



To: Jana Adams

From: Michelle Wilburn

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

Date: February 23, 2026

RE: Touchstone Energy Cooperative, Inc.'s financial results for the year ending December 31, 2025

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

For the year ending December 31, 2025, Touchstone Energy reported a net loss of \$1,494 compared to a budgeted net loss of \$247,722. As of December 31, 2025, ending members' equity was \$6,744,116.

Touchstone is \$246,228 favorable to the annual budget primarily due to less personnel cost than planned and investment income outperforming plan. Additionally, Touchstone's SHiNE programs and Cooperative Performance and Research programs were favorable to plan--contributing to a stronger financial performance than anticipated. The favorability achieved was partially offset by membership dues revenue coming in under budget.

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> | December 31, 2025 | December 31, 2024 |
|--|------------------------------|------------------------------|
| Receivable Due from NRECA | (A) \$ 11,074,323 | \$ 10,685,851 |
| Accounts Receivable | 186,507 | 715,997 |
| Other Receivables | - | 18,541 |
| Deferred Expenses | 524,878 | 338,352 |
| Furniture & Equipment | 53,738 | 113,852 |
| Total Assets | \$ 11,839,445 | \$ 11,872,594 |
| <u>LIABILITIES</u> | | |
| Accrued Expenses | \$ 175,622 | \$ 73,462 |
| Accounts Payable | 15,156 | 12,640 |
| Accrued Annual Leave | 53,551 | 68,571 |
| Deferred Revenue - NEXT Conference | 418,555 | 409,205 |
| Deferred Revenue | (B) 4,432,445 | 4,563,106 |
| Total Liabilities | 5,095,329 | 5,126,984 |
| <u>MEMBERS' EQUITY</u> | | |
| Beginning of Period | 6,745,610 | 7,300,563 |
| Current Period Net Income | (1,494) | (554,953) |
| End of Period | 6,744,116 | 6,745,610 |
| Total Liabilities and Members' Equity | \$ 11,839,445 | \$ 11,872,594 |

TOUCHSTONE ENERGY COOPERATIVE, INC.
NET INCOME BY PROGRAM
FOR THE YEAR ENDING DECEMBER 31, 2025

| | | 2025 | | |
|---|------------|----------------------------|-----------------------------------|---------------------------------|
| | | Budget | Actual | Variance Fav/(Unfav) |
| <u>NET INCOME (EXPENSE)</u> | | | | |
| Advertising Development & Support | (C) | \$ (1,239,109) | \$ (1,466,108) | \$ (226,999) |
| Advertising Placement - TV & Print | | (1,509,000) | (1,517,498) | (8,498) |
| Public Relations | (D) | (2,335,739) | (2,106,376) | 229,363 |
| Co-op Performance and Research | (E) | (1,098,876) | (905,424) | 193,452 |
| Cooperative Relations | (F) | 7,126,549 | 6,810,457 | (316,092) |
| Business Development | (G) | (788,570) | (702,016) | 86,554 |
| Management & Organizational Support | (H) | (402,977) | (114,528) | 288,449 |
| TOTAL NET INCOME (EXPENSE) | | <u>\$ (247,722)</u> | <u>(1,494)</u> | <u>\$ 246,228</u> |
| MEMBERS' EQUITY, BEGINNING OF YEAR | | | <u>6,745,610</u> | |
| MEMBERS' EQUITY, END OF YEAR | | | <u><u>\$ 6,744,116</u></u> | |

