



THE ENERGY CO-OP

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA

FINANCIAL STATEMENTS

December 31, 2025 and 2024

DRAFT

CONTENTS

Independent Auditor's Report.....	1
Balance Sheets	3
Statements of Operations	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Schedules of General and Administrative Expenses.....	12

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Energy Cooperative Association of Pennsylvania
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Energy Cooperative Association of Pennsylvania (a Pennsylvania corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energy Cooperative Association of Pennsylvania as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Energy Cooperative Association of Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Energy Cooperative Association of Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Energy Cooperative Association of Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs, LLP
Madison, Wisconsin
June 16, 2026

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
BALANCE SHEETS
December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 941,767	\$ 1,051,159
Restricted cash escrow	174,824	90,120
Accounts receivable	432,782	604,680
Prepaid expenses	123,491	38,409
Total current assets	1,672,864	1,784,368
Property and equipment, net	4,776	5,790
OTHER ASSETS		
Deposits	6,030	6,030
Intangible assets, net	146,548	151,160
Operating lease right-of-use asset	71,738	110,443
Total other assets	224,316	267,633
Total assets	\$ 1,901,956	\$ 2,057,791
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 101,700	\$ 137,788
Accrued expenses	493,384	487,786
Current portion of operating lease liability	46,926	44,191
Total current liabilities	642,010	669,765
LONG-TERM LIABILITIES		
Operating lease liability less current portion	24,812	66,252
Total liabilities	666,822	736,017
MEMBERS' EQUITY		
Patronage capital	1,214,800	1,301,440
Reserve capital accounts	20,334	20,334
Total members' equity	1,235,134	1,321,774
Total liabilities and members' equity	\$ 1,901,956	\$ 2,057,791

See accompanying notes.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
STATEMENTS OF OPERATIONS
Years Ended December 31, 2025 and 2024

	2025	2024
REVENUE		
Electricity sales	\$ 3,238,981	\$ 2,896,421
Natural gas sales	602,769	502,953
Heating oil commissions	121,803	99,237
Total revenue	3,963,553	3,498,611
OPERATING EXPENSES		
Electricity purchases	2,555,305	2,007,227
Natural gas purchases	394,347	296,744
General and administrative expenses	1,145,810	1,029,372
Credit loss expense	9,941	24,342
Total operating expenses	4,105,403	3,357,685
Net income (loss) from operations	(141,850)	140,926
OTHER INCOME (EXPENSE)		
Interest income	19,618	32,549
Miscellaneous income	35,592	13,763
Total other income (expense)	55,210	46,312
Net income (loss)	(86,640)	187,238
Patronage capital at beginning of year	1,301,440	1,114,202
Patronage capital at end of year	\$ 1,214,800	\$ 1,301,440

See accompanying notes.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (86,640)	\$ 187,238
Adjustments to reconcile net income (loss) to net cash flows from operating activities		
Depreciation	3,774	4,498
Amortization	7,812	5,214
Credit loss expense	9,941	24,342
Amortization of operating lease right-of-use asset	44,183	20,818
(Increase) decrease in assets		
Accounts receivable	161,957	(233,441)
Prepaid expenses	(85,082)	69,089
Deposits	-	(6,030)
Increase (decrease) in liabilities		
Accounts payable	(36,088)	36,500
Accrued expenses	5,598	(68,327)
Operating lease liability	(44,183)	(20,818)
Net cash flows from operating activities	<u>(18,728)</u>	<u>19,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(2,760)	-
Website expenditures (intangible assets)	(3,200)	(51,370)
Net cash flows from investing activities	<u>(5,960)</u>	<u>(51,370)</u>
Net change in cash and restricted cash	(24,688)	(32,287)
Cash and restricted cash at beginning of year	<u>1,141,279</u>	<u>1,173,566</u>
Cash and restricted cash at end of year	<u>\$ 1,116,591</u>	<u>\$ 1,141,279</u>
COMPOSITION OF CASH AND RESTRICTED CASH		
Cash	\$ 941,767	\$ 1,051,159
Restricted cash escrow	<u>174,824</u>	<u>90,120</u>
Cash and restricted cash	<u>\$ 1,116,591</u>	<u>\$ 1,141,279</u>
SUPPLEMENTAL DISCLOSURES		
Noncash transactions		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 5,478	\$ 131,261

See accompanying notes.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Energy Cooperative Association of Pennsylvania (the Cooperative) is a 501(c)(12) nonprofit cooperative organized to help its members (those who purchase at least one service in a 12-month period) transition to renewable energy, access reliably affordable and transparently priced heating oil, and understand their energy choices. The Cooperative is a licensed retail electricity and gas supplier in Pennsylvania and provides renewable electricity, renewable natural gas, and access to fixed margin home heating oil through a curated supplier network to its members. The Cooperative educates its members and broader constituency on renewable energy, energy markets, energy choice, energy consumption, and related topics.

