

**POUDRE VALLEY RURAL ELECTRIC
ASSOCIATION, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2024 AND 2023

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**POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
OFFICERS, DIRECTORS, AND MANAGEMENT (UNAUDITED)**

<u>Name</u>	<u>Office</u>	<u>Address</u>
Peter Hyland	Chair	Windsor Colorado
Bryan D. Ehrlich	Vice Chair	Wellington, Colorado
Thaine Michie	Secretary	La Porte, Colorado
Rick Johnson	Director	Loveland, Colorado
Steven Anderson	Director	Berthoud, Colorado
Jan Peterson	Director	Fort Collins, Colorado
Jack Schneider	Director	Eaton, Colorado
Ronald Sutherland	Director	Boulder, Colorado
Sheryl Dryer Henderson	Director	Loveland, Colorado
Jeff Wadsworth	President and CEO	Fort Collins, Colorado



INDEPENDENT AUDITORS' REPORT

Board of Directors
Poudre Valley Rural Electric Association, Inc. and Subsidiary
Fort Collins, Colorado

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Poudre Valley Rural Electric Association, Inc. and Subsidiary (the Association), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, patronage capital and other 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 the Association as of December 31, 2024 and 2023, and the changes in their patronage capital 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association 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 Consolidated 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 Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 GAAS 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 GAAS, 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 Association'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 Association'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 identified during the audit.

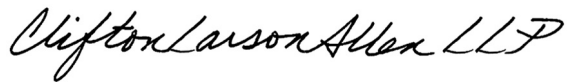
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Balance Sheet and the Consolidating Statement of Operations is presented for purposes of additional analysis and is 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the listing of officers, directors, management but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Rochester, Minnesota
March 6, 2025

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
UTILITY PLANT		
Electric Plant in Service	\$ 283,404,153	\$ 270,311,093
Construction Work in Progress	<u>12,955,861</u>	<u>11,087,402</u>
Total	296,360,014	281,398,495
Less: Accumulated Depreciation	<u>(80,157,338)</u>	<u>(76,575,518)</u>
Net Utility Plant	216,202,676	204,822,977
 Financing Right of Use Asset Less Amortization	 814,368	 956,077
INVESTMENTS		
Term Certificates	2,160,238	2,160,238
Investments in Associated Organizations	97,252,634	90,342,295
Other Investments	<u>13,115</u>	<u>14,535</u>
Total Investments	99,425,987	92,517,068
CURRENT ASSETS		
Cash and Cash Equivalents	2,027,180	2,708,702
Accounts Receivable, Less Allowance for Credit Losses of \$3,078 and \$3,047 for 2024 and 2023, Respectively	14,709,171	13,873,228
Materials and Supplies	4,671,057	4,138,211
Other Current Assets	<u>460,254</u>	<u>499,309</u>
Total Current Assets	21,867,662	21,219,450
DEFERRED DEBITS	<u>347,067</u>	<u>645,252</u>
 Total Assets	 <u><u>\$ 338,657,760</u></u>	 <u><u>\$ 320,160,824</u></u>

See accompanying Notes to Consolidated Financial Statements.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
Patronage Capital	\$ 136,613,281	\$ 128,468,929
Accumulated Other Comprehensive Income	1,793,724	2,108,005
Other Equities	<u>7,122,737</u>	<u>6,912,866</u>
Total Members' Equity	145,529,742	137,489,800
LONG-TERM DEBT		
Mortgage Notes (Less Maturities)	118,372,538	120,337,031
Long-Term Lease Liability - Financing (Less Maturities)	<u>620,236</u>	<u>773,819</u>
Total Long-Term Debt, Net	118,992,774	121,110,850
ACCUMULATED PROVISIONS FOR POSTRETIREMENT BENEFITS	2,805,061	2,716,086
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	5,964,453	5,728,211
Current Lease Liability - Financing	153,583	147,571
Lines of Credit	2,000,000	4,500,000
Accounts Payable	13,355,150	13,108,874
Customer Deposits	1,102,415	1,046,816
Accrued Taxes	1,507,586	1,589,923
Other Current Liabilities	<u>2,314,035</u>	<u>1,808,954</u>
Total Current Liabilities	26,397,222	27,930,349
DEFERRED CREDITS	<u>44,932,961</u>	<u>30,913,739</u>
Total Members' Equity and Liabilities	<u><u>\$ 338,657,760</u></u>	<u><u>\$ 320,160,824</u></u>

