

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

PIMA, ARIZONA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025, 2024 AND 2023

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

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PIMA, ARIZONA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025, 2024 AND 2023**

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Graham County Electric Cooperative Foundation, Inc.
Pima, Arizona

Opinion

We have audited the accompanying financial statements of Graham County Electric Cooperative Foundation, Inc., which comprise the statements of financial position as of September 30, 2025, 2024, and 2023, and the related statements of activities 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 Graham County Electric Cooperative Foundation, Inc. as of September 30, 2025, 2024, and 2023, and the changes in net assets 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 (GAAS). 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 Graham County Electric Cooperative Foundation, Inc. (the Foundation) 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.

Management's Responsibility 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 the Foundation'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 Responsibility 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Foundation'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 the Foundation'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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

December 30, 2025

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025, 2024 AND 2023**

ASSETS

| | September 30, | | |
|----------------------------------|-------------------|-------------------|-------------------|
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
| Current Assets | | | |
| Cash - Checking | \$ 93,089 | \$ 80,706 | \$ 350,340 |
| Cash - Savings | 5 | 5 | 5 |
| Short-Term Investments - At Cost | 520,000 | 200,000 | |
| Accounts Receivable | | 5,373 | 585 |
| Interest Receivable | 3,804 | 1,254 | |
| | <u>\$ 616,898</u> | <u>\$ 287,338</u> | <u>\$ 350,930</u> |
| Total Assets | <u>\$ 616,898</u> | <u>\$ 287,338</u> | <u>\$ 350,930</u> |

LIABILITIES

| | | | |
|---------------------|--------------|-------------|---------------|
| Current Liabilities | | | |
| Accounts Payable | \$ 37 | \$ | \$ 822 |
| Total Liabilities | <u>\$ 37</u> | <u>\$ 0</u> | <u>\$ 822</u> |

NET ASSETS

| | | | |
|---------------------------------------|-------------------|-------------------|-------------------|
| Net Assets Without Donor Restrictions | | | |
| Undesignated | \$ 616,861 | \$ 287,338 | \$ 350,108 |
| Total Liabilities and Net Assets | <u>\$ 616,898</u> | <u>\$ 287,338</u> | <u>\$ 350,930</u> |

See accompanying notes to financial statements.

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2025, 2024, AND 2023**

| | September 30, | | |
|--|-------------------|-------------------|-------------------|
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
| SUPPORT AND REVENUE | | | |
| Unclaimed Property | \$ 396,758 | \$ | \$ 203,324 |
| Roundup Contributions | 1,301 | 2,288 | 2,008 |
| Interest Income | 14,222 | 2,113 | 469 |
| Miscellaneous | | 2,500 | 2,690 |
| Total Support and Revenue | <u>\$ 412,281</u> | <u>\$ 6,901</u> | <u>\$ 208,491</u> |
| EXPENSES | | | |
| Program Services | | | |
| Utility Assistance Payments | \$ 10,640 | \$ 4,900 | \$ 6,650 |
| Washington Youth Tour | 41,843 | 25,127 | 13,037 |
| Scholarships | 3,500 | 6,500 | 5,500 |
| Community Donations | 25,259 | 33,050 | 25,975 |
| Total Program Services | <u>\$ 81,242</u> | <u>\$ 69,577</u> | <u>\$ 51,162</u> |
| Management and General | | | |
| Administrative Expenses | \$ 160 | \$ | \$ |
| Professional Fees | 1,220 | 30 | 2,900 |
| Miscellaneous | 136 | 64 | 25 |
| Total Management and General | <u>\$ 1,516</u> | <u>\$ 94</u> | <u>\$ 2,925</u> |
| Total Expenses | <u>\$ 82,758</u> | <u>\$ 69,671</u> | <u>\$ 54,087</u> |
| CHANGE IN NET ASSETS | \$ 329,523 | \$ (62,770) | \$ 154,404 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR | <u>287,338</u> | <u>350,108</u> | <u>195,704</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR | <u>\$ 616,861</u> | <u>\$ 287,338</u> | <u>\$ 350,108</u> |

See accompanying notes to financial statements.

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025, 2024 AND 2023**

| | September 30, | | |
|--|---------------------|---------------------|-------------------|
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Change in Net Assets | \$ 329,523 | \$ (62,770) | \$ 154,404 |
| Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities: | | | |
| (Increase) Decrease | | | |
| Accounts Receivable and Interest Receivable | 2,823 | (6,042) | 819 |
| Prepaid Expenses | | | 4,843 |
| Increase (Decrease) | | | |
| Accounts Payable | 37 | (822) | (178) |
| Net Cash From Operating Activities | <u>\$ 332,383</u> | <u>\$ (69,634)</u> | <u>\$ 159,888</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds From Sale of Investments | \$ 200,000 | \$ | \$ |
| Purchases of Investments | (520,000) | (200,000) | |
| Net Cash From Investing Activities | <u>\$ (320,000)</u> | <u>\$ (200,000)</u> | <u>\$ 0</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | \$ 12,383 | \$ (269,634) | \$ 159,888 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>80,711</u> | <u>350,345</u> | <u>190,457</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 93,094</u> | <u>\$ 80,711</u> | <u>\$ 350,345</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Cash Paid During the Period for: | | | |
| Excise Taxes | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Interest | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

See accompanying notes to financial statements.

