POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION

June 30, 2026 and 2025

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INDEPENDENT AUDITORS' REPORT

To the Officers and Board of Directors
Pointe Coupee Electric Membership Corporation

Opinion

We have audited the accompanying financial statements of Pointe Coupee Electric Membership Corporation (a Cooperative), which comprise the balance sheets as of June 30, 2026 and 2025, and the related statements of revenue and patronage capital, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pointe Coupee Electric Membership Corporation as of June 30, 2026 and 2025, and the results of its operations and its 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pointe Coupee Electric Membership Corporation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pointe Coupee Electric Membership Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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

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or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Pointe Coupee Electric Membership Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pointe Coupee Electric Membership Corporation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 24, 2026, on our consideration of Pointe Coupee Electric Membership Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pointe Coupee Electric Membership Corporation's internal control over financial reporting and compliance.



Major, Morrison & David
New Roads, Louisiana
September 24, 2026

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POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
BALANCE SHEETS
As of June 30, 2026 and 2025

ASSETS	2026	2025
ELECTRIC PLANT: (Note 3)		
In Service - at cost	$ 66,217,157	$ 62,344,483
Construction work in progress	2,730,479	9,135,369
	68,947,636	71,479,852
Less: accumulated depreciation	(14,081,854)	(18,501,686)
TOTAL ELECTRIC PLANT	54,865,782	52,978,166
OTHER ASSETS AND INVESTMENTS		
Postretirement benefit asset (Note 15)	3,179,981	2,734,007
Investments in associated organizations, at cost (Note 4)	2,095,522	2,003,910
TOTAL OTHER ASSETS AND INVESTMENTS	5,275,503	4,737,917
CURRENT ASSETS		
Cash and cash equivalents	880,441	315,625
Accounts receivable (less allowance for credit losses of $28,299 in 2026 and $33,096 in 2025)	2,110,262	2,288,845
Accounts receivable - unbilled	3,431,984	3,677,457
Materials and supplies (at average cost)	779,711	678,871
Prepaid expenses	119,152	280,841
Other current and accrued assets	6,959	7,389
TOTAL CURRENT ASSETS	7,328,509	7,249,028
DEFERRED DEBITS (Note 9)	413,255	501,763
	$ 67,883,049	$ 65,466,874

The accompanying notes are an integral part of this statement.

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
BALANCE SHEETS
As of June 30, 2026 and 2025

EQUITIES AND LIABILITIES	2026	2025
EQUITIES:		
Memberships	$ 39,375	$ 39,570
Accumulated other comprehensive income (Note 15)	3,179,981	2,734,007
Patronage capital (Note 7)	20,031,312	18,015,853
TOTAL EQUITIES	23,250,668	20,789,430
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities (Note 5)	38,568,171	29,065,215
Obligations under operating leases - less current portion (Note 8)	382,106	56,590
TOTAL LONG-TERM LIABILITIES	38,950,277	29,121,805
CURRENT LIABILITIES:		
Line of credit - note payable (Note 6)	-	10,875,000
Current maturities of long-term debt (Note 5)	1,390,384	1,424,413
Current portion of obligations under operating leases (Note 8)	179,112	107,083
Accounts payable - purchased power	1,942,488	1,640,727
Accounts payable - other	656,471	384,819
Customer deposits	589,638	607,322
Other current and accrued liabilities	495,572	456,063
TOTAL CURRENT LIABILITIES	5,253,665	15,495,426
DEFERRED CREDITS (Note 10)	428,439	60,213
	$ 67,883,049	$ 65,466,874

The accompanying notes are an integral part of this statement.