See accompanying Notes to Consolidated Financial Statements.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE		
Sale of Electricity	\$ 153,641,082	\$ 141,321,252
Other Operating Revenue	<u>912,181</u>	<u>860,646</u>
Total Operating Revenue	154,553,263	142,181,898
OPERATING EXPENSE		
Cost of Power	116,959,487	107,857,095
Transmission Expense	85,948	57,190
Distribution - Operations	6,944,936	6,120,566
Distribution - Maintenance	5,138,521	4,004,074
Consumer Accounts	2,981,445	2,697,418
Customer Service and Information	3,171,177	3,027,755
Administrative and General	4,887,412	5,217,614
Depreciation and Amortization	8,443,310	8,309,376
Interest on Long-Term Debt	4,086,765	3,785,645
Other Deductions	<u>323,502</u>	<u>283,709</u>
Total Operating Expense	<u>153,022,503</u>	<u>141,360,442</u>
NET OPERATING MARGIN	1,530,760	821,456
NONOPERATING MARGIN		
Interest Income	277,587	281,908
Other Nonoperating Income	<u>118,362</u>	<u>50,894</u>
Total Nonoperating Margin	395,949	332,802
CAPITAL CREDITS	<u>8,462,100</u>	<u>2,321,011</u>
NET MARGINS	10,388,809	3,475,269
OTHER COMPREHENSIVE MARGINS		
Accumulated Provision for Postretirement Benefits:		
Net Change Arising During the Year	<u>(314,281)</u>	<u>(246,443)</u>
COMPREHENSIVE NET MARGINS	<u><u>\$ 10,074,528</u></u>	<u><u>\$ 3,228,826</u></u>

See accompanying Notes to Consolidated Financial Statements.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF PATRONAGE CAPITAL AND OTHER EQUITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Patronage Capital	Other Comprehensive Income	Other Equities	Total
Balance - December 31, 2022	\$ 127,290,345	\$ 2,354,448	\$ 6,577,452	\$ 136,222,245
Net Margin, Year 2023	3,412,988	-	62,281	3,475,269
2022 Allocation	-	-	-	-
Retirement of Capital Credits	(2,234,404)	-	537,844	(1,696,560)
Change in Accumulated Other Comprehensive Income	-	(246,443)	-	(246,443)
Changes in Other Equities	-	-	(264,711)	(264,711)
Balance - December 31, 2023	128,468,929	2,108,005	6,912,866	137,489,800
Net Margin, Year 2024	10,377,587	-	11,222	10,388,809
2023 Allocation	-	-	-	-
Retirement of Capital Credits	(2,233,235)	-	652,206	(1,581,029)
Change in Accumulated Other Comprehensive Income	-	(314,281)	-	(314,281)
Changes in Other Equities	-	-	(453,557)	(453,557)
Balance - December 31, 2024	<u>\$ 136,613,281</u>	<u>\$ 1,793,724</u>	<u>\$ 7,122,737</u>	<u>\$ 145,529,742</u>

See accompanying Notes to Consolidated Financial Statements.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins	\$ 10,388,809	\$ 3,475,269
Adjustments to Reconcile Net Margins to Net Cash		
Provided by Operating Activities:		
Depreciation	8,443,310	8,309,376
Amortization of ROU Asset	141,709	135,931
Patronage Capital Credits from Suppliers	(8,462,100)	(2,321,011)
Postretirement Benefit Obligation	(225,306)	(324,426)
Gain on Sale of Property and Equipment	(118,362)	(50,894)
(Increase) Decrease in:		
Accounts Receivable	(835,943)	277,105
Materials and Supplies	(532,846)	(630,182)
Other Assets	39,055	227,240
Deferred Debits	298,185	306,696
Increase (Decrease) in:		
Accounts Payable	246,276	901,012
Customer Deposits	55,599	157,178
Interest Payable	9,657	5,501
Accrued Taxes	(82,337)	(320,763)
Other Liabilities	495,424	137,325
Deferred Credits	1,843,052	2,374,256
Net Cash Provided by Operating Activities	<u>11,704,182</u>	<u>12,659,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and Acquisition of Plant	(34,787,658)	(32,268,303)
Contributions in Aid of Construction	27,259,181	16,584,549
Change in Economic Development Loans	1,420	105,420
Purchase of Temporary Investments	-	2,000,000
Cash Received from Retirement of Patronage Capital	1,551,761	1,632,881
Net Cash Used by Investing Activities	<u>(5,975,296)</u>	<u>(11,945,453)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Funds Received	4,000,000	8,000,000
Retirement of Long-Term Debt	(5,728,251)	(5,782,858)
Advances on Lines of Credit	23,900,000	22,650,000
Repayments on Lines of Credit	(26,400,000)	(22,150,000)
Obligations Under Finance Leases	(147,571)	(141,794)
Retirement of Capital Credits	(2,233,235)	(2,234,404)
Other Financing Activities	198,649	273,133
Net Cash Provided (Used) by Financing Activities	<u>(6,410,408)</u>	<u>614,077</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(681,522)	1,328,237
Cash and Cash Equivalents - Beginning of Year	<u>2,708,702</u>	<u>1,380,465</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,027,180</u></u>	<u><u>\$ 2,708,702</u></u>

See accompanying Notes to Consolidated Financial Statements.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Poudre Valley Rural Electric Association, Inc. (the Association) (a Colorado cooperative association corporation) and its wholly owned subsidiary Poudre Valley Associated Services, Inc. (a Colorado profit corporation). All significant inter-company transactions and balances have been eliminated.

