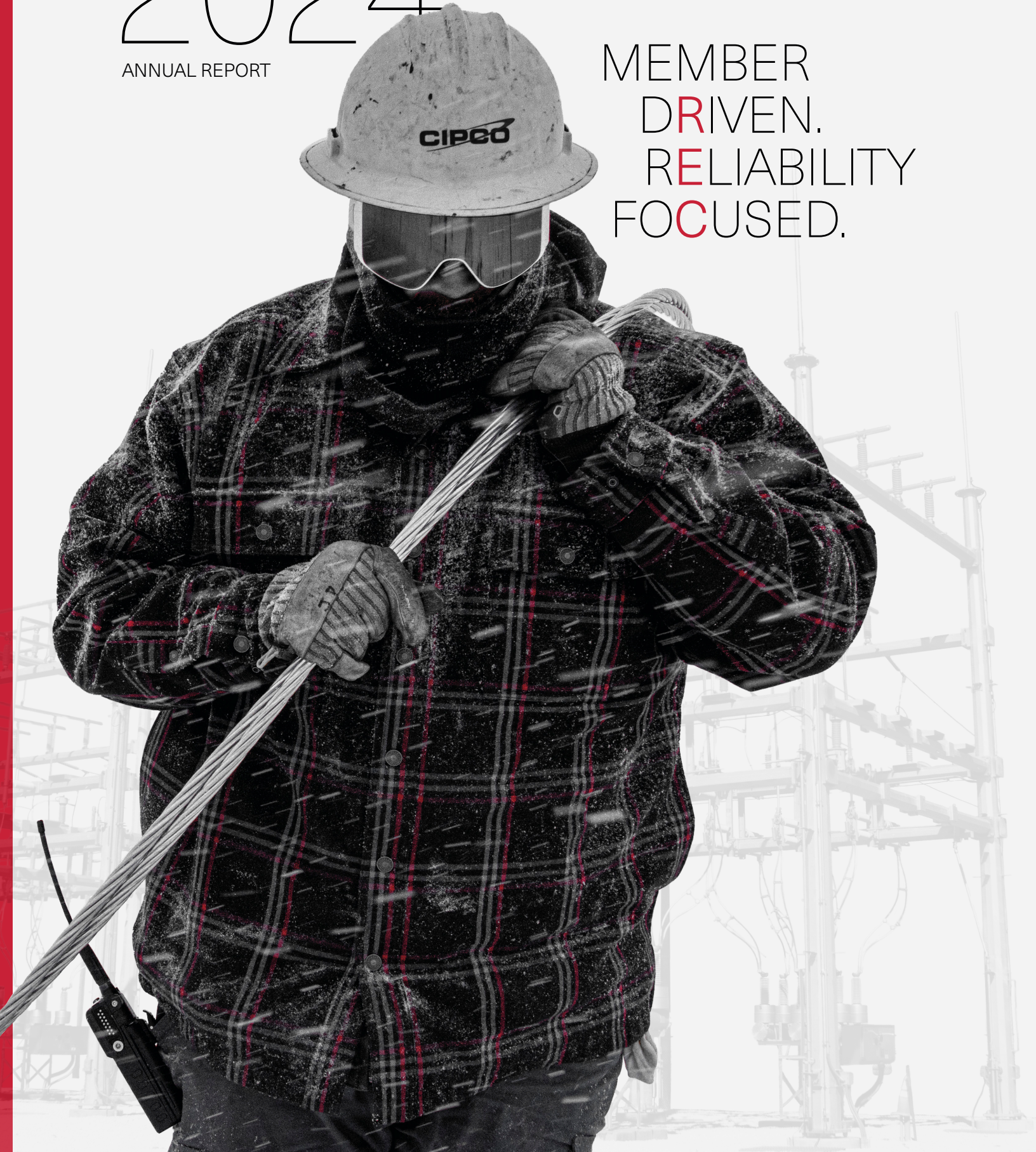


2024

ANNUAL REPORT

MEMBER
DRIVEN.
RELIABILITY
FOCUSED.





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Provide Member-owners with wholesale power and services in a safe, reliable and cost-effective manner.



I REPORT TO THE MEMBERSHIP

CIPCO's strength is derived from our Member-owners and is a direct result of our founders' wisdom in utilizing the cooperative business model when formed in 1946, nearly 80 years ago. While the energy industry then presented different challenges than those we face today, your G&T remains committed to overcoming any and all hurdles with our Member-owners. No matter the complex issues before us, cooperative solutions are the answer.

Strategic Planning Focuses on New Generation

Now, more than ever, it is important for cooperatives to stay focused on the horizon. For that reason, the CIPCO Board of Directors began 2024 by refreshing our strategic plan. Safety and security, reliability, strategic partnerships, and financial strength remain top of mind in every action we take. In addition, CIPCO's strategic plan focused on planning for new generation. Completed in December, our Integrated Resource Plan confirmed what we already knew: the demand for electricity is only growing and new generation is required. We are excited about what the future holds for CIPCO and our Member-owners as we responsibly invest in a balanced and diverse portfolio of energy and capacity resources emphasizing reliability. Having generation at our command that is "on call" and always-available is critical to delivering the dependable power Iowans demand and our Member-owners deserve. By planning for the development and construction of new generation assets, 2024 will be remembered as the launch of the latest capacity expansion for CIPCO.

Cooperation Among Cooperatives

When destructive tornados swept across Iowa in May, we mourned with all those impacted, especially the communities and families that experienced injuries and loss of life. Iowans once again showed resilience, and in the darkest moments, the cooperative spirit shined through. As CIPCO's Utility Operations group assessed extensive system damage left in the wake of the storms on May 21, it became clear we needed help to restore service to our members, especially with more storms in the forecast. Late that night we made the call to request mutual aid. Without hesitation, Northwest Iowa Power Cooperative (NIPCO) and Corn Belt Power Cooperative answered the call and a coordinated restoration plan was constructed. Together, our G&T crews worked safely, and tirelessly, until transmission service was restored, and the job was done. To the NIPCO and Corn Belt crews that assisted, your spirit of "Cooperation Among Cooperatives" exemplifies the very best of our industry and we are grateful for your assistance in our time of need.

Executing Financial Strategies

Understanding that CIPCO's good standing is due to the long-term support of our Member-owners, we strive to be thoughtful stewards of the cooperative's financial resources. For 2024, CIPCO realized a net margin of \$30.4 million, well ahead of budget. This allowed the cooperative to maintain stable rates, return patronage capital to our Member-owners, and strengthen our balance sheet as we plan for major capital additions on the horizon.

Managing Change

The reliability and affordability we benefit from today is the result of careful planning and prudent investments that occurred decades ago. It is critical to continue a long-term mindset in our stewardship to ensure the future is even more successful than the past. Today's complex regulatory environment complicates our business and has threatened the affordability and reliability of electric generation. Despite these challenges, we've overcome supply chain disruptions, inflation, and navigating regulatory changes and permitting obstacles. Furthermore, advances in technology and artificial intelligence have also impacted our industry, creating both opportunities and additional threats. We've strengthened our protocols to safeguard our system from cybersecurity threats and continue improving our capabilities with a focus on data-driven decision-making, improving our forecasting, and streamlining our processes.

Powering Growth

Rising demand for electricity across our region stems from industrial expansion, manufacturing facilities, data centers, mining cryptocurrency, small businesses, and continued residential growth and general electrification. Growth presents significant opportunity, but it is not risk free. Today, our electric industry is seeing accelerating load growth, and many of these loads can materialize faster than generation can be brought online. Working with our Member-owners to mitigate some of the risks through innovative rates and contract structures, we will be prepared to welcome new businesses and industries and expand existing ones.

In Closing

CIPCO was created for one reason: to serve our member-owner cooperatives. As you read this report, you will see evidence of the power of cooperation, which allows CIPCO to accomplish our goals. Our transmission system remains reliable, we are growing our power supply resources and enhancing the value of membership. We are proud of our accomplishments in 2024 and remain confident that the path ahead will bring continued reliability and opportunity for our Member-owners.



Andrew St. John
Executive Vice President & CEO

MEET CIPCO

LEADERSHIP TEAM



ANDREW ST. JOHN
Executive VP & CEO



DAN BURNS
VP Utility Operations



PAUL HOFMAN
VP Information
Technology



DAVE NICHOLSON
VP & Chief Financial
Officer



KENDRA GRAVES
VP Portfolio
Strategy & Planning



KERRY KOONCE
VP Communications
& Corporate Relations



MEMOREA SCHRADER
VP Human Resources

AT A GLANCE

Year Founded
1946

Locations
Cedar Rapids
Creston
Des Moines
Wilton

Number of employees
112

Ownership
Not-for-profit cooperative owned by
13-member distribution systems and
associations

Profits
Earnings above the cost of providing electric
service are returned to Member-owners as
patronage dividends.

Territory
Stretches 300 miles diagonally across
Iowa, adjoining 12 of Iowa's 18 cities with
populations greater than 25,000 and serving
58 of Iowa's 99 counties.

