

Certified Public Accountants  
& Consultants



**Pioneer Electric Cooperative, Inc.**  
**June 30, 2023**  
Financial Statements

**Pioneer Electric Cooperative, Inc.**

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## Independent Auditor's Report

The Board of Trustees  
Pioneer Electric Cooperative, Inc.  
Greenville, Alabama

### Opinion

We have audited the accompanying financial statements of Pioneer Electric Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of revenue, changes in equity, 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 the Cooperative as of June 30, 2023 and 2022, 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. 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 the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Cooperative'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 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 generally accepted 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 the Cooperative'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 Cooperative'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.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
September 15, 2023

**Pioneer Electric Cooperative, Inc.**  
**Balance Sheets**  
**At June 30, 2023 and 2022**

**Assets**

	<b>2023</b>	<b>2022</b>
<b>Utility Plant</b>		
Electric plant in service	\$ 90,378,089	\$ 87,670,615
Construction work-in-progress	472,205	236,212
	90,850,294	87,906,827
Less accumulated provision for depreciation	35,078,747	33,126,789
Net utility plant	55,771,547	54,780,038
<b>Other Assets and Investments</b>		
Restricted cash	1,198,811	1,237,070
Investments in associated organizations	16,183,286	15,825,570
Investments in land and buildings	1,259,311	1,239,261
Notes receivable - economic development loans	47,472	63,597
Total other assets and investments	18,688,880	18,365,498
<b>Current Assets</b>		
Cash and cash equivalents	3,811,983	8,539,265
Temporary cash investments	750,000	
Accounts receivable		
Customers, less provision for doubtful accounts of \$33,187 in 2023 and \$51,420 in 2022	1,118,639	1,112,369
Federal Emergency Management Agency	82,181	
Other	267,150	337,153
Unbilled revenue	1,607,432	1,607,432
Materials and supplies	560,631	516,959
Prepays	181,985	171,934
Total current assets	8,380,001	12,285,112
<b>Deferred Assets</b>		
NRUCFC conversion fees	4,307,260	4,555,834
Other	99,252	68,187
Total deferred assets	4,406,512	4,624,021
Total assets	\$ 87,246,940	\$ 90,054,669

The accompanying notes are an integral part of these financial statements.

## Equities and Liabilities

	<b>2023</b>	<b>2022</b>
<b>Equities</b>		
Patronage capital	\$ 28,687,552	\$ 29,175,678
Other equities	661,915	769,878
Total equities	29,349,467	29,945,556
 <b>Noncurrent Liabilities</b>		
Notes payable, net of current maturities	44,920,738	46,982,318
Capital lease obligations, net of current maturities		1,233,025
Right-of-use finance obligation, net of current maturities	1,095,476	
NRUCFC conversion fees, net of current portion	4,058,686	4,307,260
Postemployment benefit obligation, net of current portion	5,831	14,333
Total noncurrent liabilities	50,080,731	52,536,936
 <b>Current Liabilities</b>		
Current maturities on notes payable	2,061,803	1,936,688
Current maturities on capital lease obligations		341,795
Current maturities on right-of-use finance obligations	381,776	
Current portion of NRUCFC conversion fees	248,574	248,574
Current portion of postemployment benefit obligation	972	4,556
Accounts payable		
Purchased power	1,332,486	1,391,103
Trade	481,842	2,252
Customer deposits	1,526,541	1,515,683
Accrued liabilities		
Taxes	254,977	368,411
Other	777,771	563,115
Total current liabilities	7,066,742	6,372,177
 <b>Deferred Credits</b>		
Deferred revenue	750,000	1,200,000
Total deferred credits	750,000	1,200,000
Total equities and liabilities	\$ 87,246,940	\$ 90,054,669

