

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Dakota 35 Burleigh
Capital Electric Cooperative, Inc.
Bismarck, North Dakota

Opinion

We have audited the accompanying financial statements of Capital Electric Cooperative, Inc. (a North Dakota nonprofit cooperative), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, equities, 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 Capital Electric Cooperative, Inc., as of December 31, 2025 and 2024, 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 Capital Electric Cooperative, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Capital Electric Cooperative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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, including omissions, 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 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 Capital Electric Cooperative, Inc.'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 Capital Electric Cooperative, Inc.'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of long-term debt, detailed schedule of deferred debits and deferred credits, and the detailed schedule of investments are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the listing of directors, officers, and managers and statistical information but does not include the financial statements and our auditor's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2026 on our consideration of Capital Electric Cooperative, Inc.'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 solely 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 the effectiveness of Capital Electric Cooperative, Inc.'s 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 Capital Electric Cooperative, Inc.'s internal control over financial reporting and compliance.



BRADY MARTZ
BISMARCK, NORTH DAKOTA

April 24, 2026

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

ASSETS

| | 2025 | 2024 |
|---|----------------|----------------|
| ELECTRIC PLANT | | |
| In service | \$ 164,123,360 | \$ 159,573,107 |
| Construction work in progress | 3,699,875 | 2,667,520 |
| Total electric plant | 167,823,235 | 162,240,627 |
| Less accumulated depreciation | (52,145,069) | (48,412,542) |
| Electric plant - net | 115,678,166 | 113,828,085 |
| OTHER PROPERTY AND INVESTMENTS | | |
| Investment in associated companies | 30,684,054 | 29,303,068 |
| Other investments | 2,260,126 | 258,422 |
| Special funds - deferred compensation | 304,983 | 244,004 |
| Total other property and investments | 33,249,163 | 29,805,494 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 4,754,000 | 1,283,678 |
| Restricted cash and cash equivalents | 376,000 | 676,000 |
| Accounts receivable, less allowance for credit losses of \$28,947 and \$28,500 for 2025 and 2024, respectively | 5,408,222 | 6,512,234 |
| Materials and supplies | 5,600,530 | 5,768,917 |
| Other current assets | 3,118,657 | 210,389 |
| Total current assets | 19,257,409 | 14,451,218 |
| DEFERRED DEBITS | 183,261 | 151,706 |
| Total assets | \$ 168,367,999 | \$ 158,236,503 |

See Notes to the Financial Statements

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
BALANCE SHEETS - CONTINUED
DECEMBER 31, 2025 AND 2024

| EQUITIES AND LIABILITIES | | |
|---|----------------|----------------|
| | 2025 | 2024 |
| EQUITIES | | |
| Patronage capital | \$ 46,381,477 | \$ 45,584,310 |
| Other equities | 15,685,532 | 14,583,866 |
| | 62,067,009 | 60,168,176 |
| LONG-TERM DEBT, LESS CURRENT PORTION | 96,478,740 | 88,921,002 |
| OTHER NONCURRENT LIABILITIES | | |
| Deferred compensation, long term | 304,983 | 244,004 |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | 3,942,045 | 3,390,868 |
| Line of credit | - | 500,000 |
| Accounts payable | 167,592 | 186,150 |
| Accounts payable - purchased power | 2,796,575 | 2,404,094 |
| Customer deposits | 123,210 | 114,212 |
| Taxes accrued | 677,973 | 682,077 |
| Other current liabilities | 773,177 | 690,917 |
| | 8,480,572 | 7,968,318 |
| DEFERRED CREDITS | 1,036,695 | 935,003 |
| Total equities and liabilities | \$ 168,367,999 | \$ 158,236,503 |

See Notes to the Financial Statements

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|--|---------------|---------------|
| OPERATING REVENUES | | |
| Electric | \$ 48,279,938 | \$ 44,791,590 |
| Other | 73,937 | 66,311 |
| Total operating revenues | 48,353,875 | 44,857,901 |
| OPERATING EXPENSES | | |
| Cost of power | 32,324,360 | 28,510,364 |
| Distribution - operation | 1,806,906 | 1,749,340 |
| Distribution - maintenance | 1,663,278 | 1,896,071 |
| Customer accounts | 1,246,387 | 1,204,183 |
| Customer service and informational | 552,629 | 521,252 |
| Sales | 324,752 | 283,496 |
| Administrative and general | 2,402,316 | 2,387,625 |
| Depreciation | 4,554,249 | 4,428,219 |
| Taxes | 355,425 | 357,476 |
| Other | 79,473 | 83,803 |
| Total operating expenses | 45,309,775 | 41,421,829 |
| OPERATING MARGIN BEFORE FIXED CHARGES | 3,044,100 | 3,436,072 |
| FIXED CHARGES | | |
| Interest expense | 2,828,982 | 2,599,270 |
| OPERATING MARGIN AFTER FIXED CHARGES | 215,118 | 836,802 |
| GENERATION AND TRANSMISSION AND OTHER COOPERATIVE CAPITAL CREDITS | 2,357,394 | 2,430,178 |
| NET OPERATING MARGIN | 2,572,512 | 3,266,980 |
| NON-OPERATING MARGINS (LOSSES) | | |
| Merchandising - net | (61,447) | (29,909) |
| Miscellaneous income | 1,313 | 8,544 |
| Interest income | 163,083 | 131,185 |
| Gain (loss) on disposal of assets | 842,189 | 56,460 |
| Total non-operating margins | 945,138 | 166,280 |
| NET MARGINS | \$ 3,517,650 | \$ 3,433,260 |