Approximate population served
300,000

Miles of transmission lines
1,997

FOCUSED ON IOWA

GENERATION FACILITIES & RESOURCES

Wind

Bethel Wind Energy Center, Hawkeye
Elk Wind Farm, Greeley
Heartland Divide Wind Energy Center,
Audubon & Guthrie counties
Independence Wind, Ryan
Prescott Wind Energy, Prescott
Rippey Wind Farm, Grand Junction

Hydroelectric

Western Area Power Administration (WAPA)

Coal

Louisa Generating Station, Muscatine
Walter Scott, Jr., Energy Centers #3 & #4,
Council Bluffs

Solar

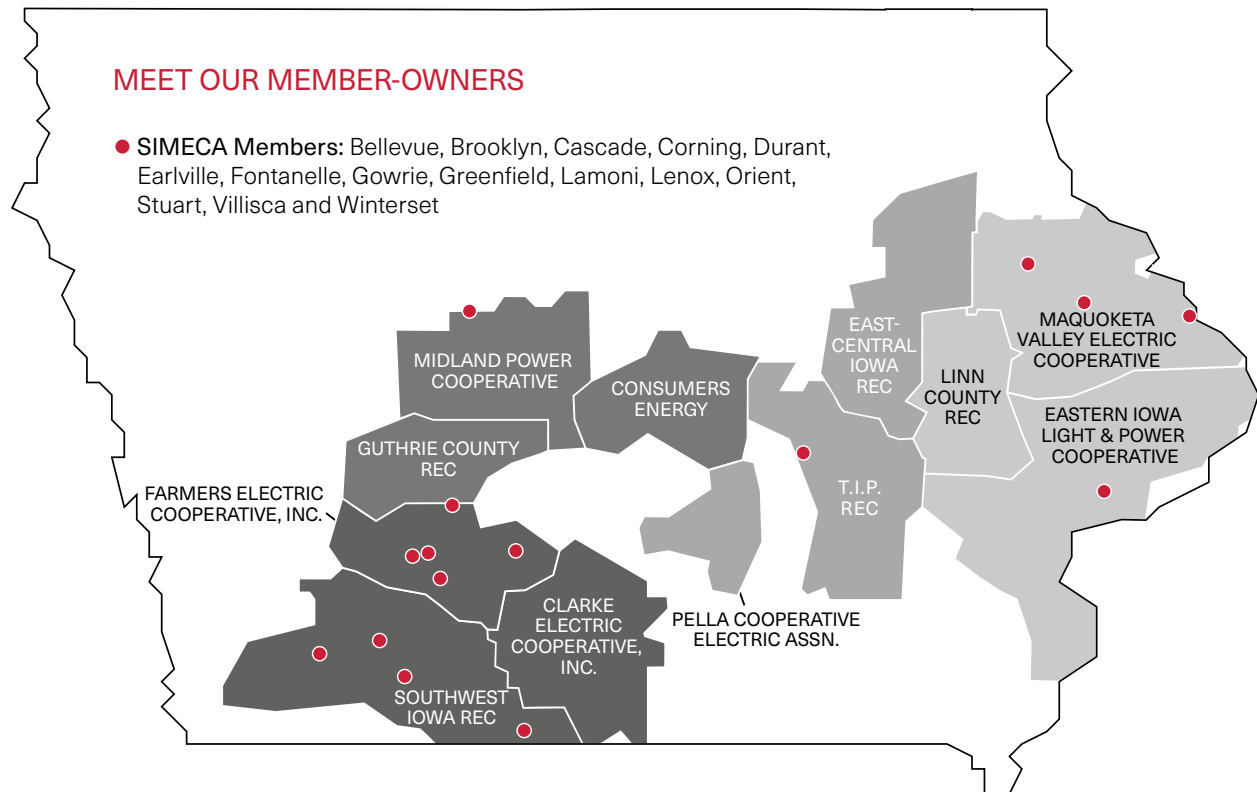
Clarke Solar Farm, Osceola
Eastern Iowa Solar, Wilton
Marshalltown Gateway Centre Solar Array,
Marshalltown
Southwest Solar, Corning
Urbana Solar Acres, Urbana
Wapello Solar, Louisa County
ZON VELD (Sun Field), Pella

Natural Gas & Oil

Summit Lake Generating Station, Creston

Landfill Gas

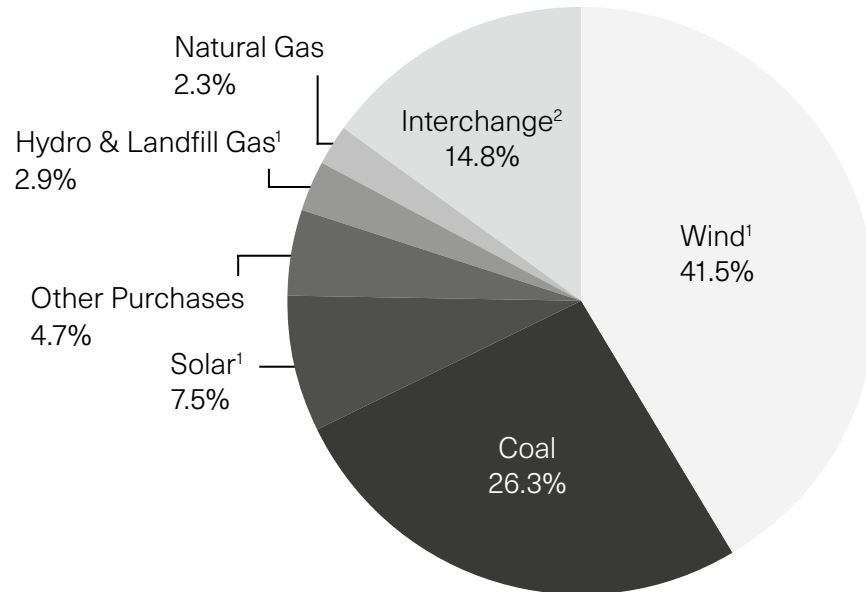
Linn County Solid Waste Agency, Marion



A DIVERSE BLEND OF ENERGY SOURCES

As a 24/7 energy provider, CIPCO is able to meet its Member-owners' needs with a diverse fuel mix of coal, hydroelectric, wind, solar, landfill gas, natural gas and oil energy resources.

Chart represents 3,074 GWh



¹CIPCO invests in the development of renewable energy projects in several ways. We operate six small-scale solar arrays near communities we serve and retain the renewable energy certificates associated with each. We also contract with energy producers for the electricity output from wind, solar, hydro, and methane gas from a landfill (converted into electricity). CIPCO cannot claim these resources as renewable within our supply portfolio as we have either sold to third parties or do not receive the renewable attributes associated with the electricity produced from these renewable power sources. By selling these attributes (RECs), we not only support other organizations in meeting their renewable energy goals, we also generate revenue to help us lower our wholesale power rate to our 12 Member-owner distribution cooperatives and 15 municipalities.

²A percentage of market purchases exist within the portfolio to meet additional supply needs not covered by existing contracts or CIPCO-produced generation. Weather volatility and unplanned operational events at power plants may also impact market purchases.

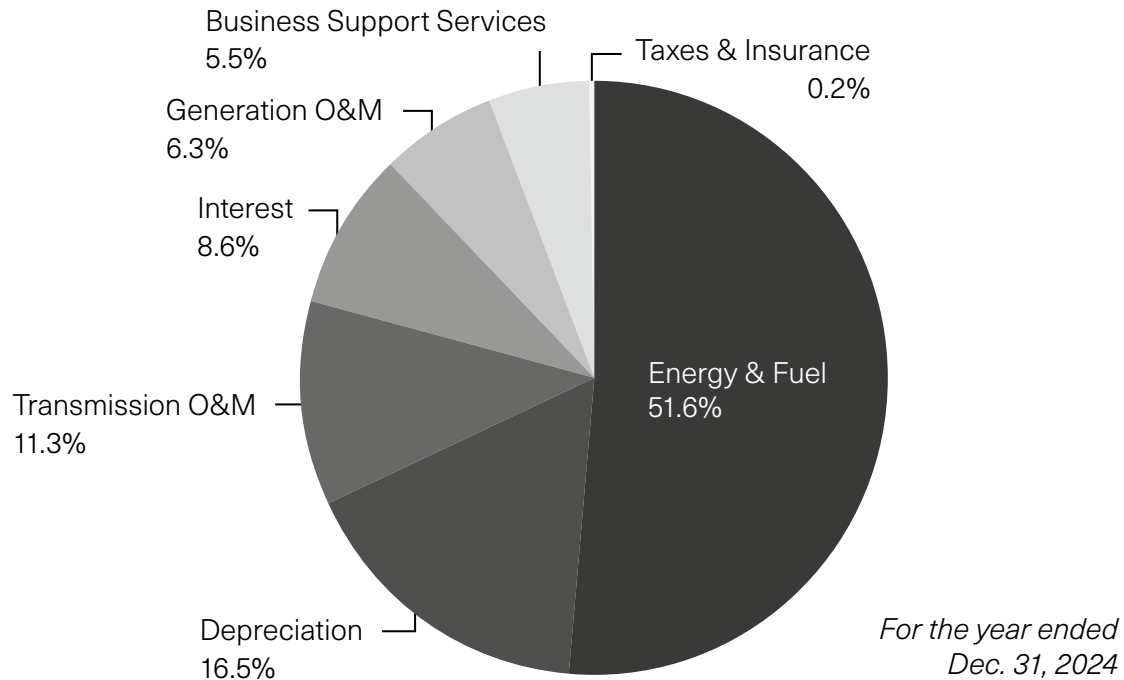


Summit Lake Generating Station, Creston

MOVING TO THE NUMBERS

2024 OPERATING EXPENSES

CIPCO's success can be measured by our ability to cost-effectively deliver safe and reliable electric service to our Member-owners.