**Pioneer Electric Cooperative, Inc.**  
**Statements of Revenue**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>		<u>2022</u>	
<b>Operating Revenue</b>				
Electric revenue	\$ 30,633,492	97.83%	\$ 27,429,847	98.60%
Other	679,089	2.17%	390,279	1.40%
Total operating revenue	<u>31,312,581</u>	<u>100.00%</u>	<u>27,820,126</u>	<u>100.00%</u>
<b>Operating Expenses</b>				
Cost of power	15,598,661	49.82%	13,902,884	49.97%
Distribution - operations	1,524,670	4.87%	1,559,382	5.61%
Distribution - maintenance	4,763,304	15.21%	3,600,376	12.94%
Consumer accounts	1,430,396	4.57%	1,153,600	4.15%
Energy marketing and communications	418,239	1.34%	358,049	1.29%
Administrative and general	2,548,608	8.14%	2,245,349	8.07%
Depreciation and amortization	3,258,715	10.41%	3,198,058	11.50%
Taxes	109,556	0.35%	105,153	0.38%
Total operating expenses	<u>29,652,149</u>	<u>94.71%</u>	<u>26,122,851</u>	<u>93.91%</u>
<b>Operating Margins</b>	1,660,432	5.29%	1,697,275	6.09%
<b>G &amp; T and Other Capital Credits</b>	<u>486,672</u>	<u>1.55%</u>	<u>533,504</u>	<u>1.92%</u>
<b>Net Operating Margins</b>	<u>2,147,104</u>	<u>6.84%</u>	<u>2,230,779</u>	<u>8.01%</u>
<b>Interest Expense</b>	<u>2,027,175</u>	<u>6.47%</u>	<u>1,987,471</u>	<u>7.14%</u>
<b>Nonoperating Margins</b>				
Interest income	59,193	0.19%	40,593	0.15%
Other income	78,880	0.25%	44,396	0.16%
Total nonoperating margins	<u>138,073</u>	<u>0.44%</u>	<u>84,989</u>	<u>0.31%</u>
<b>Net Margins for the Year</b>	<u>\$ 258,002</u>	<u>0.81%</u>	<u>\$ 328,297</u>	<u>1.18%</u>

The accompanying notes are an integral part of these financial statements.

**Pioneer Electric Cooperative, Inc.**  
**Statements of Changes in Equity**  
**For the Years Ended June 30, 2023 and 2022**

	<u>Other</u>	<u>Patronage Capital</u>	<u>Total</u>
<b>Balance at June 30, 2021</b>	\$ 717,079	\$ 29,986,522	\$ 30,703,601
Net margin		328,297	328,297
Patronage gains, net	52,799		52,799
Utility tax refund		141,479	141,479
Retirement of capital credits		(1,280,620)	(1,280,620)
<b>Balance at June 30, 2022</b>	<u>769,878</u>	<u>29,175,678</u>	<u>29,945,556</u>
Net margin		258,002	258,002
Reissued capital credits, net	(107,963)		(107,963)
Utility tax refund		208,180	208,180
Retirement of capital credits		(954,308)	(954,308)
<b>Balance at June 30, 2023</b>	<u>\$ 661,915</u>	<u>\$ 28,687,552</u>	<u>\$ 29,349,467</u>

The accompanying notes are an integral part of these financial statements.



**Pioneer Electric Cooperative, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From (Used For) Operating Activities</b>		
Net margins	\$ 258,002	\$ 328,297
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	3,258,715	3,198,058
Bad debt recovery	(47,730)	(83,946)
G & T and other capital credits	(486,672)	(533,504)
Deferral of revenue	1,000,000	1,200,000
Amortization of deferred revenue	(1,450,000)	
Decrease (increase) in operating assets and increase (decrease) in operating liabilities		
Accounts receivable	(205,846)	311,243
Unbilled revenue		(189,108)
Materials and supplies	(43,672)	(171,802)
Prepays	(10,051)	7,610
Other accrued assets	(31,065)	49,582
Accounts payable	420,973	27,878
Consumer deposits	10,858	35,477
Accrued liabilities	89,136	217,464
Net cash from operating activities	2,762,648	4,397,249
<b>Cash Flows From (Used For) Investing Activities</b>		
Net additions of property and equipment	(3,746,573)	(3,170,367)
Proceeds from investments	108,906	55,419
Purchases of temporary cash investments	(750,000)	
Economic development loans - net	16,125	32,250
Net cash used for investing activities	(4,371,542)	(3,082,698)
<b>Cash Flows From (Used For) Financing Activities</b>		
Principal payments on notes payable	(1,936,465)	(1,804,846)
Principal payments on capital lease obligations		(323,271)
Principal payments on right-of-use finance leases	(352,645)	
Proceeds from notes payable		4,200,000
Payments on NRUCFC conversion fees	(248,574)	(248,574)
Increase in membership fees and other equity	50,330	113,404
Retirement of capital credits	(669,293)	(748,752)
Net cash (used for) from financing activities	(3,156,647)	1,187,961