Organization

The Association is an Electric Cooperative whose principal business is the distribution of electrical power to residences and businesses located in northern Colorado. As a regulated entity with a member-elected board of directors, the Association accounts for such regulation under professional accounting standards ASC 980, Regulated Industries. The accounting policies followed by the Association are in conformity with generally accepted accounting principles as they apply to a regulated electric utility.

Poudre Valley Associated Services, Inc. (PVASI or the Subsidiary) operates a solar community project that provides power to the Association through a purchased power agreement. PVASI currently has a capital lease with Farm Credit Bank as noted below.

Basis of Accounting

The Association employs the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). As a result, the application of generally accepted accounting principles by the Association differs in certain respects from such application by nonregulated enterprises. These differences primarily concern the timing of the recognition of certain revenue and expense items.

Utility Plant and Depreciation

Utility plant is stated at cost. Cost of labor, materials, supervision, and other costs incurred in making improvements, replacements, and additions to the system, are charged to the plant accounts while such costs incurred in making normal repairs, minor replacements, and maintaining assets in efficient operating condition are charged to expense.

Provisions for depreciation of distribution plant and structures are computed on a straight-line basis employing a group method. The original costs of assets retired together with the costs of removal less salvage are charged to the related accumulated depreciation accounts.

Provisions for depreciation of general plant items are computed on a straight-line basis employing a group method, except for transportation equipment, power operated equipment, and certain office equipment, which are computed on a unit method. When assets are sold or retired, proceeds received upon disposition are compared with original cost less depreciation charged to date and gains or losses are recognized in the income statement, as appropriate.

Patronage Capital

The Association operates on a cooperative nonprofit basis. Amounts received from the furnishing of electric energy in excess of operating costs and expenses are assigned to patrons on a patronage basis. All other amounts received by the Association from its operations in excess of costs and expenses are also allocated to its patrons on a patronage basis to the extent they are not needed to offset current or prior deficits.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in associated organizations are carried at cost plus allocated equities. Other amounts included in investments are generally carried at cost. Loans receivable are recorded at cost.

Accounts Receivable

The Association provides electric energy to its consumers whose invoices are due by the due date of the bill. The Association uses historical loss information and an analysis of the collectability of individual accounts to determine expected credit losses for receivables. The majority of receivables are aged current, and there have been very limited losses over the lifetime of the Association. The Association believes that the composition of trade receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Association believes that current economic conditions are consistent with its historical assumptions. Accounts past due are written off after one year. At December 31, 2024 and 2023, the allowance for credit losses was as follows:

	2024	2023
Allowance for Credit Losses:		
Balance - Beginning of Year	\$ 3,047	\$ 57,197
Provision for Losses	-	-
Recoveries on Accounts Previously Charged Off	97,348	33,110
Accounts Charged Off	(97,317)	(87,260)
Balance - End of Year	<u>\$ 3,078</u>	<u>\$ 3,047</u>

Accounts receivable balances are as follows at December 31:

2024	2023	2022
<u>\$ 14,723,875</u>	<u>\$ 13,887,197</u>	<u>\$ 14,217,936</u>

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value using the average cost method.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Association considers all short-term deposits and highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The following is a summary of these items at December 31:

	2024	2023
Cash on Hand and in Banks	<u>\$ 2,027,180</u>	<u>\$ 2,708,702</u>
Total	<u>\$ 2,027,180</u>	<u>\$ 2,708,702</u>

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postretirement Benefits

The Association provides certain health care benefits for retired employees that meet eligibility requirements. The Association's share of the estimated costs that will be paid after retirement is generally being accrued over the employees' active service period to dates they are fully eligible for benefits.

Comprehensive Margins

Comprehensive margins and its components are required to be presented for each year a consolidated statement of operations is presented. The only component included in other comprehensive margins for the Association is the unamortized net loss for its postemployment health insurance benefit plan.

Presentation of Sales Taxes

The Association collects taxes from its members on behalf of taxing authorities and revenue is reported net of these taxes in the consolidated statements of revenue and patronage capital.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code (IRC). The Association has a letter of exemption from federal income tax, issued by the Internal Revenue Service (IRS).