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2025**

| | Budget | Actual | Budget Variance Fav/(Unfav) |
|---|---------------------|-------------------|--|
| Revenue | | | |
| Membership Dues | \$ 8,989,000 | \$ 8,516,118 | \$ (472,882) |
| Education & Meetings | 555,000 | 585,981 | 30,981 |
| Other Income | 663,100 | 803,117 | 140,017 |
| Investment Income | 230,000 | 409,617 | 179,617 |
| Total Revenue | 10,437,100 | 10,314,833 | (122,267) |
| Personnel costs | 3,426,531 | 3,317,217 | 109,314 |
| Travel | 240,330 | 213,424 | 26,906 |
| Communication | 21,500 | 15,950 | 5,550 |
| Supplies & Materials | 13,500 | 12,442 | 1,058 |
| Professional Fees | 792,915 | 811,660 | (18,745) |
| Meetings | 572,500 | 554,320 | 18,180 |
| Printing & Artwork | 35,000 | 23,112 | 11,888 |
| Computer & Electronic Services | 1,624,515 | 1,663,813 | (39,298) |
| Dues & Contributions | 25,700 | 19,409 | 6,291 |
| Software & Equipment | 14,000 | 49,323 | (35,323) |
| Utilities & Building Related | - | 103 | (103) |
| Insurance, Interest & Taxes | 52,052 | 40,783 | 11,269 |
| Depreciation & Amortization | 85,731 | 86,882 | (1,151) |
| Other Direct | 2,183,692 | 2,089,997 | 93,695 |
| Total Direct Expenses | 9,087,966 | 8,898,435 | 189,531 |
| Net Margin(Expense) before Transfers and Allocations | 1,349,134 | 1,416,398 | 67,264 |
| Allocations & Transfers | | | |
| Headquarters Rent | 195,817 | 195,818 | (1) |
| General & Administrative Support | 918,188 | 843,396 | 74,792 |
| IT Support | 424,742 | 320,501 | 104,241 |
| Other Allocations | 58,109 | 58,177 | (68) |
| Website | - | - | - |
| Sponsorships | - | - | - |
| Total Allocations & Transfers | 1,596,856 | 1,417,892 | 178,964 |
| Total Expenses | 10,684,822 | 10,316,327 | 368,495 |
| Net Margin (Expense) | \$ (247,722) | \$ (1,494) | \$ 246,228 |

**TOUCHSTONE ENERGY COOPERATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025**

| | | |
|--|-----------|-------------------|
| (A) RECEIVABLE DUE FROM NRECA | \$ | 11,074,323 |
| <hr/> 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 | \$ | 4,432,445 |
| <hr/> 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 DEVELOPMENT & SUPPORT (UNFAVORABLE 18.3%) | \$ | (226,999) |
| <hr/> Unfavorable to budget due to higher than planned salary expense. | | |
| (D) PUBLIC RELATIONS (FAVORABLE 10.5%) | \$ | 229,363 |
| <hr/> Favorable to budget due to SHINE web program revenue exceeding plan and less expense than planned. | | |
| (E) COOPERATIVE PERFORMANCE & RESEARCH (FAVORABLE 17.6%) | \$ | 193,452 |
| <hr/> Favorable to budget due to ACSI program revenue exceeding plan and expenses, primarily related to the Co-op Difference Survey, running less than plan. | | |
| (F) COOPERATIVE RELATIONS (UNFAVORABLE 4.4%) | \$ | (316,092) |
| <hr/> 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 11.0%) | \$ | 86,554 |
| <hr/> Favorable due to the NEXT conference's net income being favorable to budget. | | |
| (H) MANAGEMENT AND ORGANIZATIONAL SUPPORT (FAVORABLE 71.6%) | \$ | 288,449 |
| <hr/> Favorable due to higher than budgeted interest income and lower than planned costs. | | |

