

COOPERATIVE POWER

Financial Report

Brenna Ohman, Finance Director

2023 ANNUAL MEETING

Feb. 6 | NDAREC Headquarters

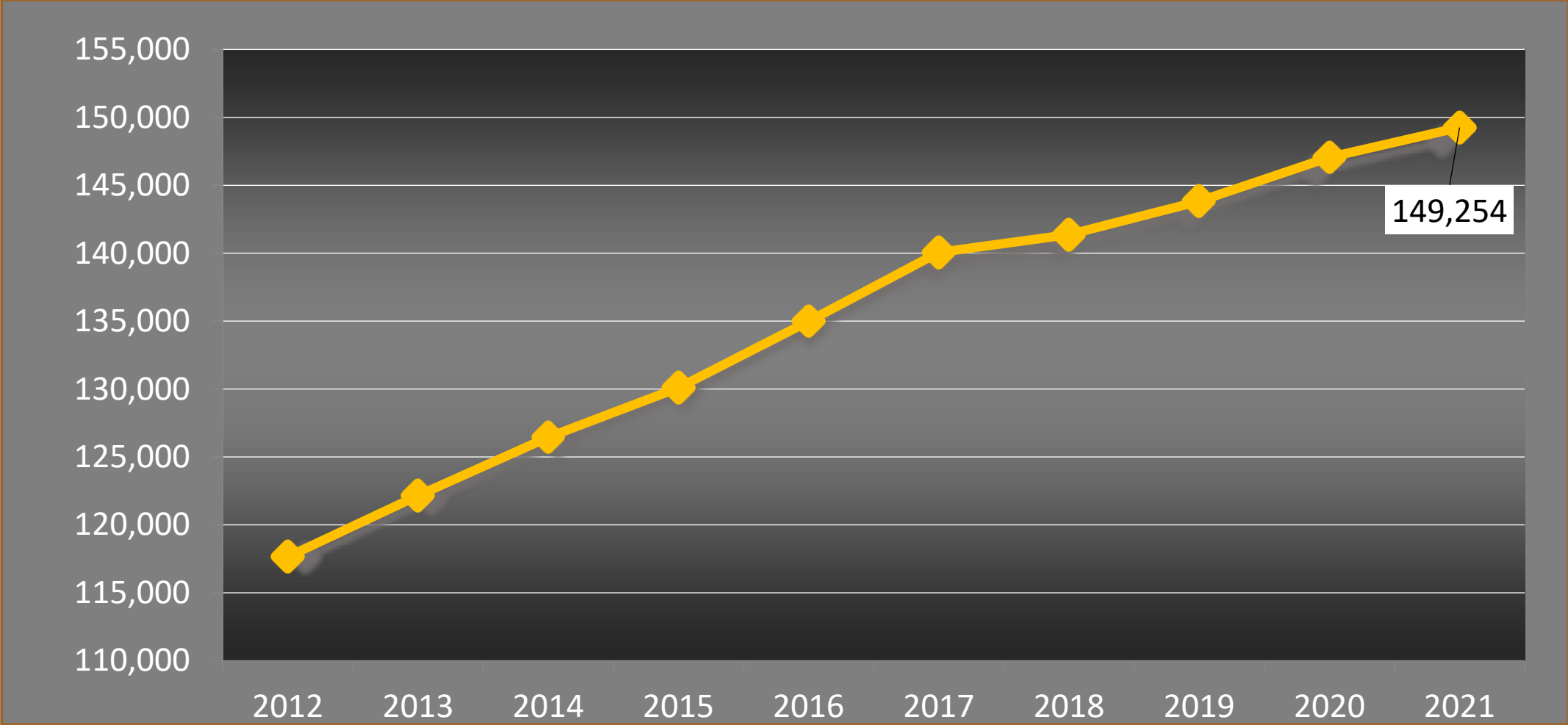
Feb. 7-8 | Bismarck Hotel & Conference Center