PVASI is a taxable corporation and had net income of \$37,398 and a net loss of \$208,956 in 2024 and 2023, respectively.

An evaluation of whether or not the Association and the Subsidiary have any uncertain tax positions is determined on an annual basis. While the Association and Subsidiary believe they have adequately provided for all tax positions and believe that they have no uncertain tax positions as of December 31, 2024 and 2023, amounts asserted by taxing authorities could be different than the positions taken by both entities.

Use of Estimates

The preparation of consolidated financial statements in conformity 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 as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Concentrations

Five members accounted for approximately 20.7% and 20.1% of the revenues, before deferral, reported for the years ended December 31, 2024 and 2023 respectively, and the loss of any of these members could have an adverse effect on the Association. The Association does not expect that the business relationship with these members will be lost.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations (Continued)

Concentrations of credit risk arises from the Association's granting of credit to its member customers, uninsured funds deposited in federally insured financial institutions which may be in excess of the insurance limits at various times during the year; and other uninsured funds (including restricted funds).

Revenue from Contract with Customers

In accordance with Accounting Standards Codification (ASC) Topic 606, the Association recognizes revenue as promised goods or services are provided to customers in an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services.

The Association primarily generates revenue from the distribution and sale of electricity to members. The Association satisfies the performance obligation when the energy is delivered to the member. The Association recognizes revenue from energy sales based on meter readings of the member's usage. Meters are read and billed weekly depending on the size of the member. Rates charged to members are based on rates approved by the Association's Board of Directors. The Association has elected to use the Invoice Practical Expedient allowing the Association to recognize revenue in the amount that directly corresponds to the value transferred to the customer.

The following table presents the Association's revenues disaggregated by type of customer at December 31:

	2024	2023
Residential	\$ 64,284,277	\$ 60,861,275
Irrigation Sales (Pumps)	2,352,316	1,670,555
Small Commercial and Industrial	7,572,258	7,219,102
Large Commercial and Industrial	80,366,764	72,773,910
Public Street and Highway Lighting	406,910	404,837
Sales to Public Buildings and Other Authorities	235,287	191,658
Other Electric Revenue	(1,576,730)	(1,800,085)
Other Operating Revenue	912,181	860,646
Total Operating Revenue	<u>\$ 154,553,263</u>	<u>\$ 142,181,898</u>

Subsequent Events

In preparing these consolidated financial statements, the Association and its subsidiary have evaluated events and transactions for potential recognition or disclosure through March 6, 2025, the date the consolidated financial statements were available to be issued.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 ASSETS PLEDGED

Substantially all of the Association's assets are pledged as security for long-term debt to the National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank.

NOTE 3 UTILITY PLANT

A summary of the utility plant and accumulated depreciation follows:

	2024	2023
Intangible Plant	\$ 60,994	\$ 60,994
Production Plant	151,934	151,934
Transmission Plant	2,028,908	1,985,102
Distribution Plant	255,895,552	240,576,104
General Plant	25,266,765	27,536,959
Total Electric Plant	283,404,153	270,311,093
Construction Work in Progress	12,955,861	11,087,402
Subtotal	296,360,014	281,398,495
Accumulated Depreciation:		
Production Plant	53,810	46,213
Transmission Plant	1,691,124	1,640,201
Distribution Plant	63,659,148	57,621,559
General Plant	15,302,984	17,874,679
Total Accumulated Depreciation	80,707,066	77,182,652
Retirement Work in Progress	(549,728)	(607,134)
Subtotal	80,157,338	76,575,518
Net Utility Plant	<u>\$ 216,202,676</u>	<u>\$ 204,822,977</u>

Production plant is amortized over the life of the lease at the annual rate of 5.00%.

Transmission plant is depreciated, under the straight-line composite basis, at the annual rate of 2.75%.

Distribution plant is depreciated, under the straight-line composite basis, at the annual rate of 2.77%. Meters are depreciated, under the straight-line composite basis, at the annual rate of 6.67%.

General plant is depreciated over the estimated useful life of the assets, under the straight-line basis, at various rates ranging from 2.27% to 20.00%.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 TERM CERTIFICATES

	2024	2023
Capital Term Certificates	\$ 916,138	\$ 916,138
Loan Term Certificates	244,100	244,100
Member Capital Securities	1,000,000	1,000,000
Total Subordinated Certificates	<u>\$ 2,160,238</u>	<u>\$ 2,160,238</u>

The capital term certificates yield 5.00% and the loan term certificates yield 3.00%. The member capital securities yield 5.00%. All of the certificates have various maturity dates through the year 2080.

