION AND ONE PURPOSE: OUR MEMBERS



North Arkansas Electric Cooperative operates as a not-for-profit business. Because of that, our board of directors and employees are motivated to serve our members, not out-of-state stockholders.

Since our founding in 1939, NAEC has been guided by seven cooperative principles: voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

THE POWER TO SERVE YOUR HOME

NAEC is committed to promoting the efficient use of electricity. Educating members about the efficient use of energy resources helps members manage energy costs and helps protect natural resources. Our goal is to help members save

Dear Member,

Once again, North Arkansas Electric Cooperative continued its commitment to member service in a financially responsible manner. Our debt service covenants were sufficient to meet the requirements of our mortgage agreements, although one has declined significantly. Member equity in the system was 37% at the end of the year. Members were refunded \$2,161,790 in cash to redeem patronage capital credits. The 2024 redemption brings the total capital credits refunded to members to more than \$53 million.

System statistics of interest include: average meters served, 38,978, a net increase of 369 meters; more than 5,120 miles of power lines; 1,342 average monthly kilowatt-hours used by members, up 20 kilowatt-hours from the previous year; a system peak demand of 221,337 kilowatts, recorded in the month of January; and a net plant valuation of \$275,440,649 at year's end.

Additional financial data and operations information is available in this annual report. If you have any questions concerning your electric cooperative, we are happy to answer them.

Cameron Davis, President

Sonya Wiles, Secretary-Treasurer

Mel Coleman, Chief Executive Officer

money without sacrificing comfort or convenience. One way we do that is through our Rural Energy Savings Program. Members with approved credit can borrow money at low interest to make those energy-efficiency improvements.

THE POWER TO SERVE AS YOUR VOICE

Our business model has guided NAEC through many years of growth and change. Since the formation of the co-op, we have worked as advocates for our members at the local, state and national levels. NAEC knows this is more important than ever as we work together to provide you with affordable, reliable and responsible electricity.

THE POWER TO SERVE YOUR COMMUNITY

More than eight decades ago, Arkansas' electric cooperatives took on the challenge to not just be in the business of electricity but also to serve the greater purpose of making lives and communities better. NAEC supports community organizations and assists with economic development and service events, and our employees give their time and talents to these causes as well.

THE POWER TO SERVE YOUR FARM AND BUSINESS

NAEC works with new and existing businesses to support economic opportunities and improve

the quality of life throughout our service area. We deliver high-speed internet to our members through our fiber-optic subsidiary. Our members have access to second-to-none speed and service through NEXT, Powered by NAEC.

THE POWER TO SERVE YOUTH PROGRAMS

NAEC helps prepare today's youth for leadership by partnering with 4-H and FFA as well as sponsoring the Washington, D.C., Youth Tour and STEM-oriented educational programs. We also regularly share at school events the wide array of careers — line technicians, accountants, dispatchers, cashiers, etc. — needed at NAEC to serve our members.

THE POWER TO SERVE ARKANSAS

Together, Arkansas' local electric cooperatives represent the largest private business in Arkansas and serve more than 1.2 million members. This success is powered by directors and employees who understand and implement the member-owned business model. This mission and structure is the focus of the electric cooperative community.

NAEC employees are your friends and neighbors. We will continue to be your local energy partners.

Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of North Arkansas Electric Cooperative Inc. will consist of a business session only at 10 a.m. June 19 at the cooperative's Salem headquarters. The meeting will be streamed live at naeci.com.

Results of the director election will be published on naeci.com and in The Messenger included in members' statements.

Sonya Wiles, Secretary-Treasurer

Dated at Salem, Arkansas, on May 20, 2025

NAEC Directors

Cameron Davis, President

Beth Carter, Vice President

Sonya Wiles, Secretary-Treasurer

Larry Goodwin, Director

Ted Kerley, Director

Heather Knight Loftis, Director

Jim Short, Director

Marc Walling, Director

Dennis Wiles, Director

Mel Coleman, Chief Executive Officer

2024 Annual Report



ONE MISSION AND ONE PURPOSE: OUR MEMBERS



North Arkansas Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