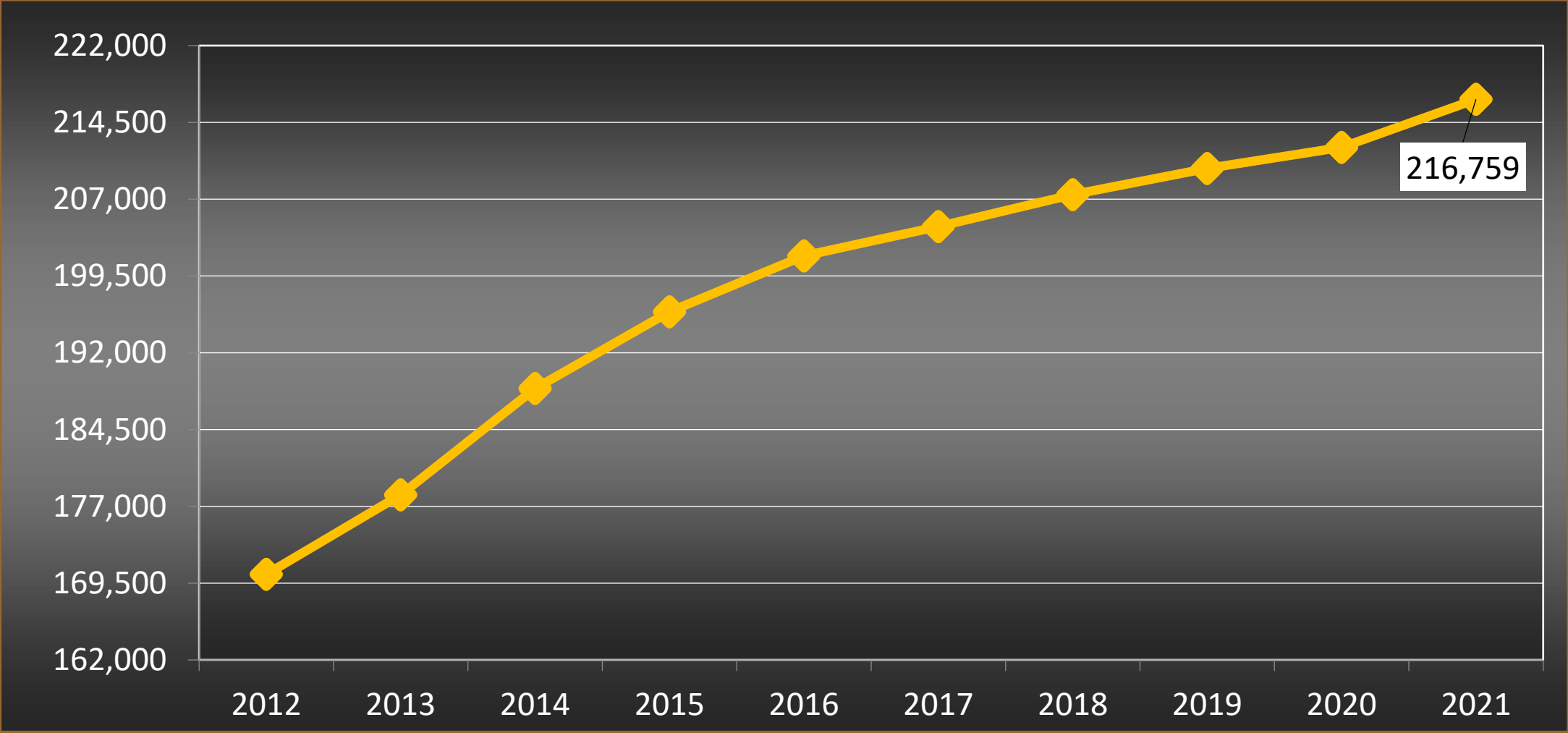
NDARECs
North Dakota Association of Rural Electric Cooperatives
Your Touchstone Energy Cooperative