NOTE 5 INVESTMENTS IN ASSOCIATED ORGANIZATIONS

This category consists mainly of patronage capital due from organizations of which the Association is a member.

	2024	2023
Patronage Capital - Tri-State G & T	\$ 88,877,570	\$ 82,818,278
Patronage Capital - Western United	6,569,227	5,753,773
Patronage Capital - CFC	1,089,546	1,073,701
Patronage Capital - Federated Rural Insurance Exchange	428,817	427,962
Other Investments in Associated Organizations	287,474	268,581
Total Investments in Associated Organizations	<u>\$ 97,252,634</u>	<u>\$ 90,342,295</u>

NOTE 6 OTHER INVESTMENTS

	2024	2023
Note Receivable	\$ 13,115	\$ 14,535
Total Other Investments	<u>\$ 13,115</u>	<u>\$ 14,535</u>

The note receivable is carried at cost and is secured by a letter of credit obtained by the borrower. At both December 31, 2024 and 2023, the note was current and management considers it to be collectible.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 OTHER CURRENT ASSETS

	2024	2023
Prepaid Insurance	\$ 160,938	\$ 68,322
Interest Receivable	26,110	26,205
Other Prepayments	273,206	404,782
Total Other Current Assets	<u>\$ 460,254</u>	<u>\$ 499,309</u>

NOTE 8 DEFERRED CHARGES

	2024	2023
NRECA R&S Pension Prepayment	\$ 347,067	\$ 645,252
Total	<u>\$ 347,067</u>	<u>\$ 645,252</u>

In February 2013, the Association made a prepayment of \$3,876,409 to the NRECA RS Plan. The Association is amortizing this amount over 13 years.

NOTE 9 LONG-TERM DEBT

Long-term debt consists of mortgage notes payable to CFC and CoBank, and a capital lease with various maturities through 2052.

The following is a summary of these notes:

	2024	2023
CFC Mortgage Notes	\$ 47,384,786	\$ 46,388,781
CoBank Mortgage Notes	76,952,205	79,677,210
Finance Lease Obligation	773,819	920,641
Total Debt	125,110,810	126,986,632
Less: Current Maturities	(6,118,036)	(5,875,782)
Total Long-Term Debt	<u>\$ 118,992,774</u>	<u>\$ 121,110,850</u>

The CFC notes have fixed interest rates that ranged between 1.66% and 5.53% as of both December 31, 2024 and 2023, respectively. The CFC notes mature in varying amounts through 2050.

The CoBank notes have fixed rates that ranged from 2.09% to 5.62% as of December 31, 2024 and 2023, respectively. The CoBank notes mature in varying amounts through 2052.

As of December 31, 2024, the Association has approved credit in the amount of \$36,000,000 from CFC and \$15,000,000 from CoBank.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 9 LONG-TERM DEBT (CONTINUED)

The Association leases equipment for a community solar plant under a capital lease expiring in 2029. The assets and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the related lease term. Depreciation of assets under the capital lease is included in depreciation for the years ended December 31, 2024 and 2023.

Scheduled future principal payments toward long-term debt consist of the following:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 6,118,036
2026	6,316,297
2027	6,481,547
2028	6,615,119
2029	6,563,902
Thereafter	93,015,909

NOTE 10 OTHER CURRENT LIABILITIES

	<u>2024</u>	<u>2023</u>
Accrued Interest Payable	\$ 525,265	\$ 515,608
Accrued Payroll	643,628	466,407
Accrued Vacation, Holiday, and Sick Pay	368,000	322,654
Patronage Capital Payable	390,869	312,005
Insurance	267,911	124,055
Other Current Liabilities	118,362	68,225
Total Other Current Liabilities	<u>\$ 2,314,035</u>	<u>\$ 1,808,954</u>

NOTE 11 SHORT-TERM LINES OF CREDIT

The Association has two perpetual lines of credit with NRUCFC in the amount of \$5,000,000 each. Borrowings on these lines of credit are due on demand. Interest rates vary with the prime rate as published in *The Wall Street Journal*. At December 31, 2024 and 2023, the interest rate on these lines of credit were 7.25% and 6.30%, and 7.25% and 5.75%, respectively. The combined outstanding balances on the lines of credit were \$2,000,000 and \$4,500,000, respectively, as of December 31, 2024 and 2023.

