



To: Jana Adams

From: Lennis Daniels

CC: Jim Matheson, Jeffrey Connor, Mary Ann Cristiano, Joshua McGhee, Digna Louis, and Dustin Young

Date: October 31, 2025

RE: Touchstone Energy Cooperative, Inc.'s financial results for the period ending September 30, 2025

This memo includes the financial statements for Touchstone Energy Cooperative, Inc.

For the period ending September 30, 2025, Touchstone Energy reported a net gain of \$364,492 compared to a budgeted net loss of \$93,882. As of September 30, 2025, ending members' equity was \$7,110,102.

Touchstone is favorable to the period-to-date budget primarily due to timing of expenses across programs and investment income outperforming plan. The favorability is partially offset by membership dues revenue underperforming.

If you have any questions about the attached schedules, please do not hesitate to reach out.

TOUCHSTONE ENERGY COOPERATIVE, INC.
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>		September 30, 2025	December 31, 2024
Receivable Due from NRECA	(A)	\$ 8,893,687	\$ 10,685,851
Accounts Receivable		334,490	715,997
Other Receivables		-	18,541
Deferred Expenses		155,976	338,352
Furniture & Equipment		58,628	113,852
Total Assets		\$ 9,442,781	\$ 11,872,594
 <u>LIABILITIES</u>			
Accrued Expenses		\$ 58,052	\$ 73,462
Accounts Payable		11,924	12,640
Accrued Annual Leave		68,571	68,571
Deferred Revenue - NEXT Conference		65,210	409,205
Deferred Revenue	(B)	2,128,922	4,563,106
Total Liabilities		2,332,679	5,126,984
 <u>MEMBERS' EQUITY</u>			
Beginning of Period		6,745,610	7,300,563
Current Period Net Income		364,492	(554,953)
End of Period		7,110,102	6,745,610
Total Liabilities and Members' Equity		\$ 9,442,781	\$ 11,872,594

TOUCHSTONE ENERGY COOPERATIVE, INC.
NET INCOME BY PROGRAM
FOR THE PERIOD ENDING SEPTEMBER 30, 2025

		2025			
		<u>Budget</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>Variance Fav/(Unfav)</u>
<u>NET INCOME (EXPENSE)</u>					
Advertising Development & Support		\$ (1,239,109)	\$ (891,096)	\$ (1,223,727)	\$ (332,631)
Advertising Placement - TV & Print	(C)	(1,509,000)	(1,131,750)	(935,044)	196,706
Public Relations	(D)	(2,335,739)	(1,752,725)	(1,598,028)	154,697
Co-op Performance and Research	(E)	(1,098,876)	(822,349)	(662,727)	159,622
Cooperative Relations	(F)	7,126,549	5,314,880	5,193,664	(121,216)
Business Development	(G)	(788,570)	(568,307)	(461,153)	107,153
Management & Organizational Support	(H)	(402,976)	(242,533)	51,506	294,039
TOTAL NET INCOME (EXPENSE)		\$ (247,721)	\$ (93,880)	364,492	\$ 458,372
MEMBERS' EQUITY, BEGINNING OF YEAR				<u>6,745,610</u>	
MEMBERS' EQUITY, END OF YEAR				<u>\$ 7,110,102</u>	