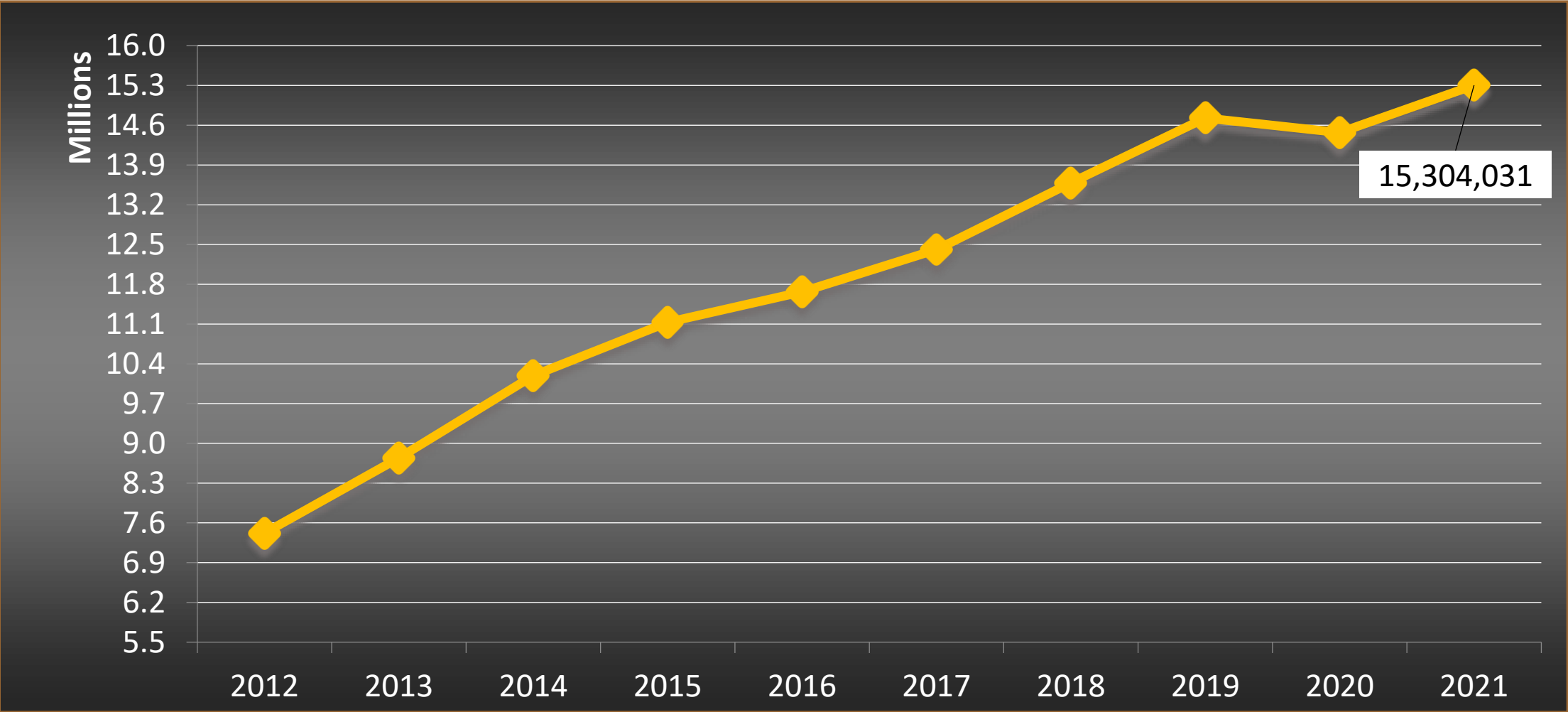
Voting Members



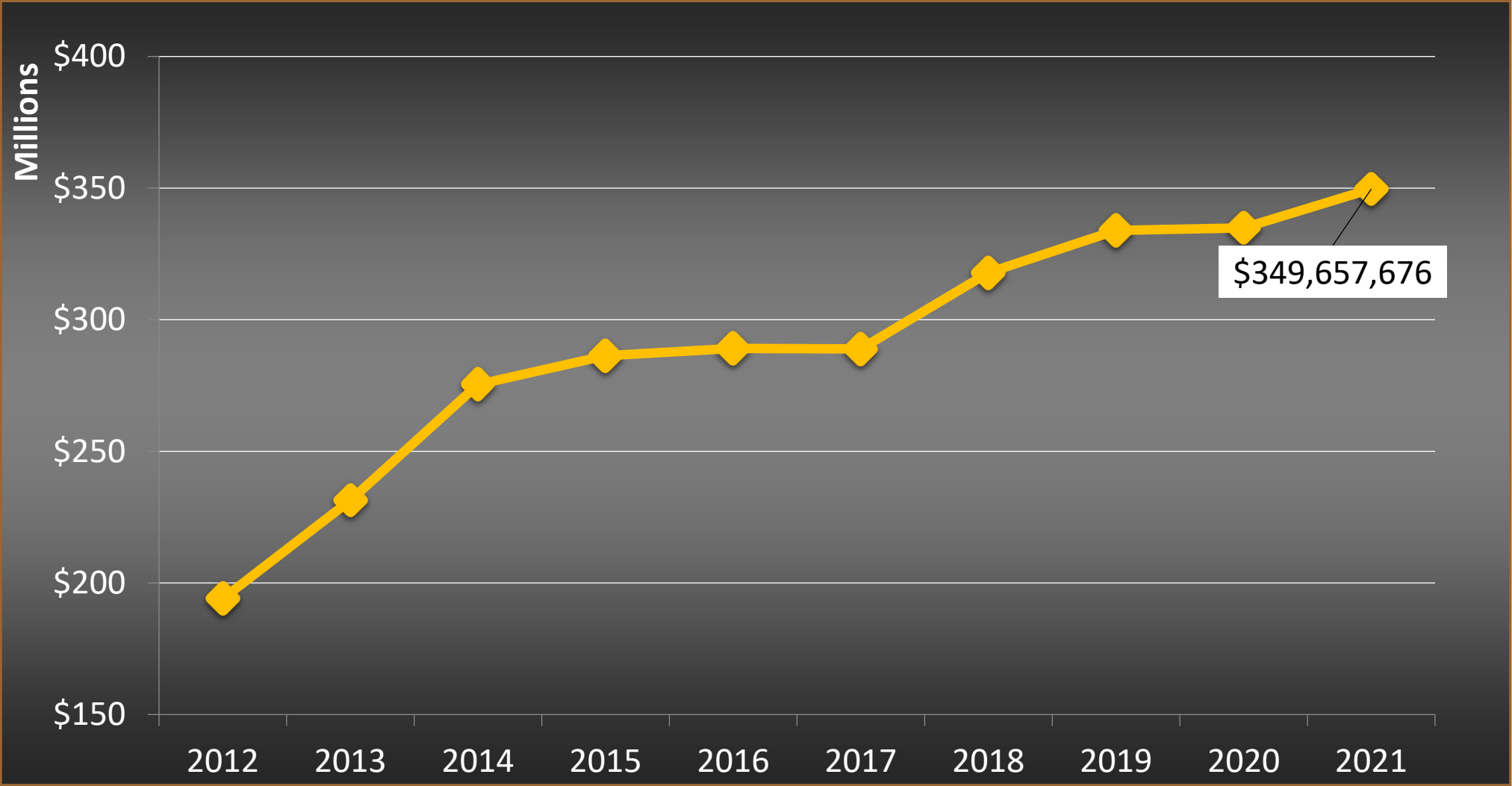
Consumers



Megawatt Hour Sales



Revenue Less Purchased Power



BALANCE SHEETS

December 31, 2022 (preliminary) and 2021 (audited)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 605,973	\$ 584,568
Certificates of deposit	223,987	325,638
Short-term investments	200,000	1,251,391
Total cash and investments	1,029,960	2,161,597
Receivables		
Trade & members, net	101,351	103,202
Employees	3,027	0
Interest	3,405	1,327
Grants and other	408,106	379,565
Prepaid expenses	12,680	36,952
Total current assets	1,558,529	2,682,643
Certificates of deposit	-	152,416
 INVESTMENTS	 219,450	 217,291
 PROPERTY AND EQUIPMENT, NET	 12,984,749	 4,950,933
 DEFERRED CHARGES	 24,765	 4,148
	<u>\$ 14,787,493</u>	<u>\$ 8,007,431</u>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 162,053	\$ 774,466
Current portion of long-term debt	245,780	49,750
CFC Line of credit	0	2,795,000
Deferred revenue	625,362	301,110
Refundable advances	0	487,146
Accrued vacation and sick leave	212,716	186,092
Funds held for other organizations	73,724	198,763
Accrued taxes payable	80,918	90,211
Other accrued liabilities	17,546	23,683
Total current liabilities	1,418,099	4,906,221
LONG-TERM DEBT, NET OF CURRENT	6,047,639	16,902
Total liabilities	7,465,738	4,923,123
MEMBERS' EQUITY	7,321,755	3,084,308
	\$ 14,787,493	\$ 8,007,431

STATEMENTS OF ACTIVITIES

Years ended December 31, 2022 (preliminary) and 2021 (audited)