See Notes to the Financial Statements

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
STATEMENTS OF EQUITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | Patronage Capital | Other Equities | Total |
|---------------------------------------|----------------------|----------------|---------------|
| BALANCE, JANUARY 1, 2024 | \$ 44,105,228 | \$ 14,246,627 | \$ 58,351,855 |
| Net margins | 3,433,260 | - | 3,433,260 |
| Transfer of nonoperating margins | (166,280) | 166,280 | - |
| Capital credits retired, net of gains | (1,787,898) | 258,461 | (1,529,437) |
| Unclaimed capital credits - reissued | - | (87,502) | (87,502) |
| BALANCE, DECEMBER 31, 2024 | 45,584,310 | 14,583,866 | 60,168,176 |
| Net margins | 3,517,650 | - | 3,517,650 |
| Transfer of nonoperating margins | (945,138) | 945,138 | - |
| Transfer of operating loss | 84,882 | (84,882) | - |
| Capital credits retired, net of gains | (1,860,227) | 304,054 | (1,556,173) |
| Unclaimed capital credits - reissued | - | (62,644) | (62,644) |
| BALANCE, DECEMBER 31, 2025 | \$ 46,381,477 | \$ 15,685,532 | \$ 62,067,009 |

See Notes to the Financial Statements

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net margins | \$ 3,517,650 | \$ 3,433,260 |
| Adjustments to reconcile net margins to Net cash provided (used) by operating activities: | | |
| Depreciation | 4,554,249 | 4,428,219 |
| Allocation of G&T and other capital credits | (2,357,394) | (2,430,178) |
| (Gain) loss on sale of plant | (842,189) | (56,460) |
| Net effects on operating cash flows due to changes in: | | |
| Accounts receivable | 1,104,012 | (2,386,248) |
| Other current assets | (2,908,268) | (23,384) |
| Deferred debits | (31,555) | (23,045) |
| Accounts payable | 373,923 | (107,774) |
| Taxes accrued | (4,104) | 5,802 |
| Other current liabilities | 143,239 | 68,174 |
| Deferred credits | 101,692 | 37,166 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 3,651,255 | 2,945,532 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Extension and replacement of plant, net | (6,431,678) | (7,933,560) |
| Proceeds from sale of plant | 869,537 | 57,448 |
| (Increase) decrease in materials and supplies | 168,387 | (1,590,295) |
| Advances of notes receivable | (2,000,000) | - |
| Collections on notes receivable | 11,409 | 10,787 |
| Change in special funds, net | (60,979) | (54,872) |
| Cash received from associated companies and other investments | 963,295 | 993,036 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (6,480,029) | (8,517,456) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 11,500,000 | 15,050,000 |
| Advances (payments) on line of credit | (500,000) | (5,500,000) |
| Principal payments on long-term debt | (3,391,085) | (3,283,296) |
| Retirement of capital credits, net | (1,618,817) | (1,616,939) |
| (Decrease) increase in customer deposits | 8,998 | 55 |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | 5,999,096 | 4,649,820 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 3,170,322 | (922,104) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,959,678 | 2,881,782 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 5,130,000 | \$ 1,959,678 |
| CASH AND CASH EQUIVALENTS CONSISTS OF: | | |
| Cash and cash equivalents | \$ 4,754,000 | \$ 1,283,678 |
| Restricted cash and cash equivalents | 376,000 | 676,000 |
| | \$ 5,130,000 | \$ 1,959,678 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for interest | \$ 1,967,040 | \$ 2,156,345 |

See Notes to the Financial Statements

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Capital Electric Cooperative, Inc. (the Cooperative) is a Touchstone Energy Cooperative located in Bismarck, North Dakota. The Cooperative purchases wholesale electricity and sells it to its member consumers located in Burleigh, Emmons, Kidder, McLean, and Sheridan counties in North Dakota.

Method of Accounting

The Cooperative is subject to the accounting and reporting rules and regulations of Rural Utility Services (RUS). The Cooperative follows the Federal Energy Regulatory Commission's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by RUS.

As a result of the ratemaking process, the Cooperative applies Accounting Standards Codification (ASC) 980 *Regulated Operations*. The application of generally accepted accounting principles by the Cooperative differs in certain respects from the application by non-regulated businesses as a result of applying ASC 980. Such differences generally related to the time at which certain items enter into the determination of net margins in order to follow the principle of matching costs and revenues.

Revenue Recognition

Revenues are primarily from electric sales to members. Electric revenues are recognized over time as electricity is delivered to customers, and include billed components. The billed component is based on the reading of customers' meters, which occurs monthly throughout each reporting period and represents the fair value of the electricity delivered.

Electric revenues are recognized equivalent to the value of the electricity supplied during each period, including amounts billed during each period. The Cooperative has elected to apply the invoice method to measure progress towards completing performance obligations to transfer electricity to their customers.

Power Costs

Monthly billings from the wholesale power supplier for power costs are reflected in the financial statements to the end of the month.

Electric Plant and Retirements

Electric plant is stated at cost less contributions in aid of construction. The cost of additions to electric plant includes contracted work, direct labor and materials and allocable overheads. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement reserve and renewal of items determined to be less than units of property are charged to maintenance expense.

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

Electric Rates

Rates charged to customers are established by the board of directors.