2024 FIGURES & RATIOS

Total Operating Revenue
\$217,500,173

Net Margin
\$30,425,901

Total Assets
\$916,598,089

Amount Returned as Patronage Since Inception
More than \$145 million

Debt Service Coverage (DSC)
1.76

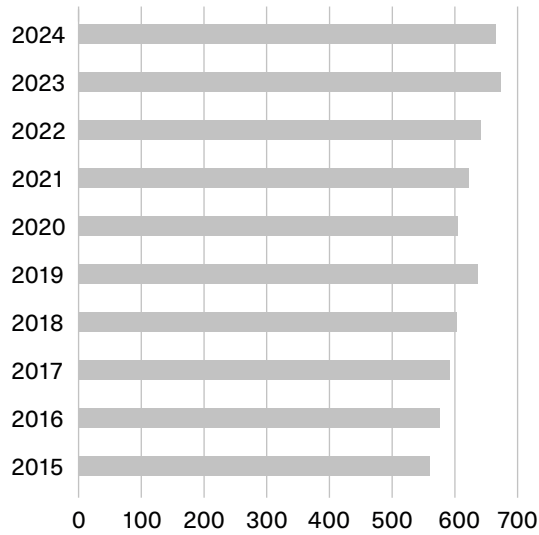
Margins for Interest (MFI)
3.50

Equity to Asset Ratio
28.95%

PERFORMANCE INSIGHTS

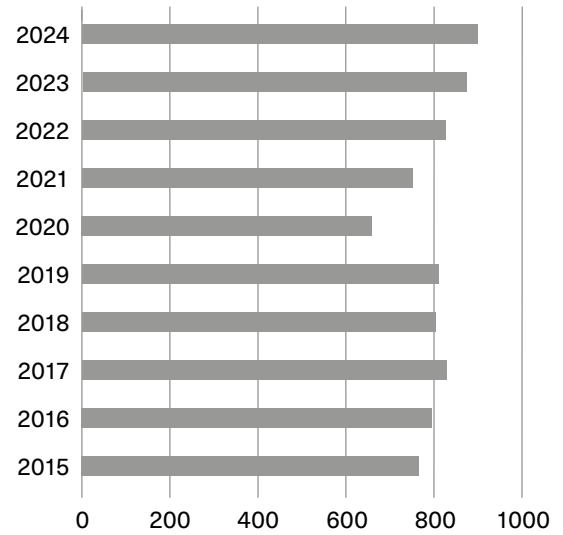
SYSTEM PEAK DEMAND

2024 system peak demand: 661 MW



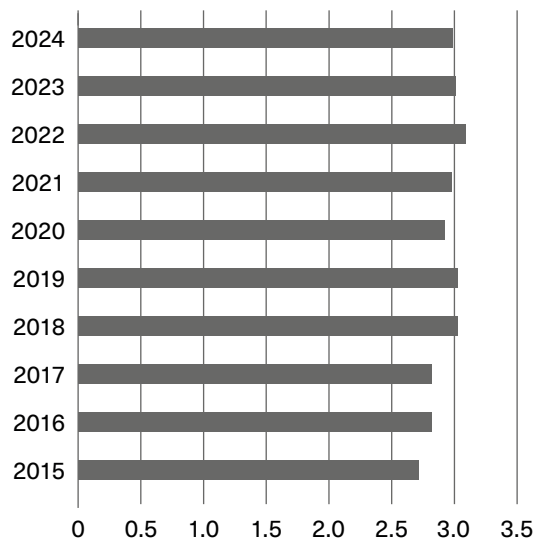
UTILITY PLANT INVESTMENT

2024 utility plant investment: \$897.3 million



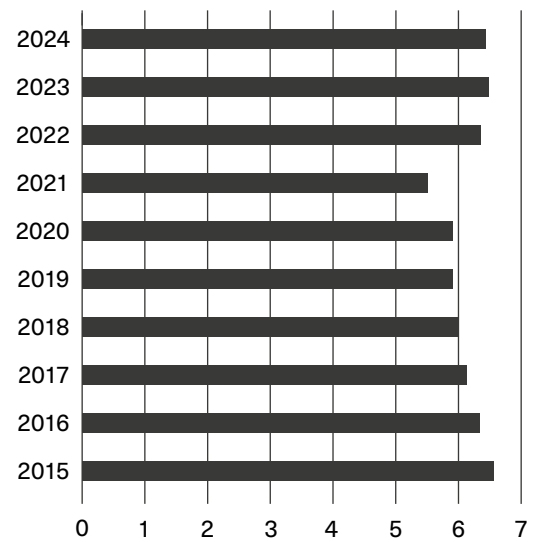
ENERGY SALES

2024 energy sales: 2.99 million MWhs



AVERAGE SYSTEM RATE

2024 average system rate: 6.41 cents/kWh



BOARD OF DIRECTORS



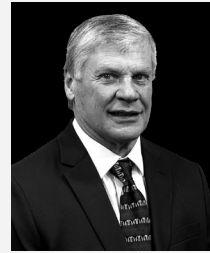
PAUL HEINEMAN
Ogden
President



DAN WESTPHAL
Bridgewater
Vice President



GENE
MANTERNACH
Cascade
Secretary-Treasurer



DUANE VER PLOEG
Pella
Assistant
Secretary-Treasurer



STEVE BIRELINE
Adair



ARDEN GREINER
Colo



KIRK HILAND
North Liberty



GARY KESTER
Burlington



TIM LARSEN
Corning



GARY MCKENNA
Vinton



RANDY ROUSE
Allerton



CRAIG STALLMAN
Williamsburg



DALE WALKUP
Redding

MEMBER MANAGERS



DAVID OPIE
General Manager
Clarke Electric
Cooperative, Inc.



BRIDGET ITZEN
CEO/
General Manager
Consumers Energy



TERESA FLOYD
CEO
East-Central
Iowa REC



KIRK TREDE
CEO
Eastern Iowa
Light & Power



HOLI WESTON
CEO
Farmers Electric
Cooperative, Inc.



COZY NELSEN
CEO
Guthrie County
REC



TERRY SULLIVAN
CEO/
General Manager
Linn County REC



JEREMY RICHERT
CEO & EVP
Maquoketa Valley
Electric Cooperative



BILL MCKIM
CEO
Midland Power
Cooperative



DOUG STEWART
CEO
Pella Cooperative
Electric Association



SCOTT TONDERUM
Director
SIMECA



PHIL KINSER
CEO/Manager
Southwest
Iowa REC



SCOTT LONG
CEO/
General Manager
T.I.P. REC

FOCUSED ON RELIABILITY

CIPCO's commitment to powering a reliable grid and our operations team's ambition were visible throughout 2024 as another year for the New-To-Replace-Old (NTR) program began. The strategic thinking and planning that goes into this effort ensures the cooperative is methodically upgrading and reinforcing segments of our service territory under manageable timelines and in a cost-effective way. A significant milestone was achieved this year with the completion of a 21.6-mile transmission line project from the Creston area to the community of Greenfield. Spanning a six-month time period, this feat required our dedicated crews to safely set and string 387 new utility poles over the project area in Union and Adair counties.

The momentum of the NTR program didn't stop there as staff oversaw the rebuild of the Maquoketa substation. The project was completed in December and fully energized and back in service by the end of the year. This project replaced equipment in the original 161 kV portion of the substation that was built in 1962. The new substation provides a stronger transmission supply to REC distribution substations in eastern Iowa. Other notable efforts were made over the summer with updates to the Grand River substation commencing. This project includes the dismantling of retired equipment, the installation of 2,800 feet of conduit and upgrading to a new control house and is on schedule to be fully energized during the summer of 2025. Additionally, Wilton substation electricians and crew set a new Station Service Voltage Transformer (SSVT) at CIPCO's Bennett substation. Also, on the eastern side of the

state, a new 128,000-pound transformer was placed at the CIPCO Grand Mound substation to replace the previous unit that was installed in 1963. Substation work was rounded out with the overhaul of the 69 kV equipment located at the Dundee substation. The entirety of CIPCO's line crew (all 22 of them) assisted in a line relocation project for the Iowa DOT as part of an I-35 lane expansion project near Huxley in April. These successful projects exemplify CIPCO's unwavering commitment to investing in the stability of Iowa's electric transmission infrastructure.

2024 also marked the beginning of a new chapter in CIPCO's history when the Board of Directors approved CIPCO's conversion to even more resilient and modern materials. Namely, CIPCO is investing in the future of its transmission infrastructure by using ductile iron poles starting with 2025 projects. With a significantly longer lifespan than traditional wooden poles, ductile iron poles are also resistant to damage by animals, pests, high winds, and general decay. This innovation is a meaningful step toward modernizing our electric grid and ensuring continued reliable service to our Member-owners for decades to come. Utilizing ductile iron poles will eventually cut down on the number of line inspections and will be equipped with longer insulators to help reduce the number of outages made by animal contacts. The elimination of the copper ground wire will deter copper thieves from targeting this critical infrastructure.

As another example of CIPCO's diverse generation strategy, the cooperative



continues to build upon new resources by working with trusted partners to harness wind power that has become a focal point for Iowa's electricity production. After securing a Power Purchase Agreement (PPA), we were excited to see nearly 40 MW of wind energy added to the generation mix in 2024 at the Prescott Wind development in Adams County. We know that resources like wind generation play an important role in our "all-the-above" approach. But we also acknowledge the intermittent nature of wind energy, which is why we are committed to diversity in our resource mix.

As our longest running facility, Summit Lake Generating Station has been a mainstay of the cooperative's generation portfolio for many years. Investment in the plant's equipment and operations goes back much further than the 2021 project that upgraded the generation capabilities at the facility. In January 2024, CIPCO began another chapter in Summit Lake's history when a combustion turbine rotor was removed, restored, and placed back into full service over the course of four months. These improvements



allow CIPCO to continue operating this dependable generation resource for decades to come and provide heightened reliability for members during times of peak energy demand.

The country is experiencing an unprecedented appetite for electricity from the technology and digital industries. Coupled with historic growth and the continued electrification of the economy, CIPCO is mindful of the responsibility we have to our members to ensure that expanding the electric grid to accommodate the robust demand does not come at the sacrifice of existing Member-owners' power being delivered safely, affordably, and reliably. Adapting to the "AI boom" with our members in sharp focus will be the only way for CIPCO to grow into this new era of opportunity. Continued investment in our generation and transmission resources reinforces our strong foundation and we will responsibly execute the plans our cooperative has in place to maintain stability for our members.

WEATHERING THE STORM

We joined the Greenfield community to mourn the loss of four lives in the devastation and aftermath caused by an EF-4 tornado in May. The damage sustained throughout southwest Iowa, and particularly the community of Greenfield in Adair County, was as severe as it was swift. However, we were also proud of the response of our crews that brought meaning to the adage, Mother Nature's worst brings out our best. CIPCO's infrastructure and operations were impacted as the 100-plus mph winds ripped across the area, resulting in the toppling of four wind turbines. Our response and recovery were aided by the generosity of Northwest Iowa Power Cooperative (NIPCO) based in Le Mars, and Corn Belt Power Cooperative based in Humboldt, who dispatched crews to help restore power and repair the damage sustained to 109 poles across our footprint. We were humbled this year to be the recipient of the timely assistance of our fellow G&Ts.

Even though power was restored quickly, the wounds experienced by the Greenfield community will take longer to heal. CIPCO understands that our commitment to the community doesn't stop once the lights are back on. That is why we proudly partnered with Greenfield Municipal Utilities, Farmers Electric Cooperative, Inc. and CoBank to donate \$15,000 to the Greenfield Volunteer Fire Department. Funds will help build a new firehouse to replace the one lost in the powerful tornado. We look forward to helping Greenfield and the region rebuild and become stronger than before the storm.



Tornado damage, Corning



COMMUNITY FACING...

CIPCO understands and appreciates the fact that a high tide lifts all boats. When our communities struggle, so do we. When our members identify an opportunity, we want to help. Participating in coalitions that share our values to help build stronger and more sustainable rural communities will always be a priority for us. The three legs to that stool include initiatives focusing on business development, charitable giving and educational support.

Business Development

Believing rural Iowa's economic prosperity is dependent upon growth is not a novel concept. This is why CIPCO coordinates with our Member-owners to be a resource for communities looking for assistance retaining and attracting businesses in their region. Your support for this activity has allowed CIPCO to become a respected and dependable partner in identifying how the cooperative can play a role in retention and recruitment of industry to remain or become part of the communities we have a presence in. No matter the size or location of your community, the cost and availability of childcare services remain at or near the top of the list of challenges faced by employers and their workforce.

In 2024, CIPCO was proud to support a \$55,000 loan from our Revolving Loan Fund (RLF) to improve roadways at the Stanton Area Industrial Park that is anchored by a new childcare center that will help fill a void for local children and families. A \$250,000 loan was made to Midwest Memorials, LLC for the expansion of business operations in Winterset.