	<u>2022</u>	<u>2021</u>
REVENUES:		
Finance and operations	\$ 5,230,997	\$ 1,569,607
Communications and government relations	717,077	657,276
Rural development services	547,720	492,730
Magazine	1,562,520	1,389,601
Safety services	930,053	864,406
Member services	486,434	342,923
Buildings and grounds	69,742	69,742
Total revenues	<u>9,544,543</u>	<u>5,386,285</u>
EXPENSES:		
Finance and operations	912,490	976,829
Communications and government relations	704,443	676,509
Rural development	572,863	457,919
Magazine	1,626,332	1,444,407
Safety services	977,499	851,234
Member services	451,916	340,416
Buildings and grounds	61,553	38,637
Total expenses	<u>5,307,096</u>	<u>4,785,951</u>
REVENUES OVER (UNDER) EXPENSES	4,237,447	600,334
MEMBERS' EQUITY, BEGINNING OF YEAR	<u>3,084,308</u>	<u>2,483,974</u>
MEMBERS' EQUITY, END OF YEAR	<u>\$ 7,321,755</u>	<u>\$ 3,084,308</u>

Building History – Why the need for the improvements?

- **Headquarters building**

- Built in 1967 at a cost of \$537,000 with the land valued at approximately \$40,000
- Renovations of the building occurred in 1982-1984 at a cost of \$342,000
- As of December 31, 2020 87% of the Hqtrs building and renovation cost were depreciated

- **Classroom building**

- Built in 1974 at a cost of \$51,000
- Limited to no renovations on building since constructed
- As of December 31, 2020 70% of the Classroom building was depreciated

Construction Projects Recap – Board Approvals

- **Board approved budget for Headquarters Renovation - \$7,300,000**
 - Primarily financed with a loan from CFC up to **\$7,000,000**
 - Budget included architect fees, contractor fees, and furniture & equipment costs
- **Board approved budget for new Lineworker Training Center - \$5,085,465**
 - To be financed by Grant from Economic Development Administration (EDA) split 80/20 with the 20 match being funded by fundraising contributions
 - Grant application to EDA was submitted prior to COVID
 - Budget was only for construction costs, architect fees were to be paid through reserves and furniture & equipment to be covered by BSC

Construction Projects Recap – Hqtrs. Summary

Construction Cost Category	Accepted Bid Costs/Budgeted Costs	Actual Costs Incurred	Cost (Savings)/Overage
Northwest Contracting	\$5,498,557.81	\$5,332,202.23	(\$166,355.58)
Owner Contingencies	\$271,483.00	\$132,936.10	(\$138,546.90)
JLG Architects	\$554,000.00	\$558,427.78	\$4,427.78
InterOffice – furniture	\$269,451.67	\$269,451.67	0.00
Other costs *	<u>\$130,548.33</u>	<u>\$103,524.80</u>	<u>(\$27,023.53)</u>
Total	\$6,724,040.81	\$6,396,542.58	(\$327,498.23)
Board Approved Budget	<u>\$7,300,000</u>	<u>\$7,300,000</u>	
Amount under Budget	\$575,959.19	\$903,457.42	

*Other Costs include technology equipment, appliances, signage, and other consultant costs

Construction Projects Recap – Hqtrs Financing

Financing Source	Amount Financed
CFC Perm Loan – interest rates range from 3.94% to 5.60% fixed for terms of 5 to 10 years, but still with a 20-year amortization *	\$6,000,000.00
RDFC Loan – Furniture & Equipment – 2% interest for 10 years	\$325,000.00
Reserves	<u>\$71,542.58</u>
Total	\$6,396,542.58

*Funds were laddered out using the various terms to help utilize the lower interest rate on the lower end of the yield curve to thus pay more on principal and less on interest. Loans will then be renewed upon maturity at the best rate for the term determined at that time.

Construction Projects Recap – LTC Summary

Construction Cost Category	Accepted Bid Costs/Budgeted Costs	Actual Costs Incurred	Cost (Savings)/Overage
Northwest Contracting	\$4,447,700.00	\$4,303,941.47	(\$143,758.53)
Advanced Mechanical	\$819,380.00	\$811,830.00	(\$7,550.00)
Electric Systems	<u>\$679,440.00</u>	<u>\$610,744.00</u>	<u>(\$68,696.00)</u>
Total Construction	\$5,946,520.00	\$5,726,515.47	(\$220,004.53)
Amt of Approved EDA Grant	<u>\$5,085,465.00</u>	<u>\$5,085,465.00</u>	
Construction Cost over Grant	\$861,055.00	\$641,050.47	
JLG Architect/Other Consultants		<u>\$417,492.55</u>	
Amt covered by membership *		\$1,058,543.02	