Depreciation

Depreciation is computed using the straight-line method based upon the estimated useful lives of the various classes of property.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Cooperative considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Loss

Accounts receivables are derived from sales to customers and are recorded at the invoice amount, less an allowance for credit losses, which represents the amount expected to be collected as of the balance sheet date. Trade credit is extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

The allowance for credit losses is based on management's expectation of the credit losses expected to arise over the life of the asset as of the balance sheet date (including consideration of prepayments) and is updated to reflect any changes in credit risk as of each subsequent reporting date. The Cooperative estimates its allowance for credit losses starting with an evaluation of historical credit loss write-offs, applied to an analysis of outstanding aged receivables, and updated for current economic conditions, and reasonable and supportable forecasted economic conditions. No significant adjustments to the allowance calculations for current or forecasted economic conditions were made during the current year. Receivables with unusual credit risk characteristics are evaluated individually. All other receivables are considered similar and are evaluated as one portfolio segment. Management's estimate of the allowance for credit losses, as well as the separate amounts of write-offs and recoveries were immaterial with respect to the financial statements as a whole as of December 31, 2025 and 2024.

Receivables are written off as a reduction in the allowance for credit losses when deemed uncollectible. Recoveries of accounts previously written off will be recognized as income in the year of recovery.

Investments

Investments are comprised of the Cooperative's investment in associated and affiliated organizations. The investments are stated at cost plus undistributed allocated equities from other cooperatives and decreased by retirements.

Loans are carried at the original loan amount less principal payments and allowance for credit losses determined by management.

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

Materials and Supplies

The inventory of materials and supplies are used in the repair and replacement of plant and are stated at average cost.

Patronage Capital

The Cooperative operates on a non-profit 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 Cooperative from its operations in excess of costs and expenses may also be allocated to its patrons on a patronage basis to the extent they are not needed to offset current or prior losses, or may be credited to a general unallocated reserve which may be utilized for any other purpose determined in accordance with generally accepted accounting principles, at the discretion of the board.

Pension Costs

The Cooperative's policy is to fund accrued pension costs.

Income Taxes

The Cooperative is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Service Code. The Cooperative files Federal Form 990T for its unrelated business taxable income (UBIT).

The Cooperative's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence.

Sales and Similar Taxes

The Cooperative has customers in which those governmental units impose a sales tax on certain sales. The Cooperative collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Cooperative is subject to a state tax of \$0.80 per MWH sold. This amount is due subsequent to year end and is accrued as a liability on the financial statements. Sales and use taxes on the Cooperative's purchases were expensed with the cost of the item purchased.

Advertising Costs

Advertising and promotional costs are expensed as incurred.

Use of Estimates

The presentation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 ELECTRIC PLANT AND DEPRECIATION

Listed below are the major classes of the electric plant as of December 31, 2025 and 2024:

| | 2025 | | 2024 | |
|-------------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Plant | Depreciation Rates | Plant | Depreciation Rates |
| Distribution plant | \$ 141,141,496 | 2.0% - 6.67% | \$ 136,511,189 | 2.0% - 6.67% |
| General plant | 22,981,864 | 5.0% - 25.0% | 23,061,918 | 5.0% - 25.0% |
| Electric plant in service | 164,123,360 | | 159,573,107 | |
| Construction work in progress | 3,699,875 | | 2,667,520 | |
| Total | <u>\$ 167,823,235</u> | | <u>\$ 162,240,627</u> | |

NOTE 3 INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies as of December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Memberships | \$ 2,755 | \$ 2,755 |
| Patronage Capital Credits: | | |
| Basin Electric Power Cooperative | 2,572,879 | 3,207,773 |
| Central Power | 26,145,599 | 24,176,033 |
| CFC | 153,879 | 161,069 |
| NISC | 147,370 | 148,573 |
| RESCO | 808,938 | 768,721 |
| CoBank | 432,924 | 418,434 |
| National Rural Utilities Cooperative Finance Corporation: | | |
| Subscription capital term certificates - 5% due | | |
| 10/1/2075 | 23,091 | 23,091 |
| 10/1/2080 | 70,141 | 70,141 |
| 10/1/2085 | 103,988 | 103,988 |
| 10/1/2090 | 188,757 | 188,757 |
| Subscription capital term certificates - 3% due | | |
| 10/1/2030 | 31,255 | 31,255 |
| Zero term certificates - non-interest bearing | | |
| 1/1/2031 | 2,478 | 2,478 |
| Totals | <u>\$ 30,684,054</u> | <u>\$ 29,303,068</u> |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

NOTE 4 OTHER INVESTMENTS

Other investments as of December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|--------------|------------|
| Patronage capital credits from non-profit service organizations | \$ 68,193 | \$ 70,734 |
| Energy Resource Conservation | 15,498 | 26,907 |
| Bismarck Industries, Inc. | 3,000 | 3,000 |
| Federated Rural Electric Insurance | 173,435 | 157,781 |
| Two Track Malting Loan 0% interest, payments starting 2/28/26 and continuing to 2/28/35 | 2,000,000 | - |
| Totals | \$ 2,260,126 | \$ 258,422 |

NOTE 5 RESTRICTED CASH AND INVESTMENTS

The Cooperative holds investments restricted for revenue deferrals with CFC and Basin Electric Power Cooperative. Investments with original maturity dates of less than three months are shown as restricted cash and those with original maturity dates greater than three months are shown as restricted investments for purposes of the statement of cash flows.

For the years ended December 31, 2025 and December 31, 2024, the Cooperative had restricted cash of \$376,000 and \$676,000, respectively. The use of these funds are restricted by the revenue deferral plan approved by RUS (Note 6).

NOTE 6 REVENUE DEFERRAL

During previous years, the Cooperative established a revenue deferral plan approved by RUS. The deferral plan has been amended and approved by RUS several times, most recently during 2024 in which the Cooperative is required to recognize deferred revenue through 2026 not to exceed \$3,500,000. As of December 31, 2025 and December 31, 2024, the Cooperative had a deferred balance of \$376,000 and \$676,000, respectively, which is properly segregated as restricted cash on the balance sheets (Note 5).