**Brand Strategy Net Income by Project
For the Year Ending December 31, 2025**

| | Budget | Actual | Variance Fav/(unfav) |
|---|-----------------------|-----------------------|-------------------------|
| TSE AD104 Ad Development Revenue | \$ - | \$ - | \$ - |
| TSE AD115 Advert/Creative Comm Revenue | 70,000 | 58,831 | (11,169) |
| Total Ad Development and Support Revenue | 70,000 | 58,831 | (11,169) |
| TSE AD101 Ad Agency Services | (10,000) | (10,205) | (205) |
| TSE AD104 Ad Development | (23,000) | (35,204) | (12,204) |
| TSE AD106 Video Production | (260,000) | (287,220) | (27,220) |
| TSE AD108 Talent Payments | (125,000) | (148,841) | (23,841) |
| TSE AD114 Online Campaign | - | - | - |
| TSE AD115 Advert/Creative Comm | (2,000) | 592 | 2,592 |
| TSE AD800 Travel Brand Strategy | (23,065) | (17,758) | 5,307 |
| TSE AD950 Advertising Development Salary | (866,044) | (1,026,304) | (160,260) |
| Total Ad Development and Support Expense | (1,309,109) | (1,524,939) | (215,830) |
| Net Expense Ad Development and Support | (1,239,109) | (1,466,108) | (226,999) |
| TSE AP101TV Natl Placement Revenue | - | - | - |
| Total Advertising Placement Revenue | - | - | - |
| TSE AP101 TV Natl Placement | (700,000) | (303,622) | 396,378 |
| TSE AP108 Digital Placements | (809,000) | (1,213,876) | (404,876) |
| Total Expense Adverting Placements | (1,509,000) | (1,517,498) | (8,498) |
| Net Expense Advertising Placements | (1,509,000) | (1,517,498) | (8,498) |
| TSE PR109 Social Campaigns Revenue | 8,100 | 6,100 | (2,000) |
| TSE PR106 SHiNE Web Program Revenue | 200,000 | 221,125 | 21,125 |
| TSE PR113 SHiNE Content Support | 40,000 | 127,038 | 87,038 |
| Total Public Relations Revenue | 248,100 | 354,263 | 106,163 |
| TSE PR106 SHiNE Web Program | (1,081,165) | (1,256,839) | (175,674) |
| TSE PR107 Mascot Program | - | (4,829) | (4,829) |
| TSE PR109 Social Campaigns | (35,000) | (28,701) | 6,300 |
| TSE PR112 Public Relations Gen | (11,500) | (807) | 10,693 |
| TSE PR113 SHiNE Content Support | - | - | - |
| TSE PR800 Public Relations Travel | (4,900) | (289) | 4,611 |
| TSE PR950 Public Relations Salary | (1,451,274) | (1,169,174) | 282,100 |
| Total Public Relations Expense | (2,583,839) | (2,460,639) | 123,200 |
| Net Expense Public Relations | (2,335,739) | (2,106,376) | 229,363 |
| Net Expense Brand Strategy | \$ (5,083,848) | \$ (5,089,982) | \$ (6,134) |

**Cooperative Performance and Research Net Income by Project
For the Year Ending December 31, 2025**

| | Budget | Actual | Variance Fav/(unfav) |
|---|-----------------------|---------------------|-------------------------|
| TSE CP101 ACSI Program Revenue | \$ - | \$ 65,900 | \$ 65,900 |
| TSE CP104 EE Print | - | 8,073 | 8,073 |
| TSE CR104 Newsletters (Extra) | - | 1,054 | 1,054 |
| Total Cooperative Performance Revenue | - | 75,027 | 75,027 |
| | | | |
| TSE CP101 ACSI Program | (305,000) | (343,133) | (38,133) |
| TSE CP102 Co-op Difference Survey | (142,000) | (59,725) | 82,275 |
| TSE CP104 EE Print | (18,000) | (15,546) | 2,454 |
| TSE CP117 Software Services | (25,000) | (25,158) | (158) |
| TSE CP118 EE Digital & Website Tools | (71,415) | (35,708) | 35,708 |
| TSE CP120 Electric Vehicle Education | (8,000) | - | 8,000 |
| TSE ES103 EE Workshops | - | - | - |
| TSE ES105 Web/TV Video Library | (18,000) | (14,693) | 3,307 |
| TSE ES123 EE Research | (20,000) | (6,667) | 13,333 |
| TSE CP800 Co-op Performance & Research Travel | (11,895) | (7,004) | 4,891 |
| TSE CP900 CP Pilot Projects | (10,000) | (5,000) | 5,000 |
| TSE CP950 Co-op Performance & Research Salary | (469,566) | (467,818) | 1,748 |
| Total Cooperative Performance Expense | (1,098,876) | (980,451) | 118,425 |
| | | | |
| Net Expense Cooperative Performance and Research | \$ (1,098,876) | \$ (905,424) | \$ 193,452 |