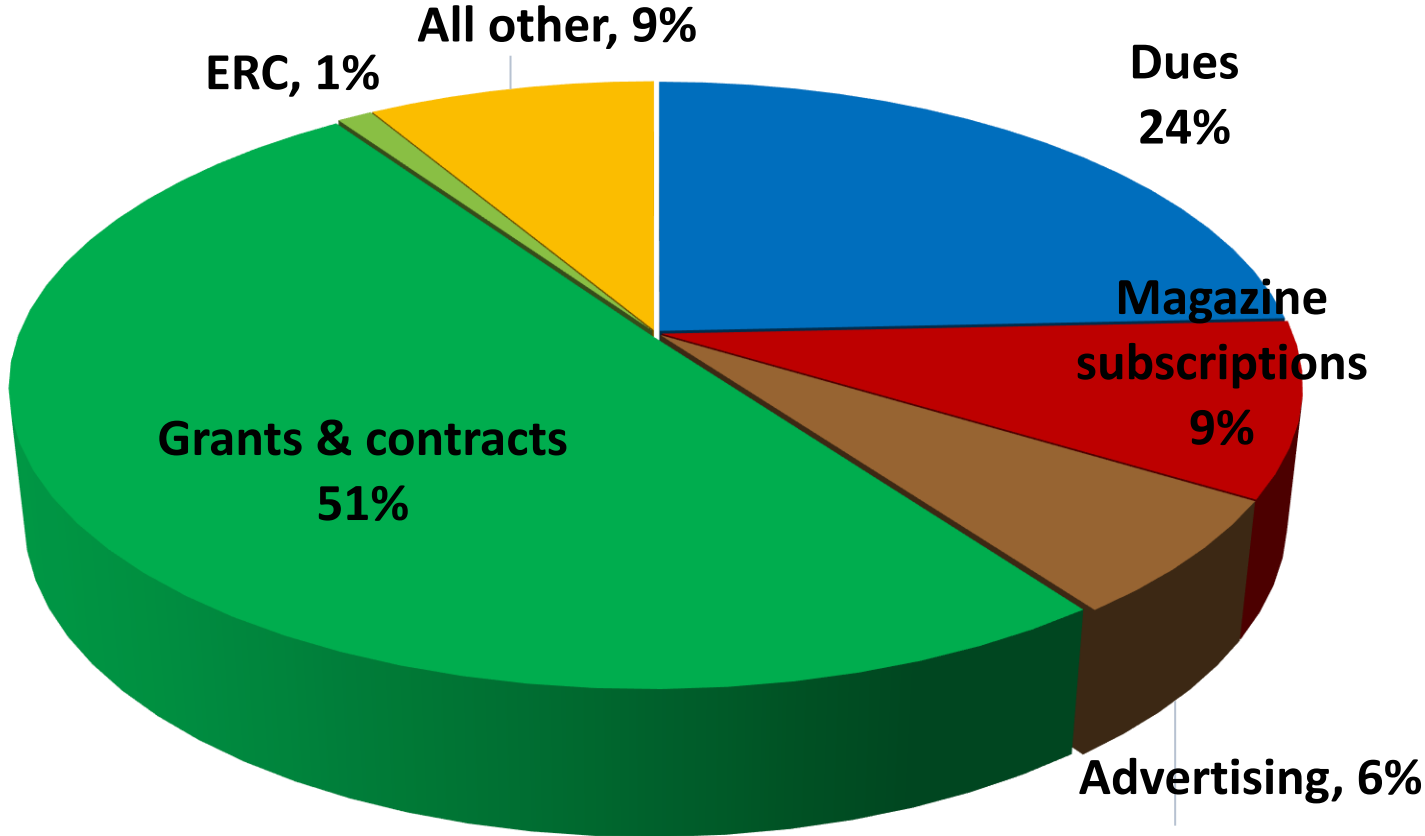
*Continuing to look for additional sources of funds, such as requesting funds from IOU's, but remainder will be covered by reserves

