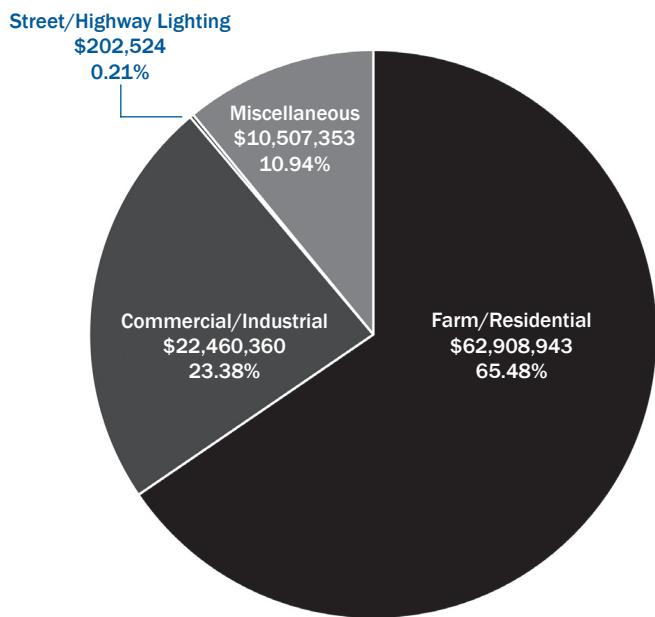


# North Arkansas Electric Cooperative

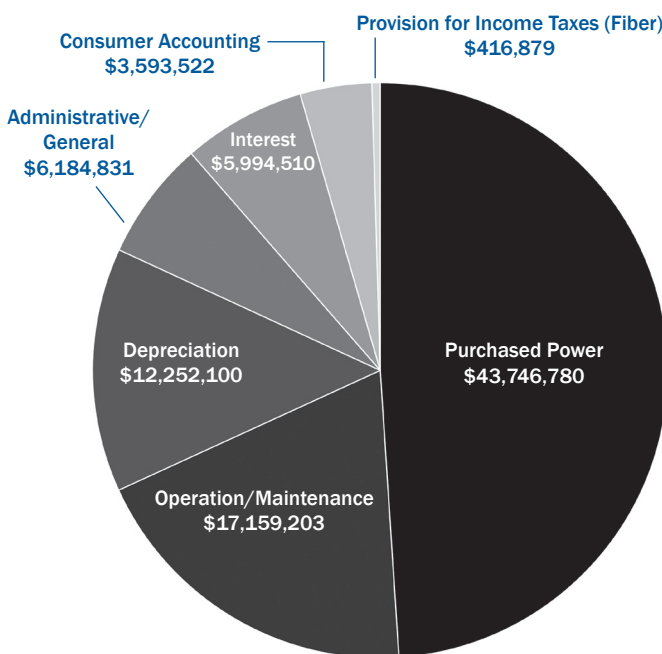


Sole Power Project at Cotter Elementary

## Where the Dollar Comes From



## Where the Dollar Goes



CONDENSED STATEMENT OF MARGINS	2025	2024	2023
<b>REVENUES</b>			
Electric energy sales	\$85,571,827	\$73,775,057	\$73,633,841
Other electric revenue	\$10,507,353	\$11,660,779	\$11,131,737
Total Operating Revenue	\$96,079,180	\$85,435,836	\$84,765,578
<b>EXPENSES</b>			
Purchased power	\$43,746,780	\$39,480,785	\$39,480,042
Operation/maintenance	\$17,159,203	\$15,881,744	\$15,394,294
Depreciation	\$12,252,100	\$11,826,588	\$11,369,482
Interest	\$5,994,510	\$5,644,964	\$5,383,838
Administrative and general	\$6,184,831	\$5,350,575	\$4,726,266
Consumer accounting/collecting/information	\$3,593,522	\$3,744,899	\$3,828,828
Provision for income taxes for fiber division	\$416,879	\$1,890,455	\$1,389,811
Total Operating Expenses	\$89,347,825	\$83,820,010	\$81,572,561
<b>OPERATING MARGINS</b>			
Electric division operating margins	\$3,255,014	-\$1,988,829	-\$1,116,867
Fiber division operating margins	\$3,476,341	\$3,604,655	\$4,309,884
Total Operating Margins	\$6,731,355	\$1,615,826	\$3,193,017
<b>NON-OPERATING MARGINS</b>			
Electric division non-operating margins	\$1,602,248	\$641,273	\$858,393
Patronage allocations from associated entities	\$2,701,662	\$3,598,174	\$1,325,995
Fiber division non-operating margins (includes NEXT)	\$3,109,245	\$3,988,651	\$2,290,715
Total Non-operating Margins	\$7,413,155	\$8,228,098	\$4,475,103
<b>TOTAL MARGINS</b>			
Operating margins	\$6,731,355	\$1,615,826	\$3,193,017
Patronage allocations from associated entities	\$2,701,662	\$3,598,174	\$1,325,995
Non-operating margins	\$4,711,493	\$4,629,924	\$3,149,108
Total Margins	\$14,144,510	\$9,843,924	\$7,668,120