The Association has a line of credit with CoBank in the amount of \$10,000,000. At December 31, 2024 and 2023, the interest rate on this line of credit was 6.24% and 7.26%, respectively. The line of credit matures on October 31, 2025. The Association had an outstanding balance of \$-0- at December 31, 2024 and 2023.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 DEFERRED CREDITS

	2024	2023
Customers' Prepayments	\$ 674,882	\$ 590,118
Power Cost Revenue Deferral - Cumulative	23,064,500	21,300,000
Customer Advances	19,684,412	7,508,242
Other Deferred Credits	1,509,167	1,515,379
Total Deferred Credits	<u>\$ 44,932,961</u>	<u>\$ 30,913,739</u>

The power cost revenue deferral represents revenue which was earned in 2013 through 2024, but will not be recognized as revenue until future periods. Revenue in the amount of \$1,500,000 has been excluded from the 2013 Net Margins, \$4,500,000 has been excluded from the 2014 Net Margins, \$4,300,000 has been excluded from the 2015 Net Margins, \$5,000,000 has been excluded from the 2016 Net Margins, \$2,500,000 has been excluded from the 2017 Net Margins, \$1,500,000 has been excluded from the 2022 Net Margins, \$2,000,000 has been excluded from the 2023 Net Margins, and \$1,764,500 has been excluded from the 2024 Net Margins. This deferral of revenue was implemented for the purpose of stabilizing rates.

The deferred revenue will be recognized in future years to manage general rate increases.

Customer Advances represent payments made by members for future construction projects that are not yet completed. These advances will be applied as contributions in-aid to construction on those projects as they take place.

NOTE 13 LEASES ASC – 842

The Association leases solar equipment for terms under a long-term, noncancelable lease agreement. The lease expires in 2030. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease.

Right-of-Use (ROU) assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Association uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The financing ROU asset also includes any lease payments made and excludes incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 13 LEASES ASC – 842 (CONTINUED)

The Association elected the available practical expedients to account for existing financing leases as financing leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs in the new guidance at lease commencement.

As a result of the new lease accounting guidance, the Association recognized on January 1, 2022 a lease liability of \$1,063,184, which represents the present value of the remaining financing lease payments of \$1,216,979, discounted using the Association's incremental borrowing rate of 4%, and a right-of-use asset of \$1,683,612. The adoption of the lease standard did not materially impact the balance sheet.

The following table provides quantitative information concerning the Association's leases:

	2024	2023
Amortization of Right-of-Use Assets	\$ 147,571	\$ 141,794
Interest on Lease Liabilities	34,170	39,947
Total Finance Lease Costs	<u>\$ 181,741</u>	<u>\$ 181,741</u>
Operating Cash Flows From Financing Activities	\$ 147,571	\$ 141,794
Weighted-Average Remaining Lease Term - Financing Lease	5 years	6 years
Weighted-Average Discount Rate - Financing Lease	4.00%	4.00%

The Association classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows:

Year	Finance Leases
2025	\$ 181,741
2026	181,741
2027	160,245
2028	158,290
2029	158,290
2028-2030	<u>13,191</u>
Total Lease Payments	853,498
Less: Interest	<u>(79,679)</u>
Present Value of Lease Liabilities	<u>\$ 773,819</u>

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 14 RETIREMENT PLANS

Retirement Security Plan – Defined Benefit Pension Plan

The National Rural Electric Cooperative Association (NRECA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The Plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer 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.

The Association's contributions to the RS Plan in 2024 and 2023 represented less than 5% of the total contributions made to the Plan by all participating employers. There have been no significant changes that affect the comparability of 2024 and 2023 amounts.

Pension expense incurred during the years ended December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Current Payments to Plan	\$ 2,115,185	\$ 1,955,036
Amortization of Prepaid Pension Cost	314,868	290,455
Total	<u>\$ 2,430,053</u>	<u>\$ 2,245,491</u>

In the RS Plan, a "zone status" determination is not required, and therefore not determined under the Pension Protections 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 Retirement Security Plan was over 80% funded at both January 1, 2024 and January 1, 2023 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.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 14 RETIREMENT PLANS (CONTINUED)

Retirement Security Plan – Defined Benefit Pension Plan (Continued)

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 13 years beginning in 2013. However, changes in interest rates, asset returns, and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 13-year period.

SelectRE 401(k) Plan – Defined Contribution Plan

Employees of the Association can participate in the National Rural Electric Cooperative Association (NRECA) SelectRE 401(k) plan, provided they meet plan specifications. The Association will contribute based on the employee's base compensation. The Association's contribution for the years ended December 31, 2024 and 2023 was \$618,297 and \$572,887, respectively.

NOTE 15 DEFERRED COMPENSATION

The Association has a deferred compensation 457(b) plan that current employees participate in the plan funded with employee payroll deductions and employer contributions. The plan allows investments in Homestead Fund securities. The plan benefits are payable to the Association, for the benefit of the employee, and the deferred compensation plan agreement between the employee and the Association provides for payment of benefits in the event of death, disability, or retirement. The Association's contribution for the years ended December 31, 2024 and 2023, was \$23,000 and \$23,000, respectively.