**Cooperative Relations Net Income by Project
For the Year Ending December 31, 2025**

| | Budget | Actual | Variance Fav/(unfav) |
|--|---------------------|---------------------|-------------------------|
| TSE CR102 Promotional Activity Revenue | \$ - | \$ 615 | \$ 615 |
| TSE CR103 Natl Conf Support | - | 10,000 | 10,000 |
| TSE CR106 Member Recruitment/Retention Revenue | 8,989,000 | 8,516,118 | (472,882) |
| TSE CR111 Learning & BE Prog Revenue | 40,000 | 25,190 | (14,810) |
| TSE CR115 Service Project | 15,000 | 12,999 | (2,001) |
| TSE CR116 Service Excellence Revenue | 110,000 | 109,063 | (937) |
| TSE CR120 Balloon Program | 90,000 | 73,885 | (16,115) |
| TSE CR123 Branded Prepaid Credit Cards | 50,000 | - | (50,000) |
| TSE CR900 CR Pilot Projects Revenue | - | 45,404 | 45,404 |
| Total Cooperative Relations Revenue | 9,294,000 | 8,793,273 | (500,727) |
| TSE CR101 NRECA Annual Meeting | (140,000) | (121,354) | 18,646 |
| TSE CR102 Promotional Activity | - | (4,333) | (4,333) |
| TSE CR103 Natl Conf Support | (130,000) | (90,897) | 39,103 |
| TSE CR104 Newsletters (Extra) | - | - | - |
| TSE CR106 Member Recruitment/Retention | - | (7,692) | (7,692) |
| TSE CR111 Learning & BE Prog | (370,000) | (367,803) | 2,197 |
| TSE CR115 Service Project | (20,000) | (14,188) | 5,812 |
| TSE CR116 Service Excellence | (50,000) | (44,368) | 5,632 |
| TSE CR117 Internal/Member Comm | (50,000) | (31,718) | 18,282 |
| TSE CR120 Balloon Program | (107,500) | (121,213) | (13,713) |
| TSE CR121 25th Anniversary | - | - | - |
| TSE CR122 RM Marketing Hub | (30,850) | (33,350) | (2,500) |
| TSE CR123 Branded Prepaid Credit Cards | (30,000) | (10,791) | 19,209 |
| TSE CR800 Travel Cooperative Relations | (65,040) | (44,442) | 20,598 |
| TSE CR900 CR Pilot Projects | - | - | - |
| TSE CR950 Cooperative Relations Salary | (1,174,061) | (1,090,668) | 83,393 |
| Total Cooperative Relations Expense | (2,167,451) | (1,982,816) | 184,635 |
| Net Income Cooperative Relations | \$ 7,126,549 | \$ 6,810,457 | \$ (316,092) |

**Business Development Net Income by Project
For the Year Ending December 31, 2025**

| | Budget | Actual | Variance Fav/(unfav) |
|---|---------------------|---------------------|-------------------------|
| TSE BD101 NEXT Conference Revenue | \$ 580,000 | \$ 607,845 | \$ 27,845 |
| TSE BD104 Co-op Connections Revenue | 15,000 | 9,652 | (5,348) |
| TSE BD124 Customer Outreach | - | 3,605 | 3,605 |
| Total Business Development Revenue | 595,000 | 621,103 | 26,103 |
| | | | |
| TSE BD101 NEXT Conference | (563,706) | (525,360) | 38,346 |
| TSE BD104 Co-op Connections | (90,000) | (93,995) | (3,995) |
| TSE BD118 Key Accts Training | - | - | - |
| TSE BD124 Customer Outreach | (15,000) | (19,305) | (4,305) |
| TSE BD128 Co-op Community | - | (325) | (325) |
| TSE BD800 Travel Business Development | (24,885) | (20,342) | 4,543 |
| TSE BD950 Business Development Salary | (689,979) | (663,792) | 26,187 |
| Total Business Development Expense | (1,383,570) | (1,323,119) | 60,451 |
| | | | |
| Net Expense Business Development | \$ (788,570) | \$ (702,016) | \$ 86,554 |

**Management & Organization Net Income by Project
For the Year Ending December 31, 2025**

| | Budget | | Actual | | Variance Fav/(unfav) |
|--|-----------|------------------|-----------|------------------|-------------------------|
| TSE MS106 Board & Committee | \$ | - | \$ | - | \$ - |
| TSE MS106 Board & Committee | | 230,000 | | 412,337 | 182,337 |
| Total Management & Organization Support Revenue | | 230,000 | | 412,337 | 182,337 |
| | | | | | |
| TSE MS101 Management & Org | | (164,093) | | 1,093,220 | 1,257,313 |
| TSE MS106 Board & Committee | | (82,800) | | (102,488) | (19,688) |
| TSE MS111 NRECA Allocations | | (365,389) | | (1,504,057) | (1,138,668) |
| TSE MS800 Travel Organizational Support | | (20,695) | | (13,540) | 7,155 |
| Total Management & Organization Support Expense | | (632,977) | | (526,865) | 106,112 |
| | | | | | |
| Net Expense Management & Organization Support | \$ | (402,977) | \$ | (114,528) | \$ 288,449 |