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
For the Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING REVENUES	$ 31,695,946	$ 30,184,829
OPERATING EXPENSES:		
Cost of power	17,891,942	18,651,529
Distribution operation	590,134	868,648
Distribution maintenance	3,613,157	3,627,500
Consumer accounts	717,967	695,092
Sales	4,629	6,528
Administrative and general	2,943,829	2,783,766
Depreciation and amortization	1,835,913	1,707,517
Lease expense	216,367	195,483
Taxes	520,089	519,491
TOTAL OPERATING EXPENSES	28,334,027	29,055,554
OPERATING MARGINS BEFORE FIXED CHARGES	3,361,919	1,129,275
FIXED CHARGES:		
Interest on long-term debt (Note 2)	1,616,767	1,638,046
OPERATING MARGINS AFTER FIXED CHARGES	1,745,152	(508,771)
CAPITAL CREDITS	238,334	303,333
NET OPERATING MARGINS	1,983,486	(205,438)
NONOPERATING MARGINS:		
Interest income	49,004	36,945
Other income	1,712	1,901
Other expense	(18,743)	(23,075)
TOTAL NONOPERATING MARGINS	31,973	15,771
NET MARGINS	2,015,459	(189,667)
PATRONAGE CAPITAL - beginning of year	18,015,853	18,205,520
PATRONAGE CAPITAL - end of year	$ 20,031,312	$ 18,015,853

The accompanying notes are an integral part of this statement.

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended June 30, 2026 and 2025

	2026	2025
NET MARGINS	$ 2,015,459	$ (189,667)
OTHER COMPREHENSIVE INCOME		
Recognized actuarial gains/losses, net periodic benefit cost & revaluation for postretirement benefit obligation (Note 15)	445,974	473,705
COMPREHENSIVE INCOME	$ 2,461,433	$ 284,038

The accompanying notes are an integral part of this statement.

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margins	$ 2,015,459	$ (189,667)
Adjustments to reconcile net margins to net cash provided (used) by operating activities:		
Depreciation and amortization	1,906,921	1,761,055
Bad debts	28,784	50,589
(Increase) decrease in:		
Accounts receivable	149,799	(191,609)
Unbilled receivable	245,473	(162,544)
Prepaid expenses	161,688	(181,552)
Materials and supplies	(100,839)	50,719
Deferred debits	88,508	88,509
Right-of-use assets	(175,068)	185,627
Other current and accrued assets	431	(50)
(Decrease) increase in:		
Accounts payable	573,413	162,690
Other current and accrued liabilities	39,509	(1,697)
Deferred credits	368,226	60,213
Total adjustments	3,286,845	1,821,950
Net Cash Provided (Used) by Operating Activities	5,302,304	1,632,283
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in associated organizations	(91,612)	(270,323)
Proceeds from sale of investments	-	-
Construction and acquisition of plant	(3,221,924)	(3,743,611)
Net Cash Provided (Used) by Investing Activities	(3,313,536)	(4,013,934)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	8,250,000	20,500,000
Repayment of line of credit	(19,125,000)	(16,625,000)
Proceeds from long-term debt	10,949,319	383,450
Repayment of long-term debt	(1,480,392)	(2,148,238)
Increase (decrease) in:		
Memberships, net	(195)	(135)
Customer deposits	(17,684)	8,875
Net Cash Provided (Used) by Financing Activities	(1,423,952)	2,118,952
NET INCREASE (DECREASE) IN CASH	564,816	(262,699)
CASH AT BEGINNING OF YEAR	315,625	578,324
CASH AT END OF YEAR	$ 880,441	$ 315,625
Supplemental Disclosures		
Cash Paid During the Year for:		
Interest	$ 1,598,574	$ 1,645,660
Supplemental Noncash Information		
Increase (decrease) in compensated absences	2,850	(2,617)
Decrease (increase) in postretirement benefits	(445,974)	(473,705)

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

A. Organization

Pointe Coupee Electric Membership Corporation (Cooperative) is an electric transmission and distribution cooperative. Its principal business activity is providing electric power to approximately 7,941 member-consumers over three parishes. The Cooperative is subject to the jurisdiction of the Louisiana Public Service Commission (LPSC) for ratemaking regulations.

B. Accounting and Records

The Cooperative maintains its records in accordance with the Uniform System of Accounts, prescribed for electric borrowers of the United States Department of Agriculture Rural Utilities Service (RUS).

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative considers all highly liquid debt instruments purchased with maturity of two months or less to be cash equivalents.