One of the ways CIPCO can be impactful is through our experience securing a Rural Economic Development Loan and Grant (REDLG) from the USDA. With the approval of CIPCO's Economic Development Committee, we serve as a pass-through entity for the historically successful federal program to invest in development projects that help critical community projects come to fruition. Even though the program has seen a nationwide reduction in available funding, CIPCO remains committed to utilizing the program as often as possible to add to the co-op's long track record of meaningful investment in rural Iowa.

This year, by utilizing access to REDLG funds, CIPCO was responsible for providing \$2 million to NEW Cooperative for grain loading equipment. We also provided Freedom Racing Tool and Auto with a \$985,000 USDA loan for business facility and workforce expansion in Decatur County.



...COMMUNITY FOCUSED

Cooperative Giving

Support for a community happens in many different ways, and sometimes the most appropriate option is to pay it forward. By communicating with our Member-owners we can collaborate with the communities they serve to determine what avenue of support is the most impactful. Charitable giving is a meaningful way for CIPCO to play a role in ensuring that our communities have the resources needed to accommodate and serve their populations.

As previously mentioned, CIPCO teamed with Farmers Electric Cooperative, Inc., Greenfield Municipal Utilities, and CoBank to make a \$15,000 contribution to the rebuilding of Greenfield's Fire Station destroyed by the May tornado. CIPCO has utilized CoBank's "Sharing Success" Program to provide

financial assistance to local nonprofit entities, educational organizations, and community initiatives throughout the years, and aiding in the restoration of a necessary public safety function in Greenfield was unquestionably a worthy cause.

Additionally, CIPCO continued the tradition of hosting an annual charity golf tournament in July where Member-owners and co-op supporters come together for a day (hopefully) in the sun on the links for a good cause. As a result, this year we were proud to contribute \$10,000 to ChildServe in recognition of their important and dedicated work helping thousands of children with special healthcare needs to improve their quality of life.



Sharing Success program donation, Greenfield



Build My Future event, Iowa State Fairgrounds

Educating Our Youth

Cooperatives are known as a resource for information. Sometimes, people will approach CIPCO for details they hope will inform their decision about a particular policy or topic. Other times, the co-op takes the initiative and seeks out opportunities to educate our Member-owners and their communities on various topics.

Promoting the cooperative business model and the benefits of what it means to embody the cooperative spirit is an enjoyable exercise for our staff. While educating electricity consumers and their communities about how to use power safely will always be a top priority, CIPCO also strives to inform young people about cooperative careers and the skills that will be necessary to join one of the many disciplines a co-op team has to offer. This spring, CIPCO staff participated in the 5th Annual College and Career Week

hosted by East Union Community School District. We interacted with over 7,000 Iowa high school students during the Iowa Skilled Trades “Build My Future” event in Des Moines. In April, a Summit Lake crew was on the receiving end of a field trip when Creston High School students visited the facility as part of their Iowa Jobs for America’s Graduates (iJAG) program.

Over the summer, CIPCO again sponsored the Iowa Youth Tour program, an immersive experience for Iowa high school students (11 from CIPCO member co-ops) in Washington, D.C., for a week of learning about policymaking and the history of our nation. This fall, CIPCO employees participated as instructors during the Hawkeye Area Council’s “Boy Scouts of America Merit Badge University” at Kirkwood Community College.

ADVOCACY DRIVES POLICY

Like most election years, 2024 was dominated by intense and frequent political updates from the campaign trail. CIPCO is a non-partisan organization, but like all other electric cooperatives, lawmakers have a significant impact on our operations, planning and ultimately our ability to provide reliable power to our Member-owners. Therefore, it is our duty to participate in the shaping of public policy. Guided by CIPCO's own Legislative Committee, we work diligently to educate policymakers about the true impacts of proposals that come up for debate at federal, state and local levels. CIPCO's connection to the communities served by our energy resources is possible only through the strength of the relationships our member cooperatives have achieved. We owe it to our Member-owners to provide a thoughtful perspective to elected officials and it is a responsibility CIPCO doesn't take lightly. The reputation we strive for with decision makers is that we are informed, reasonable and accurate.

CIPCO will continue to partner with our national and statewide associations to be advocates for meaningful but responsible energy policies that make the electric grid safer, stronger, and more dependable. Unfortunately, in recent years the energy industry has been subjected to a continuous and unpredictable cycle of fits and starts at the federal level. An unwelcome milestone occurred in April when the Environmental Protection Agency (EPA) released the final version of its "Power Plant Rule." Despite years of education and advocacy on the issue, unfortunately the rule would implement unrealistic restrictions on

carbon-based generation. The unavailable and unproven technology mandated by the regulation would hinder electric utilities in generating reliable power, while the resulting cost increases would burden both rural and urban lowans alike. CIPCO stands united with our cooperative and industry peers to challenge detrimental regulations and advocate for sensible and realistic energy policies.

At CIPCO, we firmly believe the adoption of an "all-the-above" energy mix is the most dependable and sustainable option for the cooperative to provide power to our Member-owners. The Board's dedication to this reliable approach to energy generation is at the forefront of our advocacy message to elected and appointed officials at all levels of government. It is important that those decision-makers understand the thoughtful perspective CIPCO has formed through durable experience and a commitment to keeping the lights on.



RELIABLE FINANCIAL RESULTS

Success can be measured by our ability to cost-effectively deliver safe and reliable power supply to our Member-owners.

CPCO's 2024 financial results reflect one of its strongest years on record. Upon closing the books this past year, CIPCO realized a net margin of \$30.4 million, well ahead of budget, allowing us to maintain stable rates, return patronage capital to our Member-owners, and strengthen our balance sheet as we plan for major capital additions on the horizon.

During 2024, CIPCO also made significant system investments to maintain and improve reliability. As of December 31, 2024, total utility plant investment increased to \$897 million due to capital expenditures of \$32 million to complete important transmission projects and generation improvements.

CIPCO's average system rate was 6.41 cents/kWh which is slightly lower than the 2023 average rate of 6.48 cents/kWh. CIPCO is

proud to maintain competitive rates that, today, remain below rates charged to Member-owners more than 10 years ago. Additionally, CIPCO respects the importance of patronage being returned to Member-owners and maintains a responsible retirement schedule that since its inception, has returned \$145 million in patronage to our Member-owners, including \$8 million returned in 2024.

Our financial strength has put CIPCO in a position to control our own destiny and our strategic business approach has laid the groundwork for our organization to address the challenges and opportunities before us. Understanding that CIPCO's good standing is due to the support of our Member-owners, we strive to be thoughtful stewards of the cooperative's financial resources so that when opportunity, or necessity knocks, your co-op can appropriately and confidently make wise investments for our future success.



CIPCO Board meeting, Des Moines



Line rebuild, Greenfield



Transformer delivery, Grand Mound

2024

FINANCIALS



Substation deconstruction, Grand River

Independent Auditors' Report



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Independent Auditors' Report

The Board of Directors of
Central Iowa Power Cooperative and subsidiaries:

Opinion

We have audited the consolidated financial statements of Central Iowa Power Cooperative and its subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of revenue and expenses, equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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.

Other Matter

The consolidated financial statements of the Company as of and for the year ended December 31, 2023 were audited by another auditor, who expressed an unmodified opinion on those statements on March 26, 2024.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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,

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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 consolidated 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 consolidated 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 consolidated 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 Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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.

KPMG LLP

Des Moines, Iowa
March 7, 2025

CIPCO and Subsidiaries-December 31, 2024 and 2023

Consolidated Balance Sheets

	2024	2023
Assets		
Electric utility plant:		
In service	\$ 897,295,897	869,339,031
Less accumulated depreciation	(369,306,614)	(344,286,751)
Electric utility plant in service, net	527,989,283	525,052,280
Construction work in progress	13,701,896	16,149,595
Electric utility plant, net	541,691,179	541,201,875
Railroad and nonutility property, at cost less accumulated depreciation and amortization of \$3,269,839 in 2024 and \$3,001,343 in 2023	4,382,724	4,651,220
Investments and notes receivable:		
Investments in associated organizations and notes receivable, net	31,783,708	32,804,066
Decommissioning funds	174,126,094	163,185,526
Other investments	82,804,479	80,568,636
Total investments and notes receivable	288,714,281	276,558,228
Current assets:		
Cash and cash equivalents	8,166,400	11,697,940
Accounts receivable, members	16,050,994	15,084,863
Government grants and receivables, net	7,656,069	9,564,253
Other receivables	4,468,604	3,578,747
Fossil fuel, materials, and supplies	14,482,870	15,344,564
Prepaid expenses and interest receivable	552,363	662,541
Regulatory asset	6,185,292	6,185,292
Total current assets	57,562,592	62,118,200
Regulatory and other assets	24,247,313	24,779,997
Total assets	\$ 916,598,089	909,309,520
Capitalization and Liabilities		
Capitalization:		
Members' equity:		
Membership fees and contributed capital credits	\$ 40,682,444	40,682,444
Deferred patronage capital	96,578,516	90,578,516
Other	127,758,410	111,332,509
Total members' equity	265,019,370	242,593,469
Noncontrolling interest in CBEC Railway, Inc.	321,491	324,151
Total equity	265,340,861	242,917,620
Long-term debt, less current maturities	427,813,539	449,043,176
Total capitalization	693,154,400	691,960,796
Other liabilities:		
DAEC decommissioning liability	147,562,527	143,640,154
Other asset retirement obligations	3,082,726	2,892,746
Regulatory liability	16,367,499	9,244,854
Lease obligations	5,177,720	5,955,679
Deferred income taxes	817,412	1,129,412
Total other liabilities	173,007,884	162,862,845
Commitments and contingencies		
Current liabilities:		
Current maturities of long-term debt	29,094,536	28,399,569
Accounts payable	13,653,362	17,057,657
Accrued property taxes and other accrued expenses	5,801,472	7,267,510
Current portion of DAEC decommissioning liability	1,886,435	1,761,143
Total current liabilities	50,435,805	54,485,879
Total capitalization and liabilities	\$ 916,598,089	909,309,520

See accompanying notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Consolidated Statements Of Revenue And Expenses