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

NOTE 7 PATRONAGE CAPITAL

Components of patronage capital at December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|------------------|---------------|---------------|
| Assignable | \$ 3,432,768 | \$ 3,433,260 |
| Assigned to date | 80,363,213 | 78,005,327 |
| Deferred revenue | (376,000) | (676,000) |
| Total | 83,419,981 | 80,762,587 |
| Retired to date | (37,038,504) | (35,178,277) |
| | \$ 46,381,477 | \$ 45,584,310 |

Under the provisions of the long-term debt agreements with RUS, until the total of equities and margins equals or exceeds 30 percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to 25 percent of the patronage capital or margins received by the cooperative in the immediately preceding year. During 2025 and 2024, the Cooperative's capital exceeded 30% of total assets.

NOTE 8 OTHER EQUITIES

Other equities as of December 31, 2025 and 2024 consist of:

| | 2025 | 2024 |
|--------------------------------------|---------------|---------------|
| Unallocated margins - nonoperating | \$ 15,440,315 | \$ 14,495,177 |
| Unallocated losses - operating | (2,258,882) | (2,174,000) |
| Retired capital credits - gain | 1,209,534 | 1,072,305 |
| Retired capital credits - discounted | 1,274,955 | 1,170,774 |
| Donated capital | 19,610 | 19,610 |
| | \$ 15,685,532 | \$ 14,583,866 |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

NOTE 9 LONG-TERM DEBT

Long-term debt as of December 31, 2025 and 2024 consists of the following:

| | 2025 | 2024 |
|---|---------------|---------------|
| Federal Financing Bank (FFB) mortgage notes 1.011% - 3.826% due in quarterly installments through December 2054 | \$ 69,617,678 | \$ 72,248,621 |
| Rural Electric and Telephone (RUS) notes 3.44% - 4.34% due in monthly installments through November 2058 | 24,496,622 | 15,050,000 |
| National Rural Utilities Cooperative Finance Corporation (CFC) notes Fixed and variable interest rates from 3.33% - 4.90% due in quarterly installments through September 2030 | 641,063 | 800,377 |
| Cooperative Bank (CoBank) notes Fixed interest rates from 3.555% - 4.050% due in monthly installments through September 2034 | 3,665,422 | 4,202,564 |
| City of Bismarck Special Assessments Fixed interest rates from 3.832% - 4.220% due annually through 2026 | - | 10,308 |
| Rural Economic Development Loan (USDA) 0% interest rate due in monthly installments through 2/28/2035 | 2,000,000 | - |
| | 100,420,785 | 92,311,870 |
| Less current portion | 3,942,045 | 3,390,868 |
| Total long-term portion | \$ 96,478,740 | \$ 88,921,002 |

Substantially all assets are pledged as collateral on long-term debt payable to Federal Financial Bank (FFB), the National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank.

It is estimated that principal payments on the above debt for the next five years will be as follows:

| | FFB/RUS | CFC | CoBank | REDL | Total |
|------------|--------------|------------|----------------------|------------|----------------|
| 2026 | \$ 3,029,283 | \$ 166,233 | \$ 561,339 | \$ 185,190 | \$ 3,942,045 |
| 2027 | 3,059,978 | 141,783 | 586,639 | 222,228 | 4,010,628 |
| 2028 | 3,101,361 | 116,058 | 432,559 | 222,228 | 3,872,206 |
| 2029 | 3,139,737 | 121,758 | 406,781 | 222,228 | 3,890,504 |
| 2030 | 3,175,601 | 95,231 | 410,298 | 222,228 | 3,903,358 |
| Thereafter | 78,608,340 | - | 1,267,806 | 925,898 | 80,802,044 |
| | | | Total Long-Term Debt | | \$ 100,420,785 |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

All loan funds advanced by FFB and CFC are deposited in a special trust bank account, the disbursements from which are restricted by the provisions of the loan agreement for purposes approved by RUS.

The terms of the loan agreements contain certain financial covenants, of which the Cooperative was in compliance with as of December 31, 2025 and 2024.

The security agreement (mortgage) restricts the Cooperative's debt limit to \$110,000,000.

NOTE 10 LINE OF CREDIT

A perpetual line of credit agreement has been executed with NRUCFC providing the Cooperative with available short-term loans in the total amount of \$1,000,000 on a revolving basis. Interest on unpaid principal is payable quarterly. The rate as of December 31, 2025 and 2024 was 7.25%. No advances on this line of credit were outstanding as of December 31, 2025 and 2024.

A line of credit agreement was executed with CoBank providing the Cooperative with a maximum borrowing capacity of \$3,000,000 for the years ended December 31, 2025 and 2024. Interest on unpaid principal is variable and payable quarterly. The rate as of December 31, 2025 and December 31, 2024 was 5.77% and 6.39%, respectively. As of December 31, 2025, there were no advances on this line of credit. As of December 31, 2024, advances on this line of credit totaled \$500,000.