D. Accounts Receivable

Accounts receivable are stated at the amount the Cooperative expects to collect, net of an allowance for credit losses. The Cooperative estimates expected credit losses based on relevant information about past events, current conditions, and reasonable and supportable forecasts, as applicable. Accounts receivable are written off against the allowance when they are determined to be uncollectible.

E. Inventory

Inventory consists of materials and electrical supplies and is stated at average-cost.

F. Utility Plant

Utility plant is stated at original cost net of contributions, which includes applicable supervisory and overhead costs. Expenditures for maintenance and repairs, which do not materially extend the life of assets, are included in operating expenses. Upon retirement or disposition, the recorded cost of depreciable plant and the cost of removal, net of salvage, are charged to accumulated depreciation.

Depreciation is computed using straight-line composite rates based upon the estimated useful lives of the various classes of assets.

G. Investments in Associated Organizations

Investments in capital term certificates, capital credit notes, and capital stock of associated organizations are stated at cost. Investments in patronage capital certificates of associated organizations are accounted for using the cost method plus allocated capital credits, which are assigned to the Cooperative based on its patronage of the associated organizations.

H. Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expense for the years ended June 30, 2026 and 2025, was $2,705 and $1,973, respectively.

I. Income Taxes

The Cooperative is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code, since it receives more than 85% of its income from members. The statute of limitations for the examination of the Cooperative's income tax returns is generally three years from the due date of the tax returns including extensions. The tax Form 990s are prepared on a calendar year basis. The tax years open for assessment are the years ending after December 31, 2022.

J. Revenue

Revenue is recognized based on monthly billings to consumers. The Cooperative accrues revenue related to energy consumed but not yet billed. The Cooperative's rates include a power cost adjustment clause (PCA), which enables the Cooperative to pass through to consumers all fuel charges and non-fuel charges in the cost of power. The Cooperative's rates, including the PCA must be approved by the LPSC, which also retains jurisdiction to review the Cooperative's PCA periodically to ensure that costs comply with their power purchase contracts. In order to match power costs and related revenues, under-collected power costs to be billed to consumers and over-collected power costs to be returned to consumers in subsequent periods are recognized within the unbilled revenue receivable on the balance sheets and as an increase or decrease within the operating revenues on the statements of revenue and patronage capital. As of June 30, 2026 and 2025, the Cooperative had under-collected power costs of $311,731 and $583,798, respectively.

K. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Reclassifications

Certain amounts as previously reported have been reclassified to conform to the June 30, 2026 presentation. The reclassifications had no effect on net margins or patronage capital.

Note 2 - Capitalization of Interest

The Cooperative's policy is to capitalize interest as a component of the cost of property, plant and equipment constructed for its own use with an expected life of a year or more. The following is a schedule of interest components for the years ended June 30, 2026 and 2025:

	2026	2025
Interest capitalized	$ -	$ -
Interest deferred	-	-
Interest charged to operations	1,616,767	1,638,046
Total interest	$ 1,616,767	$ 1,638,046

Note 3 - Utility Plant

The following are the major classes of utility plant as of June 30, 2026 and 2025:

	2026	2025
Transmission plant	$ 6,669,650	$ 6,467,759
Distribution plant	54,388,726	51,470,394
General plant	4,136,609	3,998,070
Right-of-use assets (Note 8)	1,022,172	408,260
Utility plant in service	66,217,157	62,344,483
Construction work in progress	2,730,479	9,135,369
	$ 68,947,636	$ 71,479,852

Depreciation and amortization expense totaling $71,008 and $53,538 for the years ended June 30, 2026 and 2025, respectively, is included in various expense accounts based on allocation of work order costs in accordance with RUS guidelines. Annual average composite rates of depreciation used by the Cooperative during 2026 and 2025 are as follows:

	Percent Per Year
Distribution plant	1.80 – 6.66
Transmission plant	2.75
General plant:	
Structures and improvements	2.00
Transportation equipment	7.00
Communications equipment	5.00
Office furniture and fixtures	4.00
Power-operated equipment	11.00
Other general plant	3.60