The accompanying notes are an integral part of these financial statements.

**Pioneer Electric Cooperative, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	\$ (4,765,541)	\$ 2,502,512
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>9,776,335</u>	<u>7,273,823</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 5,010,794</u></u>	<u><u>\$ 9,776,335</u></u>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Restricted cash	\$ 1,198,811	\$ 1,237,070
Unrestricted cash	<u>3,811,983</u>	<u>8,539,265</u>
Totals	<u><u>\$ 5,010,794</u></u>	<u><u>\$ 9,776,335</u></u>
<b>Supplemental Cash Flows Information</b>		
Cash paid for interest	\$ 1,988,286	\$ 2,000,174
<b>Noncash Financing Transactions</b>		
Recovery of bad debt from capital credit retirement	\$ 40,999	\$ 66,667
Return of capital to members through accounts receivable credit	194,129	384,327
Gains on retirement of unclaimed credits	49,887	80,874
Equipment acquired under capital lease		324,384
Right-of-use assets acquired under finance lease	255,077	

The accompanying notes are an integral part of these financial statements.

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note 1 - Summary of Significant Accounting Policies**

Nature of business - Pioneer Electric Cooperative, Inc. (the Cooperative) distributes electric power to residential, commercial, and industrial consumers in rural central Alabama.

Basis of accounting - The accounting records of the Cooperative are maintained in accordance with the Uniform System of Accounts prescribed by the Rural Utilities Service (RUS). As a result, the application of accounting principles generally accepted in the United States of America by the Cooperative differs in certain respects from the application of those principles by nonregulated enterprises. Such differences primarily concern the recognition of gains and losses on the retirement of assets.

Utility plant - The Cooperative's costs associated with electric plant additions and improvements are capitalized based upon the RUS guidelines established in Bulletin 1767B-2. This results in the capitalization of direct costs such as labor and materials and also includes capitalization of indirect costs including labor, material charges, taxes, insurance, transportation, depreciation, pensions, and other related costs. These costs are accumulated in work-in-process accounts and are capitalized to the proper plant accounts at the completion of the construction activity. Certain special equipment additions, as defined by RUS, are capitalized when purchased along with an estimated installation charge. The cost of depreciable property, when retired, is computed at the average unit cost along with removal costs less salvage. The net retirement cost is charged to accumulated depreciation. Maintenance and repairs, including minor items of property, are charged to maintenance expense as incurred.

Investments - Investments in associated organizations represent cooperative capital credits from the Cooperative's suppliers and lenders. Investments in associated organizations are recorded at cost plus allocated equities. Investments in land and buildings are carried at the lower of cost or market value.

Cash equivalents - The Cooperative considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Accounts receivable - The Cooperative extends credit to its customers who are primarily located in central Alabama. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables do not accrue interest. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

Materials and supplies - Electric materials and supplies are priced at average historical cost. Cost is determined by the cumulative average of all costs on a first-in, first-out (FIFO) basis.

Leases - The Cooperative recognizes lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of revenue. The Cooperative has elected to account for short-term leases by recognizing the lease payments in the statements of revenue on a straight-line basis over the term of the lease.

The discount rate used to compute interest expense is the rate implicit in the lease agreements or the risk-free rate if not implicit in the agreement.