NOTE 11 REVENUES FROM CONTRACTS WITH CUSTOMERS

The revenues of the Cooperative are primarily derived from providing retail electric service to its members. Revenues from contracts with customers represent over 95% of all Cooperative revenues for the years ended December 31, 2025 and 2024. Below is a disaggregated view of the Cooperative's revenues from contracts with customers as well as other revenues, including their location on the statement of operations.

| <u>Revenue Streams</u> | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Member electric sales - rural | \$ 16,656,335 | \$ 15,075,556 |
| Member electric sales - urban | 16,259,701 | 14,110,293 |
| Member electric sales - wells | 445,513 | 428,671 |
| Member electric sales - irrigation | 167,644 | 139,830 |
| Member electric sales - small commercial & industrial | 4,465,433 | 4,802,616 |
| Member electric sales - urban commercial & industrial | 8,852,411 | 9,439,478 |
| Member electric sales - large commercial & industrial | 882,005 | 525,498 |
| Member electric sales - other | 550,896 | 269,648 |
| Total revenues from contracts with customers | <u>\$ 48,279,938</u> | <u>\$ 44,791,590</u> |
| | | |
| Timing of Revenue Recognition | | |
| <u>Services transferred over time</u> | <u>\$ 48,279,938</u> | <u>\$ 44,791,590</u> |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

Electric Revenue

Electric revenues consist of retail electric power sales to members, who are located within the Cooperative's defined service territory, through the membership agreement and cooperative bylaws. All of the electric revenue meets the criteria to be classified as revenue from contracts with customers and are recognized over time as energy is delivered. Revenue is recognized based on the metered quantity of electricity delivered at the applicable board approved rates.

For the year ended December 31, 2025, the Cooperative recognized member electric revenue previously deferred under regulatory accounting (Note 6) of \$300,000.

Contract Assets – Customer Receivables

The Cooperative had accounts receivable from contracts with customers net of allowance for credit losses of \$5,408,222 and \$6,512,234 on December 31, 2025 and 2024, respectively. As of January 1, 2024, the Cooperative had accounts receivable from contracts with customers net of allowance for credit losses of \$4,125,986.

Contract Liabilities – Customer Deposits and Prepayments

The Cooperative had customer deposits and prepayments of \$783,905 and \$373,215 on December 31, 2025 and 2024, respectively. As of January 1, 2024, the Cooperative had customer deposits and prepayments of \$335,994.

NOTE 12 COMMITMENTS

Wholesale Power Contracts

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from Central Power Electric Cooperative of Minot, North Dakota through December 31, 2075. The rate paid by the Cooperative under the contract is subject to review by the seller at such intervals as it deems appropriate.

Concentration of Sources of Labor

At December 31, 2025, the Cooperative had approximately 39% of its employees covered by a collective bargaining agreement. The collective bargaining agreement expires on October 31, 2027, at such time negotiations will take place.

Loan Guarantee

The Cooperative has guaranteed debt up to \$180,000 on behalf of the North Dakota Association of Rural Electric Cooperatives (NDAREC or "Statewide") pursuant to a \$7,000,000 nonrevolving line of credit between Statewide and CFC.

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

NOTE 13 EMPLOYEE BENEFIT PLAN

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer 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 multi-employer 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.

Capital Electric Cooperative, Inc. contributions to the RS Plan in 2025 and 2024 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. Capital Electric Cooperative, Inc. made contributions to the RS Plan of \$825,824 in 2025 and \$833,925 in 2024. There have been no significant changes that affect the comparability in 2025 and 2024.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection 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 RS Plan was over 80 percent funded on January 1, 2025 and January 1, 2024 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.

Savings Plan

In addition to the previously mentioned retirement plan, employees of the Cooperative are eligible for a 401(k) savings plan. This plan is offered through NRECA. The Cooperative makes matching contributions up to 4 percent of each employee's base wages in this plan. Employees hired after January 1, 2019 receive an additional 4 percent nonelective contribution. The Cooperative's contributions for the years ended December 31, 2025 and 2024 were \$203,109 and \$180,753, respectively.

NOTE 14 CONCENTRATION OF CREDIT RISK

The Cooperative provides electrical service on account to its members which are located primarily in Burleigh County.

The Cooperative maintains its cash in bank deposit accounts which, at times, may exceed federal insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Cooperative has not experienced any losses in such accounts nor does the Cooperative believe it is exposed to any significant credit risk on cash accounts.

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2025 AND 2024

NOTE 15 RELATED PARTY TRANSACTIONS

The Cooperative is a member of and purchases its wholesale power from Central Power Electric Cooperative, Inc. The following is a summary of the transactions with Central Power for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---------------|---------------|
| Purchases of wholesale power | \$ 32,324,360 | \$ 28,510,364 |
| Accounts payable at December 31 | 2,796,575 | 2,404,094 |
| Capital credit allocation received | 2,091,088 | 1,789,303 |
| Capital credit cash payments | 121,522 | 106,495 |
| Accumulated investment in patronage capital credits | 26,145,599 | 24,176,033 |

The Cooperative purchased power from Basin Electric Power Cooperative, Inc. in the past, and still has remaining investment in patronage capital credits outstanding. The Cooperative received cash patronage payments of \$634,894 and \$584,807 during the years ended December 31, 2025 and 2024, respectively. The remaining investment in Basin Electric Power Cooperative, Inc. was \$2,572,879 and \$3,207,773 as of December 31, 2025 and 2024, respectively.

NOTE 16 ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

It is the opinion of management that the Cooperative has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Cooperative are subject to examination by the IRS, generally for three years after they were filed. All required filings are current.

NOTE 17 CONTINGENCIES

The Cooperative filed amended 941Xs during 2023 to claim Employee Retention Credits (ERC). As of the audit report, amounts claimed on the amended tax returns have not been remitted to the Cooperative. Due to the subjective nature of the qualification criteria, should the refund be received, the amounts will be recorded as a contingent liability and included with deferred credits on the balance sheet as the Cooperative may be obligated to repay the credits if audited by the IRS. This liability will remain on the Cooperative's balance sheet until either the IRS audits and upholds the filing, denies the claim and amounts are returned or the statute of limitations expire. The Cooperative could be responsible for fines, penalties, and interest if the credits are denied upon IRS audit.