Note 4 - Investments in Associated Organizations

Investments in associated organizations consist of the following as of June 30, 2026 and 2025:

	2026	2025
National Rural Utilities Cooperative Finance Corporation:		
Capital Term Certificates	$ 483,105	$ 540,705
Patronage Capital	178,069	175,260
Member Capital Securities	100,000	100,000
Membership Fee	1,000	1,000
Patronage Capital Certificates:		
Association of Louisiana Electric Cooperatives, Inc.	3,641	3,641
Federal Rural Electric Insurance Corporation	369,839	359,196
National Information Solutions Co-op	72,292	76,071
GRESCO – member fee	100	100
GRESCO	122,173	169,371
ERMCO – member fee	100	100
Co-Bank – member fee	1,000	1,000
Co-Bank	25,939	24,326
1803 Electric Cooperative – member fee	10,000	10,000
1803 Electric Cooperative	155,592	77,466
Arkansas Electric	572,672	465,674
	$ 2,095,522	$ 2,003,910

Note 5 - Long-Term Debt

Long-term debt consists of mortgage notes payable to RUS, NRUCFC, Co-Bank, and Federal Financing Bank (FFB). Notes payable to RUS consist of 3.7% to 4.78% mortgage notes payable in monthly and quarterly payments maturing in various years through 2041. Notes payable to NRUCFC consist of a mortgage note payable in quarterly payments bearing fixed interest rates of 7.15% maturing in 2027. Notes payable to Co-Bank consist of a mortgage note payable in monthly payments bearing a fixed interest rate of 5.51% maturing in December 2028. Notes Payable to FFB consist of mortgage notes payable in quarterly payments bearing fixed rates of 1.035% to 5.410% maturing in various years through 2059. It is estimated that principal payments to RUS, NRUCFC, Co-Bank, and FFB in the next twelve months will be approximately $186,153, $52,146, $76,348, and $1,075,737, respectively.

Agreements with mortgage lenders require the Cooperative to maintain minimum financial covenant ratios of Tier and DSC of 1.25 and operating Tier and operating DSC of 1.10 (based on a best 2 of last 3-year average). During the calendar years ended December 31, 2025 and 2024, the Cooperative failed to meet its financial debt covenants. In July 2024, the Cooperative filed an application for an increase of base rates, including a request for interim rate relief, a request for associated Tariff modifications, and a request to establish a formula rate plan with the LPSC in order to improve operating performance and return to compliance with its debt covenants. The interim rate relief was heard and approved by the LPSC on October 16, 2024, and took effect with the October 2024 billing. The base rate increase was heard and approved by the LPSC in March 2025 and took effect with the April 2025 billing.

The following schedule is a summary of outstanding loans as of June 30, 2026 and 2025.

	2026	2025
RUS Notes:		
Fixed interest rate (3.70-4.78%) notes due July 3, 2041	$ 3,734,218	$ 3,910,300
NRUCFC Notes:		
Fixed interest rate (7.15%) notes due March 1, 2027	52,146	150,370
Co-Bank Note:		
Fixed interest rate (5.51%) note due December 20, 2028	4,827,121	4,893,151
FFB Notes:		
Fixed interest rate (1.035 - 5.41%) notes due December 31, 2059	31,345,070	21,535,807
Total	39,958,555	30,489,628
Less: current maturities of long-term debt	1,390,384	1,424,413
Total long-term debt	$ 38,568,171	$ 29,065,215

Substantially all of the Cooperative's utility plant is pledged as collateral under the various mortgage notes. Annual maturities of long-term debt for each of the next five years ending June 30 are as follows:

2027	$ 1,390,384
2028	1,685,053
2029	5,938,225
2030	1,622,666
2031	1,978,286
Thereafter	27,343,941
	$ 39,958,555

On July 30, 2025, the Board of Directors passed a resolution to make an application to RUS pursuant to 7 CFR Part 1710 for a guaranteed FFB loan in the approximate amount of $30,614,000 to be used in accordance with the provisions of CFR Part 1710 to finance construction of its facilities on the basis of its 2024-2028 Construction Work Plan. The financing shall bear a maturity date to cover an approximate period of thirty-four years. It shall also be used to repay a short-term bridge loan borrowed for construction costs incurred prior to having the RUS available funds (see Note 6). During the years ended June 30, 2026 and 2025, the Cooperative borrowed $10,885,000 and $- on the 2024-2028 work plan from RUS, respectively.