STATEMENT OF ACTIVITIES FOR THE PERIOD ENDING SEPTEMBER 30, 2025

		2025		
	Budget	YTD Budget	YTD Actual	Budget Variance Fav/(Unfav)
Revenue				
Membership Dues	\$ 8,989,000	\$ 6,741,750	\$ 6,387,195	\$ (354,555)
Education & Meetings	555,000	551,250	585,981	34,731
Other Income	663,100	507,325	514,881	7,556
Investment Income	230,000	172,500	321,939	149,439
Total Revenue	10,437,100	7,972,825	7,809,996	(162,829)
Expenses				
Personnel costs	3,426,530	2,501,995	2,296,131	205,864
Travel	240,330	197,161	178,589	18,572
Communication	21,500	16,875	9,681	7,194
Supplies & Materials	13,500	12,000	10,946	1,054
Professional Fees	792,915	634,686	602,438	32,248
Meetings	572,500	527,125	473,421	53,704
Printing & Artwork	35,000	27,750	18,370	9,380
Computer & Electronic Services	1,624,515	1,232,067	1,226,549	5,518
Dues & Contributions	25,700	11,700	19,409	(7,709)
Software & Equipment	14,000	14,000	47,886	(33,886)
Utilities & Building Related	-	-	103	(103)
Insurance, Interest & Taxes	52,052	44,427	40,783	3,644
Depreciation & Amortization	85,731	64,821	65,221	(400)
Other Direct	2,183,692	1,604,294	1,454,537	149,757
Total Direct Expenses	9,087,965	6,888,901	6,444,064	444,838
Net Margin(Expense) before Transfers and Allocations	1,349,135	1,083,924	1,365,932	282,008
Allocations & Transfers				
Headquarters Rent	195,817	146,863	146,863	-
General & Administrative Support	918,188	663,443	578,270	85,173
IT Support	424,742	322,946	236,494	86,452
Other Allocations	58,109	44,554	39,813	4,741
Website	-	-	-	-
Sponsorships	-	-	-	-
Total Allocations & Transfers	1,596,856	1,177,806	1,001,440	176,366
Total Expenses	10,684,821	8,066,707	7,445,504	621,204
Net Margin (Expense)	\$ (247,721)	\$ (93,882)	\$ 364,492	\$ 458,374

TOUCHSTONE ENERGY COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDING SEPTEMBER 30, 2025

(A) RECEIVABLE DUE FROM NRECA	\$ 8,893,687
The receivable due from NRECA balance represents cash held by NRECA for Touchstone Energy. Interest earned on these funds is credited to Touchstone Energy.	
(B) DEFERRED REVENUE	\$ 2,128,922
Deferred revenue represents membership dues received in advance of being earned. Membership dues are billed on a calendar year basis and are recognized as income ratably throughout the year.	
(C) ADVERTISING PLACEMENT - TV & PRINT (FAVORABLE 17.4%)	\$ 196,706
Favorable to budget due to expenses for national TV ad placements running behind plan; partially offset by digital ad placement spend exceeding plan.	
(D) PUBLIC RELATIONS (FAVORABLE 8.8%)	\$ 154,697
Favorable to budget due to timing of SHINE web program expenses and salaries expense.	
(E) COOPERATIVE PERFORMANCE & RESEARCH (FAVORABLE 19.4%)	\$ 159,622
Favorable to budget due to timing of program expenses.	
(F) COOPERATIVE RELATIONS (UNFAVORABLE 2.3%)	\$ (121,216)
Unfavorable to budget due to lower-than-expected dues revenue and branded prepaid cards revenue; partially offset by lower program costs.	
(G) BUSINESS DEVELOPMENT (FAVORABLE 18.9%)	\$ 107,153
Favorable due to the NEXT conference's net income being favorable to budget.	
(H) MANAGEMENT AND ORGANIZATIONAL SUPPORT (FAVORABLE >100%)	\$ 294,039
Favorable due to higher than budgeted interest income and timing of expenses.	