NOTE 18 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Cooperative's year end. Subsequent events have been evaluated through April 24, 2026, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
LISTING OF DIRECTORS, OFFICERS AND MANAGER (UNAUDITED)
DECEMBER 31, 2025

Directors

| Name | Address | Business |
|-----------------|------------------------|-------------------------------------|
| Deon Vilhauer | Bismarck, North Dakota | North Dakota D.O.T. Pilot |
| Whitford Dwyer | Bismarck, North Dakota | Military (Retired) |
| Luke Ellenbaun | Bismarck, North Dakota | Mechanical Engineer/Project Manager |
| Bret Weiland | Bismarck, North Dakota | CDL Truck Driver |
| Kyle Tschosik | Bismarck, North Dakota | Great River Energy (Retired) |
| David Charles | Bismarck, North Dakota | Electrical Engineer (Retired) |
| Sara Vollmer | Wing, North Dakota | Dean of Continuing Education / BSC |
| Dwight Wrangham | Bismarck, North Dakota | Legislator (Retired) |
| Greg Dehne | Bismarck, North Dakota | Falkirk Mining Company (Retired) |

Officers and Manager

| | |
|---------------|-------------------------------|
| Deon Vilhauer | President |
| Sara Volmer | Vice-President |
| Kyle Tschosik | Secretary-Treasurer |
| Greg Dehne | Assistant Secretary-Treasurer |
| Paul Fitterer | General Manager |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
SCHEDULE OF LONG-TERM DEBT
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| Note | Interest Rate | Maturity Date | Principal Amount | Principal Payments | Net Obligation | |
|-------------------------------|---------------|------------------|-------------------|--------------------|-------------------|-------------------|
| | | | | | 2025 | 2024 |
| Federal Financing Bank | | | | | | |
| FFB-3-1 | 1.877% | 01/03/45 | \$ 1,000,000 | \$ 373,626 | \$ 626,374 | \$ 653,569 |
| FFB-3-2 | 1.877% | 01/03/45 | 1,000,000 | 373,626 | 626,374 | 653,569 |
| FFB-3-3 | 2.917% | 01/03/45 | 2,000,000 | 617,932 | 1,382,068 | 1,435,787 |
| FFB-3-4 | 2.758% | 01/03/45 | 2,000,000 | 629,284 | 1,370,716 | 1,424,910 |
| FFB-3-5 | 2.357% | 01/03/45 | 2,000,000 | 649,398 | 1,350,602 | 1,406,340 |
| FFB-3-6 | 2.292% | 01/03/45 | 2,000,000 | 661,139 | 1,338,861 | 1,394,497 |
| FFB-3-7 | 2.292% | 01/03/45 | 2,500,000 | 813,472 | 1,686,528 | 1,756,612 |
| FFB-3-8 | 3.541% | 01/03/45 | 2,500,000 | 671,920 | 1,828,080 | 1,894,473 |
| FFB-4-1 | 2.342% | 12/31/47 | 1,000,000 | 240,653 | 759,347 | 785,448 |
| FFB-4-2 | 3.020% | 12/31/47 | 1,000,000 | 220,384 | 779,616 | 804,240 |
| FFB-4-3 | 2.189% | 12/31/47 | 2,000,000 | 490,736 | 1,509,264 | 1,562,132 |
| FFB-4-4 | 1.927% | 12/31/47 | 1,000,000 | 257,930 | 742,070 | 768,911 |
| FFB-4-5 | 2.627% | 12/31/47 | 1,000,000 | 232,007 | 767,993 | 793,474 |
| FFB-4-6 | 1.927% | 12/31/47 | 1,000,000 | 263,702 | 736,298 | 762,931 |
| FFB-4-7 | 2.703% | 12/31/47 | 1,000,000 | 233,018 | 766,982 | 792,190 |
| FFB-4-8 | 2.298% | 12/31/47 | 2,000,000 | 459,571 | 1,540,429 | 1,593,668 |
| FFB-4-9 | 1.927% | 12/31/47 | 1,000,000 | 240,641 | 759,359 | 786,826 |
| FFB-4-10 | 1.959% | 12/31/47 | 1,000,000 | 235,373 | 764,627 | 792,177 |
| FFB-4-11 | 2.543% | 12/31/47 | 2,000,000 | 580,645 | 1,419,355 | 1,483,871 |
| FFB-4-12 | 2.774% | 12/31/47 | 1,700,000 | 493,548 | 1,206,452 | 1,261,290 |
| FFB-4-13 | 2.758% | 12/31/47 | 2,000,000 | 569,106 | 1,430,894 | 1,495,935 |
| FFB-4-14 | 2.716% | 12/31/47 | 2,000,000 | 557,377 | 1,442,623 | 1,508,197 |
| FFB-4-15 | 2.549% | 12/31/47 | 2,000,000 | 533,333 | 1,466,667 | 1,533,333 |
| FFB-4-16 | 2.942% | 12/31/47 | 3,000,000 | 781,512 | 2,218,488 | 2,319,328 |
| FFB-4-17 | 3.029% | 12/31/47 | 3,000,000 | 762,712 | 2,237,288 | 2,338,983 |
| FFB-4-18 | 2.996% | 12/31/47 | 3,300,000 | 817,949 | 2,482,051 | 2,594,872 |
| FFB-5-1 | 3.033% | 12/31/52 | 2,000,000 | 351,145 | 1,648,855 | 1,709,924 |
| FFB-5-2 | 2.696% | 12/31/52 | 2,000,000 | 351,145 | 1,648,855 | 1,709,924 |
| FFB-5-3 | 1.922% | 12/31/52 | 2,000,000 | 351,145 | 1,648,855 | 1,709,924 |