	2024	2023
Operating revenue:		
Electric revenue	\$ 191,597,359	195,058,892
Wheeling	8,602,621	8,769,713
Other	17,300,193	10,457,180
Total operating revenue	217,500,173	214,285,785
Operating expenses:		
Purchased power	85,494,833	87,093,891
Operations:		
Production plant - fuel	15,535,530	15,109,365
Production plant - other	7,848,778	7,790,767
Transmission plant	17,674,890	18,186,790
Maintenance:		
Production plant	4,458,926	5,115,810
Transmission plant	4,350,663	3,884,908
Business support services	10,661,057	11,840,552
Depreciation and amortization	32,326,159	31,294,379
Property and other taxes and insurance	1,723,923	1,720,776
Other	304,831	219,908
Total operating expenses	180,379,590	182,257,146
Net operating margin	37,120,583	32,028,639
Other revenue:		
Net realized investment income	6,640,101	5,416,669
Net unrealized gain on investments	313,669	6,808,865
Patronage capital allocations	1,010,382	1,328,134
Miscellaneous revenue, net	864,829	273,754
Total other revenue, net	8,828,981	13,827,422
Net margin before interest charges and income taxes	45,949,564	45,856,061
Interest on long-term debt	16,849,296	16,707,841
Income tax expense (benefit)	(1,334,973)	2,204,131
Net margin	30,435,241	26,944,089
Noncontrolling interest in CBEC Railway, Inc.	9,340	14,737
Net margin attributable to the company	\$ 30,425,901	26,929,352

See accompanying notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Consolidated Statements Of Equity

	Membership Fees and Contributed Capital Credits	Deferred Patronage Capital	Other	Noncontrolling Interest In CBEC Railway, Inc.	Total Equity
Balance January 1, 2023	\$ 40,682,444	94,078,516	88,403,157	339,414	223,503,531
Net margin	—	—	26,929,352	14,737	26,944,089
Patronage capital paid	—	(7,500,000)	—	—	(7,500,000)
Patronage capital allocated	—	4,000,000	(4,000,000)	—	—
Distribution of earnings	—	—	—	(30,000)	(30,000)
Balance December 31, 2023	40,682,444	90,578,516	111,332,509	324,151	242,917,620
Net margin	—	—	30,425,901	9,340	30,435,241
Patronage capital paid	—	(8,000,000)	—	—	(8,000,000)
Patronage capital allocated	—	14,000,000	(14,000,000)	—	—
Distribution of earnings	—	—	—	(12,000)	(12,000)
Balance December 31, 2024	\$ 40,682,444	96,578,516	127,758,410	321,491	265,340,861

See accompanying notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Consolidated Statements Of Cash Flows

	2024	2023
Cash flows from operating activities:		
Net margin	\$ 30,435,241	26,944,089
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization	33,394,399	32,128,273
Settlements of asset retirement obligations	(1,707,241)	(3,366,834)
Patronage capital allocations not received in cash	(381,534)	(497,970)
Realized net gain on disposal of investments	(4,288,399)	(3,394,795)
Gain on disposal of electric utility plant	(8,959)	(47,942)
Net unrealized gain on investments	(313,669)	(6,808,865)
Net gain from equity method investees	(50,510)	(26,158)
Other, net	519,730	379,234
Changes in certain assets and liabilities:		
Receivables	1,166,018	9,892,205
Fossil fuel, materials, and supplies	861,694	(4,587,349)
Prepaid expenses and interest receivable	110,178	(151,723)
Accounts payable, accrued liabilities, and other liabilities	(1,158,925)	(3,832,242)
Deferred income taxes	(312,000)	1,115,265
Net cash provided by operating activities	58,266,023	47,745,188
Cash flows from investing activities:		
Additions to electric utility plant	(32,234,683)	(38,597,565)
Proceeds from the sale of electric utility plant	20,005	91,282
Purchases of investments	(136,067,749)	(111,276,144)
Sales of investments	140,558,815	115,245,480
Interest and dividend income reinvested	(2,114,695)	(1,724,856)
Distributions received from decommissioning funds	785,500	2,513,628
Receipt of prior years' patronage capital allocation	48,975	44,976
Additions to notes receivable	(3,289,986)	(4,500,000)
Payments from notes receivable	4,695,533	2,846,331
Preliminary generation development	(5,652,608)	(38,829)
Net cash used in investing activities	(33,250,893)	(35,395,697)
Cash flows from financing activities:		
Principal payments on long-term debt	(30,221,656)	(25,947,533)
Proceeds from long-term borrowings	18,186,986	4,000,000
Principal payments on line of credit	(146,500,000)	(127,500,000)
Proceeds from line of credit borrowings	138,000,000	147,000,000
Distribution of earnings to noncontrolling interest in CBEC Railway, Inc.	(12,000)	(30,000)
Patronage capital paid	(8,000,000)	(7,500,000)
Net cash used in financing activities	(28,546,670)	(9,977,533)
Net increase (decrease) in cash and cash equivalents	(3,531,540)	2,371,958
Cash and cash equivalents, beginning of year	11,697,940	9,325,982
Cash and cash equivalents, end of year	\$ 8,166,400	11,697,940
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 17,009,833	16,444,525
Cash payments for income taxes	\$ 199,905	159,630
Purchases of electric utility plant in accounts payable	\$ 1,130,014	5,923,736

See accompanying notes to consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

1. Organization

Central Iowa Power Cooperative (the "Cooperative" or "CIPCO") is a member-owned electric generation and transmission cooperative providing wholesale electric service to twelve electric distribution cooperatives and one municipal electric cooperative association ("members") engaged in the retail sale of electricity to consumers located in rural and suburban Iowa.

The Cooperative has two for-profit subsidiaries, CMA Ventures, Inc. ("CMAV") and CBEC Railway, Inc. ("CBEC") (collectively with Cooperative, the "Company"). CMAV is an Iowa investment company wholly owned by the Cooperative. CBEC is a rail spur providing dual rail access for coal deliveries to the Walter Scott Energy Center site in Council Bluffs, Iowa. The Cooperative's ownership interest in CBEC is 94%.

2. Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Cooperative and its subsidiaries in which it holds a controlling financial interest as of the financial statement date. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Regulatory Matters

The accounting records of the Cooperative are maintained in accordance with the uniform system of accounts prescribed by the Rural Utilities Service ("RUS"), the Cooperative's principal regulatory agency. The Cooperative is not subject to external rate regulation. Rates charged to members for electric service are established annually by the Cooperative's Board of Directors.

The Cooperative's utility operations are subject to the provisions of Accounting Standards Codification ("ASC") Topic 980, *Regulated Operations*, which provides that regulated entities record certain costs and credits allowed for in the rate making process in different periods than for nonregulated entities. For regulated entities, certain costs are deferred as regulatory assets or revenues deferred as regulatory liabilities and are recognized in the consolidated statements of revenue and expenses at the time they are reflected in rates.

(d) Electric Utility Plant

The cost of renewals and betterments of units of property includes construction-related material, contract services, direct labor, applicable supervisory and overhead costs, and allowance for funds used during construction, and is charged to electric utility plant accounts. Expenditures for maintenance and repairs, including purchases or renewals of minor items of property (as distinguished from units of property), are charged to expense. Depreciation is based on estimated useful lives at straight-line composite rates. At the time properties are disposed of, the original cost of depreciable units replaced or retired, plus cost of removal less salvage of such property, is charged to accumulated depreciation and no profit or loss is recognized in connection with ordinary retirements of electric utility property units.

(e) Recoverability of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value, to the extent that the Cooperative's Board of Directors has not taken action to establish a regulatory asset that will be recovered in future rates. No impairments were incurred in 2024 or 2023.

(f) Allowance for Borrowed Funds Used During Construction

Allowance for borrowed funds used during construction ("AFUDC") represents the cost, during the period of construction, of borrowed funds used for construction purposes. There was no AFUDC in 2024 or 2023.

(g) Railroad and Nonutility Property

Railroad and nonutility property primarily consist of the net assets of CBEC, and is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 34 to 44 years.

(h) Leasing Transactions

The Company evaluates contracts that may contain leases, including power purchase agreements and arrangements for the use of equipment, land, buildings, and vehicles. A contract contains a lease if it conveys the exclusive right to control the use of a specified asset. A contract determined to contain a lease is evaluated further to determine if the arrangement is an operating or finance lease. The Company recognizes the present value of right-of-use assets and a corresponding lease liability at the lease commencement date. Leases with an initial

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

term of 12 months or less are classified as short-term leases and are not recognized on the consolidated balance sheet. If a lease contains an option to extend and there is reasonable certainty the option will be exercised, the option is considered in the lease term at inception. If a lease contains a purchase option and there is reasonable certainty the option will be exercised, the option is considered in the lease term and cash flows from inception. Some of the Company's leases include non-lease maintenance services. The Company separates the lease and non-lease components with maintenance services being recorded as expenses when incurred.

(i) Investments

The Company determines the appropriate classification of investments in debt securities at the acquisition date and re-evaluates the classification at each balance sheet date. All investments in marketable debt securities are currently classified as available-for-sale ("AFS") and recorded at fair value at the balance sheet date. For AFS debt securities held in the Cooperative's decommissioning funds, interest and dividend income are recognized as a change in regulatory assets or liability on the consolidated balance sheets.

All equity securities are reported at fair value, with changes in fair value recognized in net unrealized gains or losses in the consolidated statements of revenue and expenses, unless subject to the effects of regulation. Realized gains and losses are reported as net realized investment income in the consolidated statements of revenue and expenses, unless subject to the effects of regulation. All changes in fair value of equity securities, as well as realized gains and losses, held in the decommissioning funds are recorded in regulatory assets or liability on the consolidated balance sheets since the Cooperative expects to recover any costs in excess of available decommissioning funds through future rates.

The Company elects to use the measurement alternative to fair value for certain investments in private equity funds and fixed income securities that do not have readily determinable fair values, which allows these investments to be recorded at cost, less impairment, and subsequently adjusted for observable price changes in orderly transactions for an identical or a similar investment of the same issuer. Equity securities without readily determinable fair values are written down to their fair value if a qualitative assessment indicates that the investment is impaired and the fair value of the investment is less than its carrying amount.

Debt securities classified as AFS are measured using quoted market prices multiplied by the quantity held when quoted market prices are available. If quoted market prices for those debt securities are not available, the fair value is determined which considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk.

Held-to-maturity ("HTM") debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts, less allowance for credit losses. The Company includes accrued interest as part of the HTM debt security amortized cost basis.