Brand Strategy Net Income by Project
For the Period Ending September 30, 2025

	2025			
	Budget	YTD Budget	YTD Actual	Variance Fav/(unfav)
TSE AD104 Ad Development Revenue	\$ -	\$ -	\$ -	\$ -
TSE AD115 Advert/Creative Comm Revenue	70,000	52,500	34,919	(17,581)
Total Ad Development and Support Revenue	70,000	52,500	34,919	(17,581)
TSE AD101 Ad Agency Services	(10,000)	(7,500)	(650)	6,850
TSE AD104 Ad Development	(23,000)	(11,400)	(15,162)	(3,762)
TSE AD106 Video Production	(260,000)	(132,500)	(287,220)	(154,720)
TSE AD108 Talent Payments	(125,000)	(125,000)	(148,841)	(23,841)
TSE AD114 Online Campaign	-	-	-	-
TSE AD115 Advert/Creative Comm	(2,000)	(1,500)	25	1,525
TSE AD800 Travel Brand Strategy	(23,065)	(19,749)	(16,106)	3,643
TSE AD950 Advertising Development Salary	(866,044)	(645,947)	(790,692)	(144,745)
Total Ad Development and Support Expense	(1,309,109)	(943,596)	(1,258,645)	(315,049)
Net Expense Ad Development and Support	(1,239,109)	(891,096)	(1,223,727)	(332,631)
TSE AP101TV Natl Placement Revenue	-	-	-	-
Total Advertising Placement Revenue	-	-	-	-
TSE AP101 TV Natl Placement	(700,000)	(525,000)	(22,308)	502,692
TSE AP108 Digital Placements	(809,000)	(606,750)	(912,736)	(305,986)
Total Expense Advertsing Placements	(1,509,000)	(1,131,750)	(935,044)	196,706
Net Expense Advertising Placements	(1,509,000)	(1,131,750)	(935,044)	196,706
TSE PR109 Social Campaigns Revenue	8,100	6,075	4,860	(1,215)
TSE PR106 SHiNE Web Program Revenue	200,000	150,000	122,400	(27,600)
TSE PR113 SHiNE Content Support	40,000	30,000	103,188	73,188
Total Public Relations Revenue	248,100	186,075	230,448	44,373
TSE PR106 SHiNE Web Program	(1,081,165)	(823,186)	(913,759)	(90,573)
TSE PR107 Mascot Program	-	-	(4,829)	(4,829)
TSE PR109 Social Campaigns	(35,000)	(29,994)	(25,135)	4,859
TSE PR112 Public Relations Gen	(11,500)	-	-	-
TSE PR113 SHiNE Content Support	-	-	-	-
TSE PR800 Public Relations Travel	(4,900)	(3,675)	(289)	3,386
TSE PR950 Public Relations Salary	(1,451,274)	(1,081,945)	(884,464)	197,481
Total Public Relations Expense	(2,583,839)	(1,938,800)	(1,828,475)	110,325
Net Expense Public Relations	(2,335,739)	(1,752,725)	(1,598,028)	154,697
Net Expense Brand Strategy	\$ (5,083,848)	\$ (3,775,571)	\$ (3,756,798)	\$ 18,773

**Cooperative Performance and Research Net Income by Project
For the Period Ending September 30, 2025**

	2025			
	Budget	YTD Budget	YTD Actual	Variance Fav/(unfav)
TSE CP101 ACSI Program Revenue	\$ -	\$ -	\$ 2,400	\$ 2,400
Total Cooperative Performance Revenue	-	-	2,400	2,400
TSE CP101 ACSI Program	(305,000)	(228,750)	(175,440)	53,310
TSE CP102 Co-op Difference Survey	(142,000)	(106,500)	(44,825)	61,675
TSE CP104 EE Print	(18,000)	(13,500)	(10,804)	2,696
TSE CP117 Software Services	(25,000)	(18,750)	(25,121)	(6,371)
TSE CP118 EE Digital & Website Tools	(71,415)	(53,561)	(35,708)	17,854
TSE CP120 Electric Vehicle Education	(8,000)	(6,000)	-	6,000
TSE ES103 EE Workshops	-	-	-	-
TSE ES105 Web/TV Video Library	(18,000)	(13,500)	(11,400)	2,100
TSE ES123 EE Research	(20,000)	(15,000)	-	15,000
TSE CP800 Co-op Performance & Research Travel	(11,895)	(8,921)	(6,113)	2,808
TSE CP900 CP Pilot Projects	(10,000)	(7,500)	(5,000)	2,500
TSE CP950 Co-op Performance & Research Salary	(469,566)	(350,367)	(350,717)	(350)
Total Cooperative Performance Expense	(1,098,876)	(822,349)	(665,127)	157,222
Net Expense Cooperative Performance and Research	\$ (1,098,876)	\$ (822,349)	\$ (662,727)	\$ 159,622