| FFB-5-4 | 2.165% | 12/31/52 | 4,800,000 | 842,748 | 3,957,252 | 4,103,817 |
| FFB-5-5 | 1.171% | 12/31/52 | 4,480,000 | 786,565 | 3,693,435 | 3,830,229 |
| FFB-5-6 | 2.522% | 12/31/52 | 2,000,000 | 184,124 | 1,815,876 | 1,862,286 |
| FFB-5-7 | 2.228% | 12/31/52 | 5,000,000 | 609,756 | 4,390,244 | 4,552,845 |
| FFB-5-8 | 2.957% | 12/31/52 | 6,000,000 | 688,525 | 5,311,475 | 5,508,196 |
| FFB-5-9 | 3.826% | 03/31/34 | 1,720,000 | 82,528 | 1,637,472 | 1,671,548 |
| FFB-6-1 | 1.011% | 12/31/54 | 4,000,000 | 458,015 | 3,541,985 | 3,664,121 |
| FFB-6-2 | 1.451% | 12/31/54 | 2,000,000 | 229,008 | 1,770,992 | 1,832,061 |
| FFB-6-3 | 1.965% | 12/31/54 | 2,000,000 | 229,008 | 1,770,992 | 1,832,061 |
| FFB-6-4 | 1.746% | 12/31/54 | 2,000,000 | 229,008 | 1,770,992 | 1,832,061 |
| FFB-6-5 | 1.713% | 12/31/54 | 2,000,000 | 229,008 | 1,770,992 | 1,832,061 |
| | | Total FFB | 88,000,000 | 18,382,322 | 69,617,678 | 72,248,621 |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
SCHEDULE OF LONG-TERM DEBT - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| Note | Interest Rate | Maturity Date | Principal Amount | Principal Payments | Net Obligation | |
|--|---------------|---------------|------------------|--------------------|----------------|---------------|
| | | | | | 2025 | 2024 |
| Rural Electric And Telephone | | | | | | |
| RET-27-1 | 4.140% | 11/01/58 | \$ 5,100,000 | \$ 6,524 | \$ 5,093,476 | \$ 5,100,000 |
| RET-27-2 | 4.220% | 11/01/58 | 2,450,000 | 5,681 | 2,444,319 | 2,450,000 |
| RET-27-3 | 4.340% | 11/01/58 | 4,500,000 | 10,181 | 4,489,819 | 4,500,000 |
| RET-27-4 | 3.440% | 11/01/58 | 3,000,000 | 8,132 | 2,991,868 | 3,000,000 |
| RET-27-5 | 4.430% | 11/01/58 | 3,500,000 | 7,774 | 3,492,226 | - |
| RET-27-6 | 3.960% | 11/01/58 | 2,000,000 | 4,888 | 1,995,112 | - |
| RET-27-7 | 3.840% | 11/01/58 | 2,000,000 | 5,007 | 1,994,993 | - |
| RET-27-8 | 3.660% | 11/01/58 | 2,000,000 | 5,191 | 1,994,809 | - |
| | | Total RET | 24,550,000 | 53,378 | 24,496,622 | 15,050,000 |
| CFC | | | | | | |
| 9004001 | 3.330% | 06/30/27 | 1,063,542 | 971,596 | 91,946 | 150,751 |
| 9005001 | 4.750% | 09/30/30 | 1,100,000 | 820,863 | 279,137 | 330,339 |
| 9005002 | 4.900% | 09/30/30 | 1,060,000 | 790,020 | 269,980 | 319,287 |
| | | Total CFC | 3,223,542 | 2,582,479 | 641,063 | 800,377 |
| CoBank | | | | | | |
| 2640067 | 4.050% | 09/20/34 | 5,309,937 | 2,624,606 | 2,685,331 | 2,936,057 |
| 2908142 | 3.555% | 11/20/30 | 3,393,541 | 2,413,450 | 980,091 | 1,266,507 |
| | | Total CoBank | 8,703,478 | 5,038,056 | 3,665,422 | 4,202,564 |
| Special Assessments | | | | | | |
| Various | Various | Various | - | - | - | 10,308 |
| Rural Economic Development Loan | | | | | | |
| 06 | 0.000% | 02/28/35 | 2,000,000 | - | 2,000,000 | - |
| Total Long-Term Debt | | | \$ 126,477,020 | \$ 26,056,235 | 100,420,785 | 92,311,870 |
| Less Current Maturities | | | | | 3,942,045 | 3,390,868 |
| Total Long-Term Portion | | | | | \$ 96,478,740 | \$ 88,921,002 |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
DETAILED SCHEDULE OF DEFERRED DEBITS AND DEFERRED CREDITS
DECEMBER 31, 2025

| | | |
|------------------------|---------------------|---------------------------|
| Deferred Debits | | |
| Deferred survey costs | \$ 99,195 | RUS Approval Not Required |
| Other deferred costs | 80,769 | RUS Approval Not Required |
| Deferred work plan | <u>3,297</u> | RUS Approval Not Required |
| Total deferred debits | <u>\$ 183,261</u> | |
| Deferred Credits | | |
| RUS revenue deferrals | \$ 376,000 | RUS Approved |
| Customer prepayments | <u>660,695</u> | RUS Approval Not Required |
| Total deferred credits | <u>\$ 1,036,695</u> | |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
DETAILED SCHEDULE OF INVESTMENTS
DECEMBER 31, 2025**

| | |
|---|-----------------|
| Bismarck Industries, Inc. (cost method) | |
| 6 shares of common stock (less than 1%) | <u>\$ 3,000</u> |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.
STATISTICAL INFORMATION (UNAUDITED)
DECEMBER 31, 2025**