BALANCE SHEET As of December 31	2025	2024	2023
<b>ASSETS</b>			
Net utility plant	\$284,385,773	\$275,440,649	\$263,461,011
Investments in associated entities	\$39,758,172	\$34,921,976	\$29,205,411
Cash and cash equivalents	\$6,428,247	\$6,232,432	\$3,923,128
Accounts receivable	\$10,375,852	\$9,445,660	\$8,882,388
Other assets	\$22,804,496	\$23,538,883	\$24,479,098
Total Assets	\$363,752,540	\$349,579,600	\$329,951,036
<b>LIABILITIES</b>			
Long-term debt and lease liabilities	\$184,079,481	\$180,060,032	\$169,043,142
Accrued liabilities	\$28,003,064	\$23,385,296	\$27,049,831
Accounts payable	\$6,007,552	\$5,715,619	\$5,995,556
Other liabilities	\$11,916,044	\$11,304,829	\$11,418,395
Total Liabilities	\$230,006,141	\$220,465,776	\$213,506,924
<b>MEMBERS' EQUITY</b>			
Membership fees	\$757,500	\$752,975	\$747,670
Patronage capital	\$115,921,239	\$110,504,310	\$106,434,826
Other equities	\$17,067,660	\$17,856,539	\$9,261,616
Total Net Worth	\$133,746,399	\$129,113,824	\$116,444,112
Total Liabilities and Net Worth	\$363,752,540	\$349,579,600	\$329,951,036

SYSTEM STATISTICS As of December 31	2025	2024	2023
<b>Item</b>			
Average number of meters billed per month	39,225	38,978	38,609
Average number of meters per mile of line	7.63	7.61	7.57
Average miles of power line in operation	5,142	5,120	5,100
<b>Total kWh bought by cooperative members</b>			
Average monthly kWh use per meter	1,385	1,342	1,322
Average monthly residential kWh use	1,009	968	944
<b>Average monthly revenue per meter billed</b>			
Average revenue per kWh sold (¢/kWh)	\$0.1310	\$0.1179	\$0.1203
Average revenue per residential kWh sold (¢/kWh)	\$0.1417	\$0.1250	\$0.1322
Average power cost adjustment per kWh sold (¢/kWh)	\$0.00073	-\$0.00069	\$0.00309
<b>Total kWh bought by cooperative</b>			
Total cost of power bought by cooperative	\$43,746,780	\$39,480,785	\$39,480,042
Average cost per kWh bought by cooperative (¢/kWh)	\$0.0630	\$0.0593	\$0.0604
Power (kWh) required for system operation (office use)	1,086,864	1,084,454	1,100,177
kWh unaccounted for (line loss)	40,252,805	39,724,862	38,018,669
System peak demand (kW)	211,875	221,337	153,031
Month of system peak demand	February	January	June
<b>Counties served and property taxes paid:</b>			
Baxter	\$841,346	\$844,813	\$877,723
Fulton	\$353,780	\$353,459	\$369,710
Izard	\$231,839	\$231,978	\$242,956
Sharp	\$176,209	\$176,949	\$183,756
Marion	\$30,271	\$30,602	\$31,699
Stone	\$8,297	\$8,215	\$8,343
Lawrence	\$849	\$818	\$814
Randolph	\$78	\$79	\$83
Total property taxes paid	\$1,642,669	\$1,646,913	\$1,715,084

### 2025 FINANCIAL NOTES

- A financial statement audit is performed annually by Forvis Mazars, with an unqualified opinion reported on the financial statements for all years presented in this report. A Rural Utilities Service audit also was performed in 2025, with no findings noted.
- The net impact of the rate adjustment implemented in April 2025 increased operating margins for the electric division by approximately \$4.9 million. As a result, electric operating margins improved from negative \$2 million in 2024 to positive \$3.3 million in 2025.
- Capital credit allocations of \$2.7 million represent paper allocations received from related entities, with a promise to receive cash in the future. Actual cash retired by these entities to NAEC in 2025 was \$396,000.
- Margins from the fiber division were \$6.6 million, with \$4.6 million derived from federal and state grants that will expire from 2029 to 2032.
- NAEC received FEMA reimbursement of approximately \$2.7 million in June 2025 for damages from the May 2024 tornadoes.
- In March 2025, NAEC experienced tornadoes that caused damages to utility plant of approximately \$3.5 million. A FEMA disaster declaration was not issued, so federal funds were not available.
- In April 2025, NAEC experienced flooding that damaged our office facilities and utility plant. Damages were approximately \$425,000. FEMA provided assistance for this event, and NAEC received approximately \$320,000 in reimbursement for expenses in 2026.
- Investments in NAEC utility plant (gross) were approximately \$22 million in 2025.
- Capital credit retirements to members via check or bill credit were \$6 million in 2025. NAEC has retired \$31.5 million in the past 10 years and nearly \$59 million in the life of the cooperative.

# ONE MISSION AND ONE PURPOSE: OUR MEMBERS

Izard County STEM Career Fair



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. Member equity in the system was 36.8% at the end of the year. Members were refunded \$5,957,140 in cash to redeem patronage capital credits. The 2025 redemption brings the total capital credits refunded to members to nearly \$59 million.

System statistics of interest include: average meters served, 39,225, a net increase of 247 meters; more than 5,140 miles of power lines; 1,385 average monthly kilowatt-hours used by members, up 43 kilowatt-hours from the previous year; a system peak demand of 211,875 kilowatts, recorded in the month of February; and a net plant valuation of \$284,385,773 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 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 23 at the cooperative's Salem headquarters. The meeting will be streamed live at [naeci.com](http://naeci.com).

Results of the director election will be published on [naeci.com](http://naeci.com) and in The Messenger included in members' statements.

Sonya Wiles, Secretary-Treasurer

Dated at Salem, Arkansas, on May 22, 2026

## NAEC Directors

Cameron Davis, President

Dennis Wiles, Vice President

Sonya Wiles, Secretary-Treasurer

Jerry Don Cunningham, Director

Larry Goodwin, Director

Ted Kerley, Director

Heather Loftis, Director

Marc Walling, Director

Ted York, Director

Mel Coleman, Chief Executive Officer

## 2025 Annual Report



# ONE MISSION AND ONE PURPOSE: OUR MEMBERS



North Arkansas Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