Restricted Cash Escrow

In accordance with the agreement with its credit sleeve counterparty that provides working capital for payments to the Cooperative's wholesale electricity vendors, the Cooperative has established an escrow account into which electricity utilities make deposits after the Cooperative's members are billed.

Accounts Receivable and Credit Losses

Accounts receivable includes amounts earned but not yet received from electricity, natural gas, and heating oil delivery commission charges. Trade credit is generally extended on a short-term basis; thus, trade accounts receivable generally do not bear interest. Accounts receivable are stated at the amount management expects to collect from balances outstanding. Management has reasonable grounds not to anticipate uncollectible amounts from the Cooperative's energy programs. For the renewable electricity and renewable natural gas program the Cooperative pays all receivable fees for all utilities to ensure that they are paid regardless of whether any individual energy consumer account doesn't pay their bill. For the heating oil program, heating oil vendors pay commissions in aggregate on a monthly basis. The Cooperative has agreements in place for payment terms and does not have cause to anticipate nonpayment, based on current market and sector conditions, forecasts, and historical data indicating that it will get paid and does not need to allow for uncollectible amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit loss accounts and a credit to accounts receivable. There was no allowance for credit losses as of December 31, 2025 and 2024 or at January 1, 2024.

When estimating expected credit losses, the Cooperative has elected to use the practical expedient that allows it to assume that the current economic conditions as of the balance sheet date do not change for the remaining life of the asset and the accounting policy election that allows it to consider collection activity after the balance sheet date. The Cooperative has considered subsequent collection activity through June 16, 2026.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Capital expenditures in excess of \$500 are recorded as property and equipment. Maintenance and repairs are charged to expenses when incurred.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	5 years
Furniture and office equipment	7 years

Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Website design is amortized over three years and customer lists are amortized over fifteen years. The estimated useful lives of intangible assets are reviewed annually to determine if events or circumstances warrant a change in the remaining useful life of an asset. In addition, intangible assets are reviewed for impairment when events or circumstances indicate their carrying amount may not be recoverable. No changes or impairments were noted for 2025 and 2024.

Leases

The Cooperative does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, the Cooperative uses a marginal borrowing rate as the discount rate for the lease for all classes of underlying assets.

Income Taxes

The Cooperative qualifies as a tax-exempt organization under Section 501(c)(12) of the Internal Revenue Code and is exempt from federal, state, and local income taxes as long as more than 85% of revenue is received from its members. The Cooperative is considered a cooperative corporation for Pennsylvania state tax purposes and must pay a gross receipts tax on receipts from the sale of electric energy at retail to end-use customers in Pennsylvania. Applicable taxes, totaling \$188,345 and \$167,903 for 2025 and 2024, respectively, have been included as a component of electricity purchases on the statements of operations.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Renewable Electricity and Natural Gas

The Cooperative buys electricity and natural gas on the wholesale market and sells directly to its members. Revenue generated from contracts with members for electricity and natural gas is recognized as a single performance obligation satisfied over time and is recognized at fixed or variable rates as renewable electricity or renewable natural gas is delivered to the customers during the month. The Cooperative generally has a right to consideration in an amount that corresponds directly with the value to the customers of the Cooperative's performance completed to date and has elected to recognize revenue for its sales of electricity and natural gas, billed monthly, using the invoice practical expedient.

Heating Oil

The Cooperative facilitates the supply of home heating oil for its members. The Cooperative has agreements with select home heating oil suppliers. Suppliers agree to pay the Cooperative a per gallon commission for home heating oil delivered to its members. Heating oil commission revenue is recognized at a point in time.

Sales tax, when applicable, is collected from members and remitted to the respective jurisdictions. Revenue is reported net of any sales tax.

The Cooperative has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are most significantly affected by the concentration of the Cooperative's members consuming renewable energy in Southeastern Pennsylvania.

Advertising

The Cooperative expenses all advertising costs as incurred. Advertising expense for 2025 and 2024 was \$51,827 and \$75,688, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through June 16, 2026, the date which the financial statements were available to be issued.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 and 2024 was as follows:

	2025	2024
Computer equipment and software	\$ 42,872	\$ 40,112
Furniture and office equipment	7,602	7,602
	50,474	47,714
Property and equipment	50,474	47,714
Less accumulated depreciation	(45,698)	(41,924)
	\$ 4,776	\$ 5,790
Property and equipment, net	\$ 4,776	\$ 5,790

NOTE 3 – INTANGIBLE ASSETS

Intangible assets at December 31, 2025 and 2024 were as follows:

	2025	2024
Customer lists	\$ 88,200	\$ 88,200
Website design	104,044	94,649
Work in process	80,233	86,428
	272,477	269,277
Intangibles	272,477	269,277
Less accumulated amortization	(125,929)	(118,117)
	\$ 146,548	\$ 151,160
Intangibles, net	\$ 146,548	\$ 151,160