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

Recognition of revenue from contracts with customers - The Cooperative has contractual agreements with its customers for the provision of electric utility service. Electric revenue and the related cost of power purchased are recognized when electricity is used by the ultimate consumer. All such revenue is recognized as earned by the Cooperative. Customers are billed on a cycle basis throughout the month. Payment is due from customers within 15 days of the bill date.

The Cooperative has contractual agreements with customers for the attachment of other utility services to existing utility poles owned by the Cooperative. Revenue is recognized monthly over the term of the agreements. Customers are billed annually in arrears. Payment is due within 30 days of the bill date.

Deferred revenue - As a rate-regulated utility, the Cooperative has ratemaking authority to defer revenues to future periods under professional accounting standards ASC 980, *Regulated Operations*. This deferral was established to offset anticipated increases in wholesale power cost and other operating expenses. The Cooperative amortizes deferred revenue in accordance with the related ratemaking action.

Taxes - The Cooperative collects gross receipts taxes from its members on behalf of the State of Alabama. Revenue is presented net of taxes collected in the statements of revenue.

Income tax status - The Cooperative is exempt from income taxes under Internal Revenue Code Section 501(c)(12). Management has evaluated the Cooperative's tax positions and concluded that the Cooperative has taken no uncertain tax positions that require adjustment to the financial statements.

Use of estimates - The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Cash and Cash Equivalents**

The Cooperative maintains cash and cash equivalents in various banks located in Alabama, which at times may exceed federally insured limits. The Cooperative has approximately \$2,649,000 and \$1,912,000 of uninsured cash as of June 30, 2023 and 2022, respectively. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted funds relate to industrial development revolving loan programs. Restricted balances were as follows:

	<u>2023</u>	<u>2022</u>
Intermediary relending program	\$ 220,137	\$ 258,396
RUS revolving loan fund	388,585	388,585
REDLG	460,993	460,993
RBEG revolving loan fund	129,096	129,096
Total restricted funds	<u>\$ 1,198,811</u>	<u>\$ 1,237,070</u>

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note 3 - Receivables and Contract Assets from Contracts with Customers**

Receivables and contract assets from contracts with customers for the year ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
<b>Receivables</b>		
Customers beginning of year	\$ 1,112,369	\$ 1,031,991
Customers end of year	1,118,639	1,112,369
<b>Contract Assets</b>		
Unbilled revenue beginning of year	1,607,432	1,418,324
Unbilled revenue end of year	1,607,432	1,607,432

**Note 4 - Investments in Associated Organizations**

Investments in associated organizations consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
PowerSouth Energy Cooperative patronage capital	\$ 10,735,440	\$ 10,465,140
NRUCFC patronage capital	2,296,279	2,230,753
Investment in NRUCFC capital term certificates	2,215,516	2,215,516
Other investments in associated organizations	936,051	914,161
Totals	<u>\$ 16,183,286</u>	<u>\$ 15,825,570</u>

**Note 5 - Utility Plant**

Listed below are the major classes of utility plant and estimated annual rates used to compute depreciation for financial reporting purposes as of June 30, 2023 and 2022:

	<u>Plant Balances</u>		<u>Annual</u>
	<u>2023</u>	<u>2022</u>	<u>Depreciation Rate</u>
Distribution plant	\$ 75,722,408	\$ 73,217,224	3.20 - 4.40%
General plant			
Land and rights	240,473	240,473	
Structures and improvements	5,183,380	5,127,047	2.05%
Office furniture and equipment	2,859,954	2,801,274	7.00 - 14.28%
Transportation equipment	1,649,601	1,608,585	17.00%
Power operated equipment	1,297,312	3,714,165	6.72 - 17.00%
Right-of-use assets under finance leases	2,448,127		6.72 - 17.00%
Communication equipment	564,120	555,789	8.00%
Other miscellaneous equipment	412,714	406,058	6.00 - 12.00%
Totals	<u>\$ 90,378,089</u>	<u>\$ 87,670,615</u>	

Electric plant is depreciated on a straight-line basis.