NOTE 16 POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Association maintains a policy that provides certain health care and sick leave benefits for retired directors and employees who have met the plan's years of service and age requirements. The Association's liability for these unfunded benefits was revalued as of January 1, 2024.

The Association is ineligible for the subsidy available to employers under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 due to its participation in the NRECA Group Benefits Program.

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 16 POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS (CONTINUED)

A derivation of the accumulated postretirement benefit obligation (APBO) is as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Accumulated Postretirement Benefit Obligation -		
Beginning Per Books	\$ 2,716,086	\$ 2,794,069
Service and Interest Costs	86,313	89,519
Sick Leave Accrual	146,248	66,902
Gain/Loss in Other Comprehensive Income	74,892	726
Benefit Payments	<u>(218,478)</u>	<u>(235,130)</u>
Accumulated Postretirement Benefit Obligation -		
Ending Per Books	<u><u>\$ 2,805,061</u></u>	<u><u>\$ 2,716,086</u></u>
Assumed Health Care Cost Trend Rates:		
Health Care Cost Trend Rate	6.50%	6.63%
Ultimate Trend Rate	4.75%	5.00%
Year the Rate Reaches the Ultimate	2031	2029
Health Care Cost Trend Rate - Drugs	6.50%	6.63%
Ultimate Trend Rate	4.75%	5.00%
Year the Rate Reaches the Ultimate	2031	2029

Weighted-average assumption used to determine benefit obligations and net periodic benefit cost:

	<u>2024</u>	<u>2023</u>
Discount Rate	4.90%	5.00%

A 1% increase in the health care cost trend rate would have yielded the following increase:

	<u>2024</u>	<u>2023</u>
APBO	6.41%	6.74%
Service and Interest	6.41%	6.74%

The Association expenses substantially all of the service, interest, and amortization of any gain or loss resulting from the latest valuation of the plan. However, a portion of these costs are capitalized based on the allocation of labor cost for the period. The Association expects the benefit payments for future years to be as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 201,399
2026	195,483
2027	188,814
2028	181,418
2029	173,342
2030 - 2034	727,521

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 17 RELATED PARTY TRANSACTIONS

The Association is a member of Tri-State Generation and Transmission Association, Inc., (Tri-State) which is an electric generation and transmission cooperative. The Association obtains the majority of its purchased power from Tri-State, which amounted to \$114,104,596 and \$105,044,648 for the years ended December 31, 2024 and 2023, respectively. Although there are a limited number of electrical power suppliers, management believes there would be no lapse in service if there were a change in electrical power suppliers. However, such a change might result in a higher cost of power to the Association and, in turn, higher billing rates to its members.

The amount payable to Tri-State for purchased power is \$10,183,356 and \$8,861,544 at December 31, 2024 and 2023, respectively.

Other related party transactions consisted of normal routine business conducted through organizations of which the Association is a member and normal sales to its members.

NOTE 18 COMMITMENTS

Under its wholesale power agreement, the Association is committed to purchase its electric power and energy requirements from Tri-State until December 31, 2050.

SUPPLEMENTARY INFORMATION

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Poudre Valley Rural Electric	Poudre Valley Associated Services	Eliminations	Total
ASSETS				
PROPERTY AND EQUIPMENT				
Electric Plant in Service	\$ 283,252,219	\$ 151,934	\$ -	\$ 283,404,153
Construction Work in Progress	12,955,861	-	-	12,955,861
Total	296,208,080	151,934	-	296,360,014
Less: Accumulated Depreciation	(80,103,528)	(53,810)	-	(80,157,338)
Net Property and Equipment	216,104,552	98,124	-	216,202,676
Financing Right-of-Use Asset Less Amortization	-	814,368	-	814,368
INVESTMENTS				
Term Certificates	2,160,238	-	-	2,160,238
Investments in Associated Organizations	97,456,257	-	(203,623)	97,252,634
Other Investments	13,115	-	-	13,115
Total Investments	99,629,610	-	(203,623)	99,425,987
CURRENT ASSETS				
Cash and Cash Equivalents	1,925,096	102,084	-	2,027,180
Accounts Receivable	14,709,171	11,626	(11,626)	14,709,171
Materials and Supplies	4,671,057	-	-	4,671,057
Other Current Assets	460,254	-	-	460,254
Total Current Assets	21,765,578	113,710	(11,626)	21,867,662
DEFERRED CHARGES				
	298,185	48,882	-	347,067
Total Assets	<u>\$ 337,797,925</u>	<u>\$ 1,075,084</u>	<u>\$ (215,249)</u>	<u>\$ 338,657,760</u>