Future amortization for intangible assets is as follows for the years ended December 31:

2026	\$ 8,345
2027	8,345
2028	5,745
2029	5,213
2030	5,213
Thereafter	33,454
	66,315
Total	66,315

NOTE 4 – LINE OF CREDIT

The Cooperative maintains a revolving line of credit with a financial institution in the amount of \$350,000 with interest at the Prime Rate published in The Wall Street Journal which was 6.75% as of December 31, 2025. The line of credit matures in August 2028. At December 31, 2025 and 2024 there was no balance outstanding on the line of credit.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 – RETIREMENT PLAN

The Cooperative maintains a SIMPLE IRA retirement plan. All employees of the Cooperative who earned at least \$5,000 in compensation in the prior year and have the reasonable expectation of earning at least \$5,000 in compensation in the current year are eligible to participate in the plan. The Cooperative matches 100% of employees' elective deferral amounts up to a 3% ceiling. Retirement expense was \$20,158 and \$15,555 for 2025 and 2024, respectively.

NOTE 6 – MEMBERSHIP EQUITY

Patronage capital represents the Cooperative's accumulated retained excess of revenues over expenses that has been allocated annually to its members. Distributions to members are made at the discretion of the Board of Directors in accordance with the bylaws.

Reserve capital accounts represent the account balances of members of the Cooperative that were also members of the predecessor cooperative, Weavers Way Food Co-op, who had existing reserve capital accounts which were transferred to the Cooperative. Reserve capital will not be returned to members until the Cooperative is dissolved or as otherwise prescribed by statute.

NOTE 7 – CONCENTRATIONS

Credit Risk

The Cooperative maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At December 31, 2025 and 2024, the Cooperative had cash balances in excess of FDIC insurance limits by approximately \$437,000 and \$684,000, respectively. The Cooperative has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash.

Purchasing Risk

The Cooperative purchased 100% of its electricity and natural gas from two third-party sellers and one regional transmission organizer for 2025. Two of the vendors had outstanding accounts payable balances of \$4,311 and \$43,943 as of December 31, 2025. The Cooperative purchased 100% of its electricity and natural gas from two third-party sellers and one regional transmission organizer for 2024. The two third-party sellers had outstanding accounts payable balances of \$46,537 and \$37,479 as of December 31, 2024.

NOTE 8 – LEASES

The Cooperative leases office space under an operating lease with an initial term of 18 months that was extended for 18 months. The lease began May 15, 2024, and was extended through June 30, 2027, with monthly payments of \$4,200.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 8 – LEASES (continued)

The components of total lease cost are as follows:

	2025	2024
Operating lease expense	\$ 48,420	\$ 28,140

Other information related to leases is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 48,420	\$ 24,120
ROU assets obtained in exchange for new operating lease liabilities	5,478	131,261
Weighted-average remaining lease term in years for operating leases	1.50 years	2.42 years
Weighted-average discount rate for operating leases	7.50%	4.69%

The maturities of lease liabilities as of December 31, 2025, are as follows:

2026		\$ 50,400
2027		25,200
Total minimum lease payments		75,600
Less: present value discount		(3,862)
Total lease liabilities		\$ 71,738

NOTE 9 – CONTINGENCY

In 2020, the Cooperative received a \$116,716 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan was forgiven in 2020.

The Cooperative must retain PPP documentation in its files for six years after the date the loan was forgiven and permit authorized representatives of SBA to access such files upon request. The SBA may review any loan at any time at its discretion. Therefore, the SBA may review the Cooperative's good-faith certification concerning the necessity of its loan request, whether the Cooperative calculated the loan amount correctly, whether the Cooperative used loan proceeds for the allowable uses specified in the CARES Act, and whether the Cooperative was entitled to loan forgiveness in the amount approved by the SBA. If the SBA determines the Cooperative was ineligible for the loan or for forgiveness in whole or in part, the SBA will seek repayment of the funds.

ENERGY COOPERATIVE ASSOCIATION OF PENNSYLVANIA
SUPPLEMENTARY INFORMATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Salaries	\$ 675,572	\$ 576,330
Employee benefits	110,849	87,694
Information technology	101,709	75,253
Advertising and promotion	55,298	94,924
Payroll taxes	52,216	45,877
Rent	52,205	45,113
Professional fees	49,416	60,708
Travel	11,527	10,617
Insurance	9,063	8,413
Amortization	7,812	5,213
Membership expenses	5,012	5,255
Depreciation	3,774	4,498
Training and conferences	3,657	847
Bank service charges	3,587	3,252
Office supplies and expenses	2,144	2,896
Dues and subscriptions	1,262	1,122
Human resources and admin	707	1,360
	<u> </u>	<u> </u>
General and administrative expenses	<u>\$ 1,145,810</u>	<u>\$ 1,029,372</u>