| | 2024 CFC Borrowers Statistical Profile Median Values | | | Capital Electric Cooperative, Inc. Years Ended December 31 | | | |
|-----|--|-------|---------------------------------|--|-------|-------|-------|
| | U.S. | N.D. | Power Supplier Peer Group | 2025 | 2024 | 2023 | |
| | | | | | | | |
| 1. | Times Interest Earned Ratio (TIER) | 2.60 | 2.84 | 2.60 | 2.24 | 2.32 | 2.36 |
| 2. | Average TIER | 2.89 | 3.64 | 3.21 | 2.28 | 2.34 | 3.21 |
| 3. | Operating TIER (OTIER) | 1.92 | 1.88 | 1.73 | 1.32 | 1.61 | 1.25 |
| 4. | Average OTIER | 2.22 | 2.14 | 1.85 | 1.47 | 1.43 | 1.35 |
| 5. | Debt Service Coverage (DSC) | 2.07 | 1.99 | 1.91 | 1.75 | 1.78 | 1.72 |
| 6. | Average DSC | 2.19 | 2.15 | 2.15 | 1.77 | 1.75 | 2.09 |
| 7. | Operating DSC (ODSC) | 1.78 | 1.70 | 1.50 | 1.30 | 1.32 | 1.25 |
| 8. | Average ODSC | 1.89 | 1.74 | 1.64 | 1.31 | 1.29 | 1.32 |
| 9. | Average Interest Rate | 3.76 | 3.03 | 3.05 | 2.13 | 2.22 | 2.78 |
| 10. | Plant Revenue Ratio | 7.35 | 9.36 | 9.72 | 10.47 | 9.92 | 11.27 |
| 11. | Equity Ratio | 44.51 | 42.12 | 38.45 | 36.86 | 38.02 | 38.86 |
| 12. | Debt Ratio | 42.88 | 47.90 | 49.49 | 57.30 | 56.19 | 51.44 |
| 13. | General Funds / Total Plant | 3.15 | 5.39 | 3.94 | 3.31 | 1.47 | 2.10 |
| 14. | Current Ratio | 4.75 | 4.56 | 4.47 | 2.27 | 1.81 | 0.84 |
| 15. | Rate of Return | 5.79 | 5.86 | 5.86 | 5.67 | 5.71 | 5.31 |
| 16. | Patronage Capital Retired / Prior Years Margins | 29.99 | 31.34 | 36.15 | 44.29 | 43.56 | 43.09 |

**NORTH DAKOTA 35 BURLEIGH
CAPITAL ELECTRIC COOPERATIVE, INC.**
STATISTICAL INFORMATION (UNAUDITED) - CONTINUED
DECEMBER 31, 2025

| | 2024 CFC Borrowers Statistical Profile Median Values | | | Capital Electric Cooperative, Inc. Years Ended December 31 | | |
|--|--|-----------|---------------------------------|--|-----------|-----------|
| | U.S. | N.D. | Power Supplier Peer Group | 2025 | 2024 | 2023 |
| | | | | | | |
| 17. Total Customers (Average Number Receiving Service) | 15,317 | 11,152 | 9,788 | 22,617 | 22,526 | 22,225 |
| 18. Customers / Mile | 6.40 | 2.52 | 2.32 | 7.42 | 8.00 | 7.93 |
| 19. Plant Investment / Customer | \$ 8,191 | \$ 15,091 | \$ 13,618 | \$ 7,420 | \$ 7,202 | \$ 7,064 |
| 20. Total Margins / Customer | \$ 195.47 | \$ 401.39 | \$ 328.19 | \$ 155.53 | \$ 152.41 | \$ 139.31 |
| 21. Customer Accounts Expense / Customer | \$ 61.20 | \$ 60.89 | \$ 68.68 | \$ 55.11 | \$ 53.46 | \$ 45.09 |
| 22. Administrative and General Expense / Customer | \$ 183.81 | \$ 251.35 | \$ 188.62 | \$ 106.22 | \$ 105.99 | \$ 99.77 |
| 23. Operations and Maintenance / \$1,000 Plant (Excludes Plant Leased to Others) | \$ 41.31 | \$ 28.65 | \$ 25.38 | \$ 20.68 | \$ 22.47 | \$ 20.38 |
| 24. Plant / Mile | \$ 49,703 | \$ 33,371 | \$ 32,493 | \$ 55,024 | \$ 57,634 | \$ 56,049 |
| 25. Accumulated Depreciation / Total Plant | 34.13 | 31.69 | 29.23 | 31.77 | 30.34 | 30.79 |
| 26. Revenue / KWH Sold (Mills) | 128.33 | 107.78 | 103.93 | 120.55 | 116.19 | 110.38 |
| 27. Power Cost / KWH Sold (Mills) | 76.37 | 62.91 | 64.88 | 80.58 | 73.85 | 74.79 |
| 28. Power Cost / Revenue | 58.32 | 62.73 | 64.26 | 66.85 | 63.56 | 67.76 |
| 29. System Loss % | 4.75% | 3.96% | 3.29% | 3.63% | 3.79% | 3.63% |

INDEPENDENT AUDITOR'S 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

Board of Directors
North Dakota 35 Burleigh
Capital Electric Cooperative, Inc.
Bismarck, North Dakota

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 Capital Electric Cooperative, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of operations, equities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Electric Cooperative, Inc.'s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Electric Cooperative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Capital Electric Cooperative, Inc.'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, or 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Electric Cooperative, Inc.'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 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.



BRADY MARTZ
BISMARCK, NORTH DAKOTA

April 24, 2026