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note 6 - Notes Payable and Lines of Credit**

Notes payable - Notes payable at June 30, 2023 and 2022 consisted of the following:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Notes payable - NRUCFC; fixed interest rates from 3.59% to 4.60%; notes due at various times up to September 2046; secured by all assets.	\$ 46,727,686	\$ 48,601,169
Notes payable - USDA; 1.00% interest; intermediary relending program; principal and interest due in installments until August 2030; secured by related economic development loans.	223,051	263,264
Note payable - Thompson Tractor Co., Inc.; 0.00% interest; note due November 2024; secured by related transportation equipment.	31,804	54,573
Less current maturities	(2,061,803)	(1,936,688)
Total notes payable	<u>\$ 44,920,738</u>	<u>\$ 46,982,318</u>

Estimated maturities on notes payable for the next five years are as follows:

<u>For the Years Ending</u>	<u>Amount</u>
June 30, 2024	\$ 2,061,803
June 30, 2025	2,134,386
June 30, 2026	2,218,665
June 30, 2027	2,312,844
June 30, 2028	2,393,976

The Cooperative has covenants with its lenders relating to certain financial ratios.

The Cooperative had approved but unadvanced loan funds of \$13,900,000 with NRUCFC as of June 30, 2023.

Lines of credit - The Cooperative has one line of credit with NRUCFC on which it may borrow up to \$5,000,000 and it may be used only for electric capital or operating needs. The balance outstanding was \$0 at June 30, 2023 and 2022.

The Cooperative has an available unsecured line of credit with CoBank on which it may borrow up to a total of \$1,000,000. The balance outstanding was \$0 at June 30, 2023 and 2022.

The NRUCFC loan conversion fees are payable in quarterly payments, over a period of 30 years. The related deferred asset is being amortized over a period of 30 years. Amortization expense related to this deferred asset was \$248,574 for 2023 and 2022.

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note 7 - Leases**

For the year ended June 30, 2022, the Cooperative accounted for capital leases under ASC Topic 840. As of July 1, 2022, the Cooperative adopted the provisions of ASC Topic 842, using the modified retrospective transition method. The adoption of this standard resulted in no cumulative effect adjustment.

Right-of-use assets and obligations are for vehicle leases and are considered to be finance leases. The leases are recorded at the net present value of future minimum lease payments.

**Note 8 - Accounting for Pensions**

Defined benefit pension 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 RS Plan Sponsor's Employer Identification Number is 53-0116145 and the RS 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.

The Cooperative's contributions to the RS Plan in 2022 and in 2021 represented less than 5% of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$945,541 in 2023 and \$817,497 in 2022.

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% funded at January 1, 2022 and January 1, 2021 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 RS Plan and may change as a result of plan experience.

401(k) plan - The Cooperative has a 401(k) plan for its employees. The total expense related to the 401(k) plan for the Cooperative was \$67,674 and \$62,626 for 2023 and 2022, respectively.

**Note 9 - Commitments**

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from PowerSouth until December 31, 2055. The rates paid for such purchases are subject to periodic review.

**Note 10 - Related Party**

Pioneer Electric Cooperative Charitable Foundation (the Foundation) was formed in 2020 to accumulate and disburse funds for charitable, educational, or other worthy purposes in the service area of the Cooperative. The Foundation is a separate operating and reporting entity. Employees of the Cooperative perform the general and administrative functions of the Foundation for no fee. The Cooperative remitted \$60,505 and \$56,379 to the Foundation for the years ended June 30, 2023 and 2022, respectively.

**Pioneer Electric Cooperative, Inc.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note 11 - Subsequent Events**

On July 27, 2023, the Cooperative advanced loan funds of \$2,400,000 with CFC with an interest rate of 6.22%. The note is scheduled to mature in 2043.

The Cooperative has evaluated subsequent events through September 15, 2023, which is the date these financial statements were available to be issued. All other subsequent events requiring recognition as of June 30, 2023, have been incorporated into these financial statements.