On March 28, 2013, the Cooperative’s board of directors passed a resolution to prepay retirement contributions of its retirement security pension plan with National Rural Electric Cooperative Association (NRECA) in the amount of $1,504,604 in order to receive a 25% reduction in their payments along with a guarantee that the contribution rate would not increase for the next two years. The prepayment amount was borrowed from NRUCFC, with approval from RUS as “permitted debt” under the RUS loan contracts and is estimated to result in significant savings over the next twenty years. These loan funds were paid off during a prior fiscal year. The Cooperative is allowed by RUS to amortize the prepayment over a defined period. See Note 9 for the current balance recognized within deferred debits as of June 30, 2026 and 2025, respectively. The NRUCFC loan funds were expended for purposes contemplated in the loan agreement on such loan. No other long-term loan fund advances from NRUCFC were received during the current or prior year.

Note 6 - Lines of Credit

The Cooperative has a line of credit of $2,500,000 with NRUCFC at June 30, 2026 and 2025 at a rate equal to the bank prime rate, plus one percent per annum (currently 5.5%), maturing April 7, 2027. As of June 30, 2026 and 2025, $- and $2,500,000 was owed on the line of credit, respectively. The Cooperative has another line of credit of $8,000,000 with NRUCFC at June 30, 2026 and 2025 at a rate equal to the bank prime rate, plus one percent per annum (currently 5.5%), maturing May 23, 2027. As of June 30, 2026 and 2025, $- and $5,000,000 was owed on the line of credit, respectively. In 2025, the Cooperative had another line of credit of $1,350,000 with NRUCFC at a rate equal to the interest rate for Emergency Lines of Credit published by NRUCFC (5.65% for 2025). As of June 30, 2026 and 2025, $- and $1,350,000 was owed on the line of credit, respectively.

The Cooperative also has a line of credit with Co-Bank in the amount of $3,500,000 for the years ended June 30, 2026 and 2025 at a weekly variable rate set by Co-Bank (currently 5.9%), maturing January 31, 2027. As of June 30, 2026 and 2025, $- and $2,025,000 was owed on this line of credit, respectively.

Note 7 - Patronage Capital

At June 30, 2026 and 2025, patronage capital consisted of:

	2026	2025
Assignable	$ 767,833	$ 302,706
Assigned to date	18,676,216	19,208,062
Non-assignable non-operating	587,263	(1,494,915)
	$ 20,031,312	$ 18,015,853

Under the provisions of the Mortgage Agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of contributed capital is generally limited to twenty-five percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The equities and margins of the Cooperative represent 34% of the total assets at June 30, 2026. No retirements of capital credits occurred in 2026 or 2025.

Note 8 - Leases

The Cooperative has adopted FASB ASC 842 to account for leases. The Cooperative is obligated under leases for 5 trucks that are accounted for as operating leases. At June 30, 2026 and 2025, the amount of right-of-use assets was $1,022,172 and $408,260, respectively. These amounts are included in Electric Plant on the balance sheets. See Note 3. The operating lease liabilities are included on the balance sheets as either short-term or long-term liabilities. Annual lease costs are included on the statements of revenue and patronage capital as lease expense.

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2026	2025
Weighted Average Remaining Lease Term:		
Operating leases	2.39 years	1.0 year
Weighted Average Discount Rate:		
Operating leases	3.26%	5.52%

Maturities of operating lease liabilities as of June 30, 2026 are as follows:

Year Ending June 30,	
2027	$ 221,320
2028	163,584
2029	163,584
2030	40,896
2031	-
Net minimum lease payments	589,384
Less: amount representing interest	28,166
Present value of lease liabilities	$ 561,218

The following summarizes cash flow information related to leases for the years ended June 30:

	2026	2025
Cash paid for amounts included in the measurement of operating lease liabilities	$ 236,532	$ 113,844
Right-of-use assets obtained in exchange for operating lease obligations	613,912	-

Note 9 - Deferred Debits and Other Assets

Following is a summary of amounts recorded as deferred debits as of June 30, 2026 and 2025.