The Company utilizes the equity method of accounting with respect to investments when it possesses the ability to exercise significant influence, but not control, over the investee. In applying the equity method, the Company records the investment at cost and subsequently increases or decreases the carrying value of the investment by the Company's proportionate share of the net earnings, losses, and dividends or equity distributions of the investee. The Company accounts for cash distributions received under the cumulative-earnings approach. Distributions are presumed to be returns on investment and classified as operating cash inflows to the extent cumulative distributions received do not exceed the Company's proportional share of cumulative equity earnings. Any excess is considered return of investment and classified as cash inflows from investing activities on the consolidated statements of cash flows, excluding those amounts included as part of long-term investments.

(j) Fair Value of Financial Instruments

As defined by GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets to estimate fair value. Nonperformance or credit risk is considered in determining fair value. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. Fair value estimates are made at a specific point in time based on relevant market information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(k) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of bank deposits and money market funds. The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

(l) Fossil Fuel, Materials, and Supplies

Fossil fuel, materials, and supplies are stated at the lower of average cost or net realizable value.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

(m) Commodity Derivatives

As part of its risk management program, the Cooperative may periodically use futures contracts to manage natural gas and energy commodity price fluctuations. CIPCO does not transact commodity derivatives for trading purposes. Realized gains and losses on settled commodity derivatives are recognized as purchased power in the consolidated statements of revenue and expenses.

(n) DAEC Decommissioning Liability and Asset Retirement Obligations

The Cooperative recognizes asset retirement obligations ("AROs") when it has a legal obligation to perform decommissioning or removal activities upon retirement of an asset. The Cooperative's AROs relate to the decommissioning of the Duane Arnold Energy Center ("DAEC") and obligations associated with its other generating facilities. The fair value of an ARO liability is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Cooperative determines these obligations based upon detailed engineering calculations of the amount and timing of the future decommissioning cash spending for a third party to perform the required work. Cost estimates are escalated for inflation and then discounted at a credit-adjusted, risk-free rate. Subsequent to the initial recognition, the ARO liability is adjusted for revisions to the original estimate of undiscounted cash flows and for accretion of the ARO liability due to the passage of time. Changes in estimates could occur for several reasons, including changes in laws and regulations, plan revisions, inflation and changes in the amount and timing of the expected decommissioning activities.

(o) Revenue Recognition

Electric revenue – Revenues are derived primarily from sales to members pursuant to wholesale power contracts in effect until December 31, 2062. Each contract obligates CIPCO to sell and deliver to the member and obligates the member to purchase and receive from CIPCO, electric energy and transmission it requires for the operation of its system. Rates are established annually by the Board of Directors at levels consistent with the provision of reliable cost-based supply of power and energy to members over the long term. Electric rates primarily consist of three billing components: energy, production demand, and transmission demand. Energy and demand billing components have the same pattern of transfer to members and are both measurements of the electric power provided to members. Therefore, the provision of electric power to members is one performance obligation. The Cooperative's performance obligation is satisfied over time, and the Cooperative recognizes revenue accordingly. Members simultaneously receive and consume the benefits of the Cooperative's performance as energy is delivered. The Cooperative transfers control of the electric power to members over time and members simultaneously

receive and consume the benefits of the electric power. The measurement of energy and demand is generally based on meter data, which is collected through the last day of the month. Energy and demand are determined based on the meter data, revenue is recognized, and members are invoiced based on the meter readings. Historically there have been no uncollectible accounts related to sales of electric revenue, thus the Cooperative does not record an allowance for credit losses.

Wheeling – Wheeling revenue consists of charges to other energy companies for transmitting electricity over the Cooperative's transmission lines. Revenue is recognized when the service is provided.

Other – Other operating revenue consists of the sale of renewable energy credits, rent of facilities, CBEC railroad fees and other revenues of the Cooperative. Renewable energy credits are sold at prevailing market prices. The performance obligation is complete, and revenue is recognized, when control is transferred.

(p) Income Taxes

The Cooperative has received a tax determination letter from the IRS indicating it is exempt from federal and state income taxes under applicable tax laws. As such, the Cooperative is taxed only on any net unrelated business income under Section 511 of the Internal Revenue Code.

CMAV and CBEC are subject to income tax. Deferred income tax assets and liabilities are based on differences between the financial statement and tax bases of assets and liabilities using the estimated tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities are included as a component of income tax expense. Valuation allowances are established for deferred income tax assets where management determines that realization is not likely.

(q) Accounting Pronouncements Not Yet Adopted

On December 14, 2023, the FASB issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This guidance requires disaggregated information about a business entity's effective tax rate reconciliation as well as information on income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

3. Electric Utility Plant in Service

The major classes of electric utility plant in service as of December 31, 2024 and 2023 and depreciation and amortization for 2024 and 2023 are as follows:

	Cost		Depreciation and Amortization		Composite Depreciation Rates
	2024	2023	2024	2023	%
Production plant	\$ 374,655,093	369,128,235	11,875,290	11,575,471	3.00-9.64
Transmission plant	491,571,298	472,703,092	12,946,232	12,170,691	2.75
Distribution plant	454,256	454,256	—	—	0.00
General plant	29,740,784	26,178,982	2,103,913	1,913,881	3.03-33.33
Intangible plant	874,466	874,466	15,176	15,176	4.00
Electric utility plant in service	\$ 897,295,897	869,339,031	26,940,611	25,675,219	

The following table provides the net balance recorded in electric utility plant in service by production plant facility as of December 31, 2024:

Production Plant Facility	Percentage Ownership	Capacity MW	Electric Utility Plant in Service, Net
Summit Lake	100.0%	116	\$ 74,083,627
Walter Scott Energy Center Unit No. 3	11.5	83	27,480,788
Walter Scott Energy Center Unit No. 4	9.5	78	62,894,935
Louisa Generating Station	4.6	35	12,390,118
Right-of-use Solar Generation	Leased	6	4,711,678

Under joint facility ownership agreements, the Cooperative has undivided interests in jointly owned electric generating facilities with other utilities. The Cooperative accounts for its proportionate share of each facility, and each joint owner has provided financing for its share of each facility. Operating costs of each facility are assigned to joint owners based on their percentage of ownership or energy production, depending on the nature of the cost. The Cooperative's share of expenses associated with these jointly owned units is included in operations and maintenance expenses in the consolidated statements of revenue and expenses.

4. Power Purchase Agreements

The Cooperative has entered into long-term supply contracts and is purchasing energy and capacity from various wind, solar, hydro, and landfill gas generation resources totaling 472.2 MW with expiration dates between 2025 and 2050. Total purchases are based upon the energy generation output of the resources. Contract prices vary and may escalate over the term. These contracts are settled by physical delivery, among other criteria, and are designated as normal purchase contracts. Payments are recognized as purchased power in the consolidated statements of revenue and expenses. The Cooperative's purchases under these agreements were \$53,328,533 and \$42,563,013 for 2024 and 2023, respectively.

The Cooperative entered into an additional long-term supply contract to purchase energy and capacity from Coggon Solar, LLC, a 100 MW_{AC} solar generation resource that has not been constructed.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

5. Leasing Transactions

The Company is party to lease agreements for six solar generating facilities with a total installed capacity of 6.4 MW_{AC}. The initial lease terms are 12 years, after which the Company may purchase the facilities, or the leases automatically renew for an additional two years. Exercise of the purchase option is not reasonably certain. Therefore, payments associated with the automatic renewal period are included in the measurement of the lease liabilities and right-of-use assets. As of December 31, 2024, the solar leases have a weighted average remaining lease term of 6.5 years. In addition, the Company is party to an office space lease that extends through 2030. All agreements are classified as operating leases. Interest on lease liabilities is based on a weighted average discount rate of 3.2%.

Components of lease expense for the years ended December 31, 2024 and 2023 are as follows:

Lease Expense	Classification	2024	2023
Amortization of right-of-use assets	Depreciation and amortization	\$ 795,656	772,009
Interest on solar lease liabilities	Production plant - other	165,548	184,552
Interest on office lease liabilities	Business support services	36,441	41,084
		<u>\$ 997,645</u>	<u>997,645</u>

Supplemental balance sheet information relating to leasing transactions is as follows:

	Classification	2024	2023
Assets:			
Right-of-use assets	Electric utility plant, net	\$ 5,804,400	6,600,056
Liabilities:			
Current maturities of lease obligations	Accrued property taxes & other accrued expenses	777,653	749,082
Long-term lease obligations	Lease obligations	5,177,720	5,955,679

As of December 31, 2024, maturities of lease liabilities are as follows:

Years Ending December 31	Scheduled Maturities
2025	\$ 955,091
2026	880,536
2027	827,111
2028	828,293
2029	1,125,962
Thereafter	2,068,710
Total lease payments	6,685,703
Less imputed interest	(730,330)
Total lease liabilities	5,955,373
Less current maturities	(777,653)
Noncurrent lease liabilities	<u>\$ 5,177,720</u>

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

6. Investments and Notes Receivable

As of December 31, 2024 and 2023, investments and notes receivable consisted of the following:

	2024	2023
Investments in associated organizations and notes receivable, net:		
Capital term certificates	\$ 4,486,482	4,486,482
Investments in associated organizations	10,608,803	10,276,244
Notes receivable, net	16,688,423	18,041,340
	<u>31,783,708</u>	<u>32,804,066</u>
Decommissioning funds:		
Investments - decommissioning trust	89,105,715	83,635,638
Investments - internal decommissioning fund	85,020,379	79,549,888
	<u>174,126,094</u>	<u>163,185,526</u>
Other investments:		
Invested reserves	81,921,895	79,603,258
Equity in privately held funds	87,018	220,322
Equity method investments	795,566	745,056
	<u>82,804,479</u>	<u>80,568,636</u>
Total investments and notes receivable	\$ 288,714,281	276,558,228

Capital term certificates are issued by National Rural Utilities Cooperative Finance Corporation ("CFC") and currently bear interest at 3% to 5% maturing between 2025 and 2080. These investments are carried at original cost.

Investments in associated organizations consist primarily of memberships in other cooperatives. These investments are stated at cost, adjusted for patronage capital allocations. The patronage capital allocations are noninterest-bearing and mature based upon the granting cooperatives' policies.

Notes receivable, net consist of economic development notes receivable. The notes receivable bear interest rates between 0% and 4.91%, incur annual administrative fees of 0% to 1%, and have contractual maturity dates through December 2034. As of December 31, 2024 and 2023, the Company had established an allowance for credit losses of \$182,600 and \$235,230, respectively, based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect collectability. In addition, management monitors the collectability of the notes receivable on an individual basis. Receivables are considered impaired when it is probable the Company will be unable to collect all amounts due according to the contractual terms. Impairment losses of \$10,417 and \$0 were recognized during the years ended December 31, 2024 and 2023, respectively.