**Cooperative Relations Net Income by Project
For the Period Ending September 30, 2025**

	2025			
	Budget	YTD Budget	YTD Actual	Variance Fav/(unfav)
TSE CR102 Promotional Activity Revenue	\$ -	\$ -	\$ 548	\$ 548
TSE CR103 Natl Conf Support	-	-	10,000	10,000
TSE CR106 Member Recruitment/Retention Revenue	8,989,000	6,741,750	6,387,195	(354,555)
TSE CR111 Learning & BE Prog Revenue	40,000	30,000	29,865	(135)
TSE CR115 Service Project	15,000	11,250	14,096	2,846
TSE CR116 Service Excellence Revenue	110,000	82,500	63,761	(18,739)
TSE CR120 Balloon Program	90,000	67,500	63,810	(3,690)
TSE CR123 Branded Prepaid Credit Cards	50,000	37,500	-	(37,500)
TSE CR900 CR Pilot Projects Revenue	-	-	35,541	35,541
Total Cooperative Relations Revenue	9,294,000	6,970,500	6,604,816	(365,684)
TSE CR101 NRECA Annual Meeting	(140,000)	(140,000)	(121,354)	18,646
TSE CR102 Promotional Activity	-	-	(4,083)	(4,083)
TSE CR103 Natl Conf Support	(130,000)	(97,500)	(82,251)	15,249
TSE CR104 Newsletters (Extra)	-	-	-	-
TSE CR106 Member Recruitment/Retention	-	-	(686)	(686)
TSE CR111 Learning & BE Prog	(370,000)	(277,500)	(275,852)	1,648
TSE CR115 Service Project	(20,000)	(15,000)	(14,188)	812
TSE CR116 Service Excellence	(50,000)	(37,500)	(27,414)	10,086
TSE CR117 Internal/Member Comm	(50,000)	(37,500)	(31,644)	5,856
TSE CR120 Balloon Program	(107,500)	(80,625)	(105,891)	(25,266)
TSE CR121 25th Anniversary	-	-	-	-
TSE CR122 RM Marketing Hub	(30,850)	(23,138)	(33,350)	(10,212)
TSE CR123 Branded Prepaid Credit Cards	(30,000)	(22,500)	(10,707)	11,793
TSE CR800 Travel Cooperative Relations	(65,040)	(48,780)	(38,789)	9,991
TSE CR900 CR Pilot Projects	-	-	-	-
TSE CR950 Cooperative Relations Salary	(1,174,061)	(875,577)	(664,941)	210,636
Total Cooperative Relations Expense	(2,167,451)	(1,655,620)	(1,411,151)	244,469
Net Income Cooperative Relations	\$ 7,126,549	\$ 5,314,880	\$ 5,193,664	\$ (121,216)

Business Development Net Income by Project
For the Period Ending September 30, 2025

	2025			
	Budget	YTD Budget	YTD Actual	Variance Fav/(unfav)
TSE BD101 NEXT Conference Revenue	\$ 580,000	\$ 580,000	\$ 607,845	\$ 27,845
TSE BD104 Co-op Connections Revenue	15,000	11,250	7,630	(3,620)
Total Business Development Revenue	595,000	591,250	615,475	24,225
TSE BD101 NEXT Conference	(563,706)	(547,455)	(499,717)	47,738
TSE BD104 Co-op Connections	(90,000)	(67,500)	(65,983)	1,517
TSE BD118 Key Accts Training	-	-	-	-
TSE BD124 Customer Outreach	(15,000)	(11,250)	-	11,250
TSE BD128 Co-op Community	-	-	(325)	(325)
TSE BD800 Travel Business Development	(24,885)	(18,664)	(14,127)	4,536
TSE BD950 Business Development Salary	(689,979)	(514,688)	(496,477)	18,211
Total Business Development Expense	(1,383,570)	(1,159,557)	(1,076,629)	82,928
Net Expense Business Development	\$ (788,570)	\$ (568,307)	\$ (461,153)	\$ 107,153

Management & Organization Net Income by Project
For the Period Ending September 30, 2025

	2025			
	Budget	YTD Budget	YTD Actual	Variance Fav/(unfav)
TSE MS106 Board & Committee	\$ -	\$ -	\$ -	\$ -
TSE MS106 Board & Committee	230,000	172,500	321,939	149,439
Total Management & Organization Support Revenue	230,000	172,500	321,939	149,439
TSE MS101 Management & Org	(164,092)	(133,616)	792,551	926,167
TSE MS106 Board & Committee	(82,800)	(62,100)	(47,505)	14,595
TSE MS111 NRECA Allocations	(365,389)	(203,796)	(1,006,791)	(802,995)
TSE MS800 Travel Organizational Support	(20,695)	(15,521)	(8,688)	6,833
Total Management & Organization Support Expense	(632,976)	(415,033)	(270,433)	144,600
Net Expense Management & Organization Support	\$ (402,976)	\$ (242,533)	\$ 51,506	\$ 294,039