	2026	2025
Disaster-related restoration (see Note 16)	$ 99,057	$ 99,057
Preliminary survey & facility charges	4,419	4,419
RS pension prepayment (see Note 5)	309,780	398,288
	$ 413,255	$ 501,763

Note 10 - Deferred Credits

Following is a summary of amounts recorded as deferred credits as of June 30, 2026 and 2025.

	2026	2025
Emergency reserve fund	$ 428,439	$ 60,213

Note 11 - Pension Plan

The Cooperative participates in the NRECA Retirement Security Plan (RS Plan), which is a multi-employer defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. Unlike a single-employer plan, a multi-employer plan's assets are available to pay benefits of any plan participant and separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer could be used to provide benefits to employees of other participating employers.

The Cooperative makes annual contributions to the plan equal to the amounts accrued for pension expense. Total pension expense in these statements, which represented less than 5% of the total contributions made to the plan by all participating employers, for the years ended June 30, 2026 and 2025, was $636,013 and $661,135, respectively. There were no significant changes that affect the comparability of the 2026 and 2025 contributions.

In the RS Plan, a "zone status" determination is not required and, therefore, not determined under the Pension Protection Act (PPA) of 2006. Additionally, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded at January 1, 2026 and 2025 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 can change as a result of plan experience.

The Cooperative also maintains a 401(k) plan for the benefit of all eligible employees. All employees are eligible to participate after meeting certain service and age requirements and may contribute up to 25% of compensation, with no contributions to be made on the Cooperative's part.

Note 12 – Commitments and Agreements

As of April 1, 2025, the Cooperative is under a wholesale power purchase agreement with NextEra Energy Marketing, LLC ("NEM") through December 31, 2034. In addition, as of June 3, 2026, the Cooperative purchases energy and a 25 MW capacity from Mondu Solar. Mondu Solar operates a 150 MW solar generating resource and is owned by NEM.

Currently, the Cooperative also has an active wholesale power purchase contract with The United States of America represented by the Secretary of Energy acting by and through the Administrator, Southwestern Power Administration ("SWPA") that provides hydroelectric power through May 31, 2032.

A major portion of the Cooperative's workforce is covered by a collective bargaining agreement with the International Brotherhood of Electrical Workers Local 2286. This contract was negotiated for a three-year term beginning January 1, 2026 through December 31, 2028.

Note 13 - Contingency

The Cooperative is not currently involved in any material pending litigation.

Note 14 - Credit Risks

At various times during the year cash deposits with one banking institution exceeded the $250,000 coverage limit of protection offered by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis in order to minimize the potential risk. At June 30, 2026 and 2025, uninsured cash balances totaled $592,180 and $207,726, respectively. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of members comprising the membership base and their dispersion across the geographic area.

Note 15 - Postretirement Benefits Other Than Pensions

The Cooperative has implemented FASB ASC 715-60, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"*, which improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Cooperative sponsors a defined benefit postretirement plan that covers all current employees and directors and provides certain retired and active employees with postretirement health care benefits. The plan provides medical, dental, and vision insurance benefits. The postretirement plan is contributory, with non-eligible Medicare retiree contributions equal to 15% of cost.

The annual measurement date is the end of the fiscal year (FYE) for the postretirement benefits (June 30th). The following table provides further information about the postretirement benefit plan:

	2026	2025
Fair Value of plan assets at June 30	$ 7,713,987	$ 7,152,918
Accumulated Postretirement Benefit Obligation at June 30	(4,534,006)	(4,418,911)
Net Funded (Unfunded) Status at June 30	$ 3,179,981	$ 2,734,007

The funded status is recognized as a noncurrent asset in the accompanying balance sheets.