Decommissioning funds consist of a legally restricted external trust fund and an internally reserved fund. The Cooperative has established both funds for the decommissioning of the DAEC. Both funds consist primarily of U.S. domestic equities, international equities, Real Estate Investment Trusts ("REITs"), mutual funds, government securities, corporate fixed income, private equity funds, and exchange traded funds, which are carried at fair value or net asset value ("NAV") as an expedient to fair value, with realized and unrealized gains and losses included in the DAEC decommissioning regulatory asset or liability. Officers of the Cooperative are authorized to act in accordance with the decommissioning trust agreement and request distributions from the decommissioning trust to reimburse the Cooperative for decommissioning expenditures. The authority granted to officers of the Cooperative to request distributions from the decommissioning trust is capped at \$10 million per calendar year. If distribution requests will exceed \$10 million in any calendar year, specific authorization by the CIPCO board of directors, as Trust Protector, is required. There are currently no restrictions regarding the internal decommissioning fund.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

6. Investments and Notes Receivable (Continued)

Invested reserves consist primarily of U.S. domestic equities, international equities, REITs, mutual funds, government securities, corporate fixed income, private equity funds, and exchange traded funds, which are carried at fair value or NAV with changes in fair value recognized in net unrealized gains or losses in the consolidated statements of revenue and expenses, unless subject to the effects of regulation.

Equity in investments in privately held funds that do not have readily determinable fair values are measured at cost less impairment, if any.

Equity method investments include holdings in privately held corporations in which the Company possesses the ability to exercise significant influence, but not control, over the investee. These investments are recorded at adjusted cost which includes the Company's proportionate share of the net earnings, losses, and distributions of the investee. These investments are assessed for impairment annually. If factors indicate that a decrease in value of an equity method investment has occurred that is other than temporary, an impairment is recognized even if the decrease in value is in excess of what would otherwise be recognized by application of the equity method.

As of December 31, 2024 and 2023, investments that have readily determinable fair values within decommissioning funds and other investments consisted of the following:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
December 31, 2024				
Cash equivalents	\$ 3,178,372	—	—	3,178,372
Equities	109,889,885	27,217,795	(3,096,800)	134,010,880
Fixed income	45,795,707	299,967	(1,007,101)	45,088,573
Totals	\$ 158,863,964	27,517,762	(4,103,901)	182,277,825

	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
December 31, 2023				
Cash equivalents	\$ 3,537,859	—	—	3,537,859
Equities	103,974,298	27,850,666	(3,500,906)	128,324,058
Fixed income	42,591,126	558,333	(302,527)	42,846,932
Totals	\$ 150,103,283	28,408,999	(3,803,433)	174,708,849

CIPCO and Subsidiaries—Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

7. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including the Company's own data.

Description of the valuation methodologies used for instruments measured at fair value on a recurring basis are set forth below:

Cash and Cash Equivalents—The carrying amounts approximate fair value because of the short-term nature of these instruments.

Mutual Funds, Equities, and Exchange Traded Funds—The fair value of equity securities is based on quoted market prices from an active exchange or from an active dealer market. All of these investments are classified in Level 1.

Government Securities and Corporate Fixed Income—Bonds are often traded in less active markets with fair values based on quoted prices for similar assets in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. As such, these investments are classified in Level 2.

Private Equity and Hedge Funds—The fair value of the Company's investments in limited partnership private equity and hedge funds represents the value of its NAV as reported by the fund managers. Valuations utilize financial information supplied by the general partner of each limited partnership and are net of management fees and incentive allocations pursuant to the limited partnership's applicable agreements. Due to the inherent uncertainty of valuation, the value of the Company's investments in limited partnership private equity and hedge funds may differ significantly from the values that would have been used had an active market for the investments held by the Company been available.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

7. Fair Value Measurements (Continued)

The following tables present assets that are measured at fair value on a recurring basis as of December 31, 2024 and 2023:

Assets at Fair Value as of December 31, 2024				
	Total	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 3,178,372	3,178,372	—	—
Equities - stocks	67,113,123	67,113,123	—	—
Mutual funds:				
Equities	20,414,672	20,414,672	—	—
Fixed income	6,582,782	6,582,782	—	—
Exchange traded funds:				
Equities	46,483,085	46,483,085	—	—
Corporate fixed income	15,335,973	—	15,335,973	—
Government securities	23,169,818	—	23,169,818	—
Total assets in the fair value hierarchy	182,277,825	143,772,034	38,505,791	—
Private equity and hedge funds measured at net asset value	57,312,528			
Total assets measured at fair value	\$ 239,590,353			

Assets at Fair Value as of December 31, 2023				
	Total	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 3,537,859	3,537,859	—	—
Equities - stocks	51,017,074	51,017,074	—	—
Mutual funds:				
Equities	34,945,621	34,945,621	—	—
Fixed income	4,669,734	4,669,734	—	—
Exchange traded funds:				
Equities	42,361,363	42,361,363	—	—
Corporate fixed income	9,846,037	—	9,846,037	—
Government securities	28,331,161	—	28,331,161	—
Total assets in the fair value hierarchy	174,708,849	136,531,651	38,177,198	—
Private equity and hedge funds measured at net asset value	51,701,333			
Total assets measured at fair value	\$ 226,410,182			

CIPCO and Subsidiaries—Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

7. Fair Value Measurements (Continued)

Liquidity Restrictions—Certain alternative investments are less liquid than the Company’s other investments and are generally accessed via limited partnerships, limited liability corporations, and private equity and hedge funds. There is generally no readily determinable fair value for alternative investments, though certain funds may invest in securities for which there is a public market. These investments are subject to varying degrees of liquidity restrictions.

The following table summarizes these investments by investment strategy as of December 31, 2024 and 2023:

Alternative Investment Strategy	2024	2023	Redemption Frequency	Redemption Notice Requirements
Private equity and hedge funds	\$ 3,301,273	2,966,882	Allowed quarterly	Varies from 30-65 days
Private equity and hedge funds	2,138,317	1,914,923	Allowed at least annually	90 calendar days plus 5 business days
Private equity and hedge funds	<u>51,872,938</u>	<u>46,819,528</u>	No contractual liquidity	No contractual liquidity
Total private equity and hedge funds	\$ <u>57,312,528</u>	<u>51,701,333</u>		

Investments in private equity and hedge funds are assumed to have no contractual liquidity if agreements do not permit redemptions through the term of the fund or when redemptions may be accepted periodically at the sole discretion of fund advisors. As of December 31, 2024, investments that do not permit redemptions have fund term dates extending through 2034.

8. Government Grants and Receivables

The Cooperative is eligible for U.S. Federal Emergency Management (“FEMA”) and state of Iowa public disaster grant assistance to reimburse certain costs incurred for emergency protective measures and permanent work to restore damaged and destroyed electric utility plant because of Presidentially declared disasters. The Cooperative sustained significant damage to its electric transmission network during high wind events in 2020 through 2024 and has submitted claims for eligible costs. Government grants and receivables, net includes \$1,691,749 and \$2,997,466 for eligible costs that have not yet been reimbursed as of December 31, 2024 and 2023, respectively. This form of governmental assistance is reimbursement in nature. Once all grant eligibility and reporting requirements are complete, there are no ongoing grant requirements. Capital expenditures are recognized as construction work in progress, net of disaster grant assistance, and ultimately classified to electric utility plant in-service.

Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy (“DOE”) is responsible for development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. The DOE has not met its statutory obligation. In 2009, a spent fuel settlement agreement was reached which permits NextEra Energy Resources (“NEER”) to make annual filings on behalf of the DAEC joint owners to recover certain incurred spent fuel storage costs, which are payable by the U.S. Government on an annual basis. Government grants and receivables, net includes \$5,964,320 and \$6,566,787 for eligible costs that have not yet been reimbursed as of December 31, 2024 and 2023, respectively. The DOE has disputed certain costs submitted for reimbursement. During 2023, an arbitration decision was reached where an independent neutral party disallowed \$3.7 million of claims related to early shutdown costs. Of this \$3.7 million in disallowed costs, \$1.7 million was recognized as an impairment loss in miscellaneous revenue, net in the consolidated statements of revenue and expenses in 2023. The remaining disallowed costs of \$2.0 million related to decommissioning was deferred to a regulatory asset and a withdrawal was made from decommissioning funds for this amount. Based on the arbitration decision, the Cooperative has established an allowance for uncollectible amounts of \$8.2 million for similar costs as of December 31, 2024 and 2023. This allowance was related to decommissioning and deferred to the regulatory asset. Should these costs be disallowed, they will be withdrawn from decommissioning funds.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

9. DAEC Decommissioning Liability and Other Asset Retirement Obligations

DAEC Decommissioning Liability—NEER is responsible for planning and managing decommissioning, the cost of which is shared on a pro-rata basis by the joint owners. The Cooperative has recognized an ARO for its 20% ownership share of the estimated cost to decommission DAEC. NEER has submitted a site-specific cost estimate and plan for decontamination and decommissioning to the U.S. Nuclear Regulatory Commission (“NRC”). All spent nuclear fuel housed onsite is expected to be in long-term dry storage until the DOE fulfills its legal obligation to take possession. NEER expects completion of decommissioning by approximately 2080. The Cooperative’s funding method is designed to accumulate decommissioning funds sufficient to cover the Cooperative’s share of decommissioning costs. The fair value of investments reserved as decommissioning funds totaled \$174,126,094 and \$163,185,526 as of December 31, 2024 and 2023, respectively. Currently, there are no ongoing decommissioning funding requirements. However, the NRC has the authority to require additional funding in the future. The Cooperative assesses the method of funding annually and will make additional contributions to the decommissioning funds as necessary to ensure the investments are sufficient to fund the decommissioning.

Other Jointly Owned Generation Facilities—The Cooperative has recognized other ARO liabilities for its ownership share of jointly owned generation facilities. These obligations pertain to coal-combustion residuals (“CCR”) from the operation of coal-fueled generating facilities, including requirements for the operation and closure of surface impoundment and ash landfill facilities.

Fair Station Generating Facility—Fair Station generating facility was retired in 2013. The ARO relating to post-closure activities and monitoring of the ash ponds located on the site is recorded in Other AROs. Post-closure decommissioning activities are expected to be completed in 2027.

For DAEC, periodic decommissioning costs studies are performed to update the estimated future ARO costs. The most recent cost study was conducted in 2023, which resulted in a reduction in the estimated costs in determining the decommissioning liability.

The following table reconciles the beginning and ending balances of the DAEC decommissioning liability and other AROs for the years ended December 31, 2024 and 2023.