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Graham County Electric Cooperative Foundation, Inc. (the Foundation) was formed to primarily fund the Washington Youth Tour, school scholarships, member assistance, and other approved programs.

Basis of Accounting

The Foundation uses the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation is required to classify net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no net assets with donor restrictions at September 30, 2025, 2024 and 2023.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

All net assets of the Foundation are classified as without donor restrictions.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statements of activities.

Income Tax Status

The Foundation is a non-profit organization exempt from federal income taxes under Internal Revenue Code 501(c)(3).

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Foundation is its filing status as a tax exempt entity. The Foundation determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS), or other state taxing authority.

The Foundation files income tax returns in the U.S. federal jurisdiction and Arizona. The Foundation is no longer subject to income tax examinations by federal or state taxing authorities for years before 2022.

The Foundation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the years ended December 31, 2025, 2024 and 2023, the Foundation’s taxable year end.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash-checking, cash-savings and temporary cash investments with an original maturity of less than 90 days are considered cash and cash equivalents.

Scholarships Payable

Scholarships payable is recognized upon meeting all criteria as detailed in the Foundation’s scholarship application.

2. Investments and Investment Income

The following reflects the Foundation’s short-term investments (at cost) as follows:

| | September 30, | | |
|--------------------------------|---------------|------------|------|
| | 2025 | 2024 | 2023 |
| Medium Term Notes - Short-Term | \$ 520,000 | \$ 200,000 | \$ 0 |

Income received from short-term investments is as follows:

| | September 30, | | |
|------------------------------|---------------|----------|------|
| | 2025 | 2024 | 2023 |
| Interest and Dividend Income | \$ 13,575 | \$ 1,254 | \$ 0 |

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

3. Contributions

The major source of contributions is from unclaimed capital credits of Graham County Electric Cooperative, Inc. (the Cooperative) as defined by the by-laws of the grantor. On March 23, 2018, Senate Bill 1412, which amended Arizona Revised Statutes related to unclaimed property, was passed. This enables Arizona Cooperatives to hold on to unclaimed capital credits instead of reporting or escheating to the Arizona Department of Revenue. The unclaimed capital credits can be used for any lawful purpose consistent with the Cooperative's bylaws and is specified by the Cooperative's Board of Directors. The Cooperative's unclaimed capital credits are transferred to its Foundation to be used for scholarships for the local youth in its service territory.

Other contributions are received from local businesses, organizations, and members of the Cooperative. All performance obligations have been satisfied as of September 30, 2025, 2024, and 2023.

4. Related Party Transactions

The Foundation operates under the supervision and management of the Cooperative. As such, the Cooperative pays for program services and is then reimbursed by the Foundation. All transactions between the companies are normal business transactions.

Amounts owed by related parties are as follows:

| | September 30, | | |
|--|---------------|----------|--------|
| | 2025 | 2024 | 2023 |
| Accounts Receivable - Graham County Electric Cooperative, Inc. | \$ 0 | \$ 5,373 | \$ 585 |

Amounts owed to related parties are as follows:

| | September 30, | | |
|---|---------------|------|--------|
| | 2025 | 2024 | 2023 |
| Accounts Payable - Graham County Electric Cooperative, Inc. | \$ 37 | \$ 0 | \$ 822 |

Income received from related parties is as follows:

| | September 30, | | |
|--|---------------|----------|------------|
| | 2025 | 2024 | 2023 |
| Contribution Income Received from Graham County Electric Cooperative's Unclaimed Patronage Capital | \$ 396,758 | \$ 0 | \$ 203,324 |
| Operation Round-Up | 1,301 | 2,288 | 2,008 |
| | \$ 398,059 | \$ 2,288 | \$ 205,332 |

GRAHAM COUNTY ELECTRIC COOPERATIVE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

5. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as follows:

| | September 30, | | |
|---|-------------------|-------------------|-------------------|
| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
| Cash and Cash Equivalents | \$ 93,094 | \$ 80,711 | \$ 350,345 |
| Accounts Receivable | | 5,373 | 585 |
| Short-Term Investments - At Cost | 520,000 | 200,000 | |
| Interest Receivable | <u>3,804</u> | <u>1,254</u> | |
| Total Financial Assets | \$ 616,898 | \$ 287,338 | \$ 350,930 |
| Less Contractual or Donor-Imposed Restrictions: | | | |
| Interest Receivable | <u>(3,804)</u> | <u>(1,254)</u> | <u>0</u> |
| Financial Assets Available to Meet Cash Needs for Expenditures within One Year | <u>\$ 613,094</u> | <u>\$ 286,084</u> | <u>\$ 350,930</u> |

Management prepares an annual operating budget with estimated revenues and expenses, submits the budget to the Board of Directors for approval, and monitors financial results and liquidity monthly. The Board of Directors along with management meets regularly to monitor and manage financial results. Management presents financial results showing comparisons of actual to budget to the Board of Directors at each board meeting. Management strives to maintain liquidity and availability of resources to ensure the Foundation's mission is maintained.

6. Subsequent Events

The Foundation's management has evaluated subsequent events through December 30, 2025, the date which the financial statements were available for issue.