The following table provides amounts recognized in the statement of financial position as noncurrent assets and accumulated other comprehensive income:

	2026	2025
Noncurrent Assets	$ 3,179,981	$ 2,734,007
Current Liabilities	-	-
Noncurrent Liabilities	-	-
Amounts recognized in the balance sheets	$ 3,179,981	$ 2,734,007

The following table provides the components of net postretirement benefit costs as follows:

	2026	2025
Net Loss (Gain) on Assets	$ (527,959)	$ (346,036)
Service Cost	168,751	165,037
Interest Cost	249,348	230,770
Net Amortization and Deferral	-	-
Net Periodic Postretirement Benefit Cost	$ (109,860)	$ 49,771

Assumptions:

Actuarial Cost Method – The valuation was performed using the Projected Unit Credit Method with the attribution period being the period from the participant's date of hire to the expected retirement date. The employer portion of the actuarial present value for retiree post-retirement benefits in future years is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the discount rate, mortality, and turnover.

Actuarial Value of Plan Assets – Actual market value of the assets.

Long-Term rate of return on Assets – 5.75%

Mortality – The RP-2014H Combined Mortality Table with full generational projection using MP-2021 was used.

Expected Time of Commencement of Benefits – It was assumed that employees retire at the earliest eligibility to receive retiree medical benefits which is the attainment of age 62 and completion of 10 years of service.

Salary Increases – Salary increases are expected to be 4% annually.

Future Cost increase (Trend) Rate – The expected rate of increase in medical cost is based on the Getzen Model, starting at 6.0% annually and reducing to 4.04% by year 2075.

Investment Return Assumption and Discount Rate – The values in the FTSE Pension Liability Index as of the measurement date were used. The applicable discount rates used as of June 30, 2026 and 2025 were 5.70% and 5.58%, respectively.

Plan assets in the amount of $180,000 are expected to be returned to the employer within the next 12-month operating cycle for retiree costs. The Cooperative does not expect to make contributions to the trust during the year ending June 30, 2027.

Estimated benefits expected to be paid over the next five years ending June 30 are as follows:

2027	$	180,000
2028		189,000
2029		198,450
2030		208,373
2031		218,791

Note 16 – Disaster-Related Reimbursements

On October 9, 2020, Hurricane Delta hit Louisiana as a Category 2 hurricane and caused damage and power outages to the Cooperative's electrical system. Eligible reimbursements from FEMA totaled $769,971 at a 90% coverage rate. Actual reimbursements received during the year ending June 30, 2026 and 2025 totaled $57,852 and $-, respectively.

On August 29, 2021, Hurricane Ida hit Louisiana as a Category 4 hurricane and caused damage and power outages to the Cooperative's electrical system. Eligible reimbursements from FEMA totaled $485,327 at a 100% coverage rate and $221,570 at a 90% coverage rate. Actual reimbursements received during the year ending June 30, 2026 and 2025 totaled $80,946 and $29,468, respectively.

Note 17 – Subsequent Events

Management has performed an evaluation of the Cooperative's activities through September 24, 2026, and has concluded that there are no significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on September 24, 2026.

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
SUPPLEMENTAL INFORMATION
JUNE 30, 2026

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended June 30, 2026

AGENCY HEAD NAME: Craig Magruder, General Manager

PURPOSE	**AMOUNT**
Salary	$ -
Benefits - insurance	-
Benefits - retirement	-
	$ -

No compensation, benefits, or other payments were paid to the general manager from public funds received by the Cooperative.

Major, Morrison & David
Certified Public Accountants
QUALITY • INTEGRITY • DEPENDABILITY

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Officers and Board of Directors
Pointe Coupee Electric Membership Corporation
New Roads, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pointe Coupee Electric Membership Corporation (a Cooperative), which comprise the balance sheets as of June 30, 2026 and 2025, and the related statements of revenue and patronage capital, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pointe Coupee Electric Membership Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pointe Coupee Electric Membership Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Pointe Coupee Electric Membership Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, nor detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pointe Coupee Electric Membership Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not

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an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Major, Morrison & David
New Roads, Louisiana
September 24, 2026

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