	2024		2023	
	DAEC Decommissioning Liability	Other AROs	DAEC Decommissioning Liability	Other AROs
Balance-January 1	\$ 145,401,297	3,178,859	149,488,298	5,131,073
Additions	—	—	—	—
Settlements	(1,629,216)	(78,025)	(1,829,880)	(1,536,954)
Change in estimated costs	(216,134)	138,436	(7,957,167)	(568,857)
Accretion	5,893,015	121,681	5,700,046	153,597
Balance-December 31	\$ 149,448,962	3,360,951	145,401,297	3,178,859
Expected to settle in the next twelve months	\$ 1,886,435	278,225	1,761,143	286,113

The amount expected to settle in the next twelve months for the other AROs is reflected in accrued property taxes and other accrued expenses on the consolidated balance sheets as of December 31, 2024 and 2023.

CIPCO and Subsidiaries—Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

10. Regulatory Asset and Liability

As of December 31, 2024 and 2023, regulatory asset and liability consists of the following:

		2024	2023
Regulatory asset - current	DAEC unrecovered plant	\$ 6,185,292	6,185,292
Regulatory asset	DAEC unrecovered plant	18,555,876	24,741,168
Regulatory liability	DAEC decommissioning	16,367,499	9,244,854

DAEC Unrecovered Plant—To address the financial impacts of DAEC early closure and maintain rate stability to members, the Cooperative established a regulatory asset which is being recovered through a member fixed charge and amortized on a straight-line basis over an 8-year period through December 2028.

DAEC Decommissioning—The Cooperative records a regulatory asset or liability depending on the funded status of decommissioning funds compared to the present value of the DAEC decommissioning liability. As of December 31, 2024 and 2023, a regulatory liability was recorded reflecting an overfunded present value status. The regulatory asset or liability will be resolved by the long-term appreciation of investments designated as decommissioning funds or through future wholesale rates.

11. Patronage Capital and Members' Equity—Other

The Cooperative operates on a not-for-profit basis and, accordingly, seeks to generate revenues to recover cost of service, meet its financial obligations and to establish reasonable equity reserves. Net margin is treated as advances of capital from members and is allocated annually by the Cooperative's Board of Directors. Patronage capital is allocated to members based upon their respective energy and demand purchases from the Cooperative. A portion of net margin may be declared as a current patronage dividend payable. Deferred patronage capital dividends are eligible to be distributed to members in the future, as determined by the Board of Directors, and subject to certain restrictions in the Cooperative's Indenture and the Iowa Code. Amounts allocated to deferred patronage capital are scheduled to be distributed fifteen or forty years from the date of allocation.

Membership fees and contributed capital credits represent permanent member equity in the Cooperative.

At December 31, 2024 and 2023, members' equity—other consists of the following:

		2024	2023
Unallocated margin		\$ 30,425,901	26,929,352
Reserve for contingent losses		62,111,011	51,278,840
Statutory surplus		35,221,498	33,124,317
		<u>\$ 127,758,410</u>	<u>111,332,509</u>

Reserve for contingent losses is an appropriation of net margin by the Board of Directors. There is no statutory restriction of this equity. The Board of Directors appropriated \$10,832,171 and \$9,351,268 to reserve for contingent losses during the years ended December 31, 2024 and 2023, respectively.

In accordance with Iowa Code, the Board of Directors is required to allocate a portion of the current year's net margin to statutory surplus unless such is equal to or greater than thirty percent of total membership capital. The Board of Directors appropriated \$2,097,181 and \$3,373,782 to statutory surplus during the years ended December 31, 2024 and 2023, respectively.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

12. Long-Term Debt and Lines of Credit

As of December 31, 2024 and 2023, long-term debt consists of the following:

	2024	2023
FFB obligations, 1.017% to 4.932%, due through January 2046	\$ 291,096,481	291,804,380
CFC obligations, 2.35%, due through December 2031	31,500,000	36,000,000
CFC variable rate credit facility borrowings, 6.30%, due October 2028	15,500,000	—
CoBank obligations, 3.86% to 5.02%, due through March 2042	49,093,001	54,333,308
CoBank variable rate obligations, 4.66% to 6.43%, through March 2032	3,116,704	3,712,431
CoBank variable rate credit facility borrowings, 5.57% to 5.76%, due June 2028	48,500,000	72,500,000
USDA and other economic development loans, 0% to 4.91%, due through December 2034	13,826,889	14,817,626
USDA economic development grants due upon termination of the rural economic development loan fund	4,275,000	4,275,000
Total long-term debt	456,908,075	477,442,745
Less current maturities	(29,094,536)	(28,399,569)
Total long-term debt, less current maturities	\$ 427,813,539	449,043,176

Scheduled maturities of long-term debt as of December 31, 2024, are as follows:

Years ending December 31	Scheduled Maturities
2025	\$ 29,094,536
2026	28,991,663
2027	28,841,947
2028	92,452,136
2029	28,191,140
Thereafter	249,336,653
Totals	\$ 456,908,075

To provide for interim financing capabilities, the Cooperative has arranged revolving lines of credit. The Cooperative had available a \$100,000,000 line of credit agreement with CoBank with \$48,500,000 and \$72,500,000 outstanding as of December 31, 2024 and 2023, respectively. The Cooperative also had available a \$40,000,000 revolving line of credit agreement with CFC with no borrowings outstanding as of December 31, 2024 and 2023.

An Indenture of Mortgage, Security Agreement and Financing Statement, dated as of September 8, 2010 ("Indenture") between the Cooperative, as Grantor, to U.S. Bank National Association, as Trustee, as supplemented and amended, provides the RUS, FFB, CFC, and CoBank as secured note holders a pro-rated interest in substantially all owned assets of the Cooperative.

The existing Indenture and certain other debt agreements contain provisions which, among other restrictions, require the Cooperative to maintain certain financial ratios. The Cooperative was in compliance with these financial ratios as of December 31, 2024 and 2023.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

13. Income Taxes

The Company's income tax expense (benefit) consists of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Current:		
Federal	\$ (799,230)	773,900
State	(223,743)	314,966
	(1,022,973)	1,088,866
Deferred:		
Federal	(233,168)	849,366
State	(78,832)	265,899
	(312,000)	1,115,265
Total income tax expense (benefit)	\$ (1,334,973)	2,204,131

Income taxes for 2024 and 2023 differ from the expense computed using the statutory rates as follows:

	2024	2023
Federal tax at the statutory rate	\$ 6,577,648	6,226,698
State tax at the statutory rate	1,908,546	2,474,939
Tax-exempt income of Cooperative	(8,172,712)	(7,880,190)
Other, net	(1,648,455)	1,382,684
Total income tax expense (benefit)	\$ (1,334,973)	2,204,131

Deferred tax assets and liabilities related to temporary differences between the financial statement bases and income tax bases of assets and liabilities as of December 31, 2024 and 2023, are as follows:

	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 177,413	—
Securities impairments	116,705	482,005
Privately held funds	2,550	74,666
Total deferred tax assets	296,668	556,671
Deferred tax liabilities:		
Basis difference on fixed assets	342,558	401,233
Privately held funds	222,960	814,828
Unrealized gains on available-for-sale securities	548,562	470,022
Total deferred tax liabilities	1,114,080	1,686,083
Net deferred tax liability	\$ 817,412	1,129,412

The Company determined there is no material liability for unrecognized tax benefits under the provisions of ASC Topic 740, *Income Taxes*. The federal statute of limitations remains open for the years 2021 and forward. Generally, tax years 2020 and forward are subject to audit by state tax authorities depending on the tax code in each jurisdiction.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

14. Multi-Employer Pension Plan

The Cooperative participates in a multi-employer pension plan, Hawkeye Pension Plan, Employer Identification Number 42-1438152 and Plan No. 001 (the "Plan") which covers substantially all employees. The Plan is intended to be qualified under Section 401 of the Internal Revenue Code. Its associated trust is intended to be tax-exempt under Section 501(a) of the Internal Revenue Code.

The risks of participating in multi-employer plans are different from single-employer plans in the following aspects: (a) assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (b) if a participating employer stops contributing to the multi-employer plan, the unfunded obligations of the multi-employer plan may be borne by the remaining participating employers; and (c) special rules apply to an employer that withdraws from the multi-employer plan, requiring the withdrawing employer to pay to the multi-employer plan an amount based on the underfunded status of the multi-employer plan.

No zone status determination is required for the Plan under the Pension Protection Act of 2006, and therefore no zone status determination has been made. The Plan was at least 80% funded during the years ended December 31, 2024 and 2023.

The Company contributed \$3,085,325 and \$2,843,441 to the Plan during the years ended December 31, 2024 and 2023, respectively. Certain of the Company's contributions to the Plan are for Cooperative employees represented by a union and covered under a collective bargaining agreement. These contributions are made in accordance with the terms of the collective bargaining agreement, which requires contributions for these participants to be made in accordance with the Plan provisions. For the years ended December 31, 2024 and 2023, the Company's contributions exceeded 5% of the total contributions to the Plan by all participating employers.

CIPCO and Subsidiaries-Years Ended December 31, 2024 and 2023

Notes To Consolidated Financial Statements

15. Commitments and Contingencies

Nuclear Insurance Program—Liability for accidents at nuclear power plants is governed by the Price-Anderson Act (the “Act”), which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. DAEC obtained an exemption from the NRC and maintains a \$100 million private liability insurance limit.

DAEC participates in a nuclear insurance mutual company that provides \$50 million of limited insurance coverage per occurrence for property damage, decontamination risks, and non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. In the event of an accident at DAEC, the owners could be assessed up to \$6.9 million (\$1.4 million for the Cooperative), plus any applicable taxes, in retrospective premiums in a policy year.

In the unlikely event of a catastrophic loss at DAEC, the amount of insurance available may not be adequate to cover property damage, decontamination, and premature decommissioning. Uninsured losses, to the extent not recovered through rates, would be borne by the DAEC owners and could have a material adverse effect on the Company’s financial position, results of operations, and cash flows.

Capital Commitments—The Company has unfunded capital commitment agreements to certain private equity and hedge funds that may require additional investment totaling \$21,777,778 as of December 31, 2024.

Litigation—The Cooperative has been named as a defendant in various lawsuits and claims arising in the normal course of business. Although the outcome of these matters cannot be determined at the present time, it is the opinion of management that these actions can be successfully defended or resolved without a material effect on the consolidated statements of revenue and expenses or cash flows of the Cooperative.

16. Subsequent Events

The Company has evaluated subsequent events through March 7, 2025, which is the date the consolidated financial statements were available to be issued.

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