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Poudre Valley Rural Electric	Poudre Valley Associated Services	Eliminations	Total
MEMBERS' EQUITY AND LIABILITIES				
EQUITIES AND MARGINS				
Patronage Capital	\$ 136,539,778	\$ 73,503	\$ -	\$ 136,613,281
Accumulated Other Comprehensive Income	1,793,724	-	-	1,793,724
Other Equities	7,122,737	203,623	(203,623)	7,122,737
Total Equities and Margins	145,456,239	277,126	(203,623)	145,529,742
LONG-TERM DEBT				
Mortgage Notes (Less Maturities)	118,372,538	-	-	118,372,538
Long-Term Lease Liability - Financing (Less Maturities)	-	620,236	-	620,236
Total Long-Term Debt	118,372,538	620,236	-	118,992,774
ACCUMULATED PROVISIONS FOR POST RETIREMENT BENEFITS	2,805,061	-	-	2,805,061
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	5,964,453	-	-	5,964,453
Current Lease Liability - Financing	-	153,583	-	153,583
Line of Credit	2,000,000	-	-	2,000,000
Accounts Payable	13,351,631	15,145	(11,626)	13,355,150
Customer Deposits	1,102,415	-	-	1,102,415
Accrued Taxes	1,498,592	8,994	-	1,507,586
Other Current Liabilities	2,314,035	-	-	2,314,035
Total Current Liabilities	26,231,126	177,722	(11,626)	26,397,222
DEFERRED CREDITS	44,932,961	-	-	44,932,961
Total Members' Equity and Liabilities	\$ 337,797,925	\$ 1,075,084	\$ (215,249)	\$ 338,657,760

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF OPERATIONS
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Poudre Valley Rural Electric	Poudre Valley Associated Services	Eliminations	Total
OPERATING REVENUE				
Operating Revenue	\$ 153,641,082	\$ -	\$ -	\$ 153,641,082
Other Operating Revenue	912,181	216,421	(216,421)	912,181
Total Operating Revenue	154,553,263	216,421	(216,421)	154,553,263
OPERATING EXPENSE				
Cost of Power	117,175,908	-	(216,421)	116,959,487
Transmission Expense	85,948	-	-	85,948
Distribution - Operations	6,769,058	175,878	-	6,944,936
Distribution - Maintenance	5,138,521	-	-	5,138,521
Consumer Accounts	2,981,445	-	-	2,981,445
Customer Service and Information	3,171,177	-	-	3,171,177
Administrative and General	4,863,875	23,537	-	4,887,412
Depreciation and Amortization	8,435,714	7,596	-	8,443,310
Interest on Long-Term Debt	4,086,765	-	-	4,086,765
Other Deductions	323,502	-	-	323,502
Total Operating Expense	153,031,913	207,011	(216,421)	153,022,503
NET OPERATING MARGIN	1,521,350	9,410	-	1,530,760
NONOPERATING MARGIN				
Interest Income	275,775	1,812	-	277,587
Other Nonoperating Income	118,362	-	-	118,362
Total Nonoperating Margin	394,137	1,812	-	395,949
CAPITAL CREDITS	8,462,100	-	-	8,462,100
NET MARGINS	10,377,587	11,222	-	10,388,809
Patronage Capital and Other Equities - Beginning of Year	128,660,902	254,254	(191,973)	128,723,183
Patronage Capital Retired	(2,233,235)	-	-	(2,233,235)
Net Change in Other Equities	-	11,650	(11,650)	-
PATRONAGE CAPITAL AND OTHER EQUITIES - END OF YEAR	<u>\$ 136,805,254</u>	<u>\$ 277,126</u>	<u>\$ (203,623)</u>	<u>\$ 136,878,757</u>



REPORT ON LOAN FUND EXPENDITURES

Board of Directors
Poudre Valley Rural Electric Association, Inc. and Subsidiary
Fort Collins, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Poudre Valley Rural Electric Association, Inc. and Subsidiary (the Association), which comprise of the balance sheet as of December 31, 2024 and the related statements of operations, patronage capital and other equities and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated March 6, 2025.

During the year ended December 31, 2024, the Association received \$4,000,000 from the National Rural Utilities Cooperative Finance Corporation (NRUCFC) on loans controlled by the NRUCFC Loan Agreement and/or Mortgage or Security Agreement (the agreement). In connection with our audit, nothing came to our attention that caused us to believe that the Association failed to comply with the terms, covenants, provisions, or conditions on the loans controlled by the NRUCFC's agreement, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Association's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of directors, management, the NRUCFC and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Rochester, Minnesota
March 6, 2025



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