Construction Projects Recap – Combined Summary

Construction Cost Category	Board Approved Amt	Final Project Costs	Cost (Savings)/Overage
Hqtrs Renovation	\$7,300,000.00	\$6,396,542.58	(\$903,457.42)
LTC Building	<u>\$5,502,957.55</u>	<u>\$6,144,008.02</u>	<u>\$641,050.47</u>
Totals	\$12,802,957.55	\$12,540,550.60	(\$262,406.95)
Amt Paid by Membership*		\$7,455,085.60	
% of Costs covered by Mbrshp		59.45%	

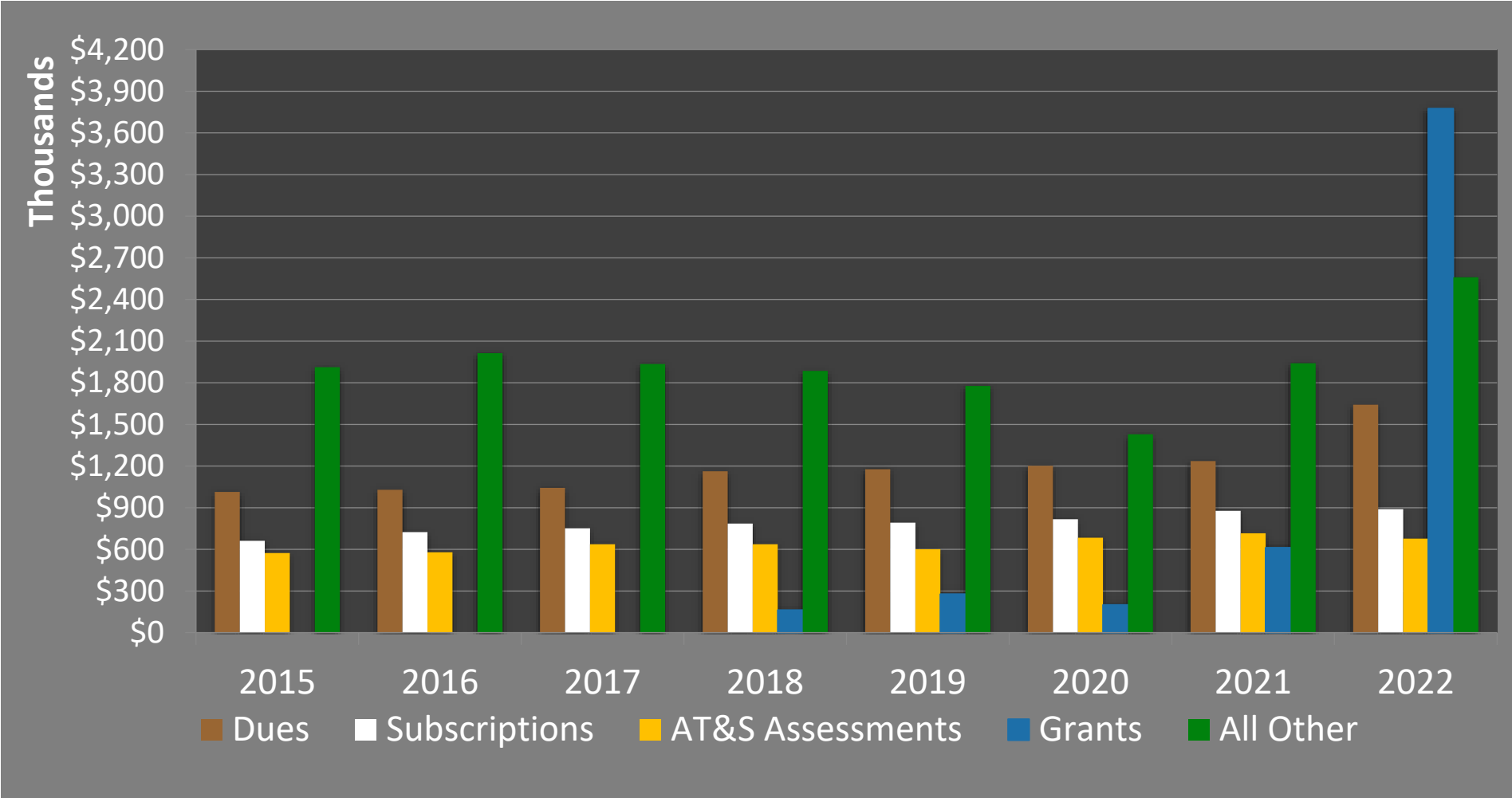
*Paid through dues that will repay debt or through use of excess reserves

2022 Revenue Sources

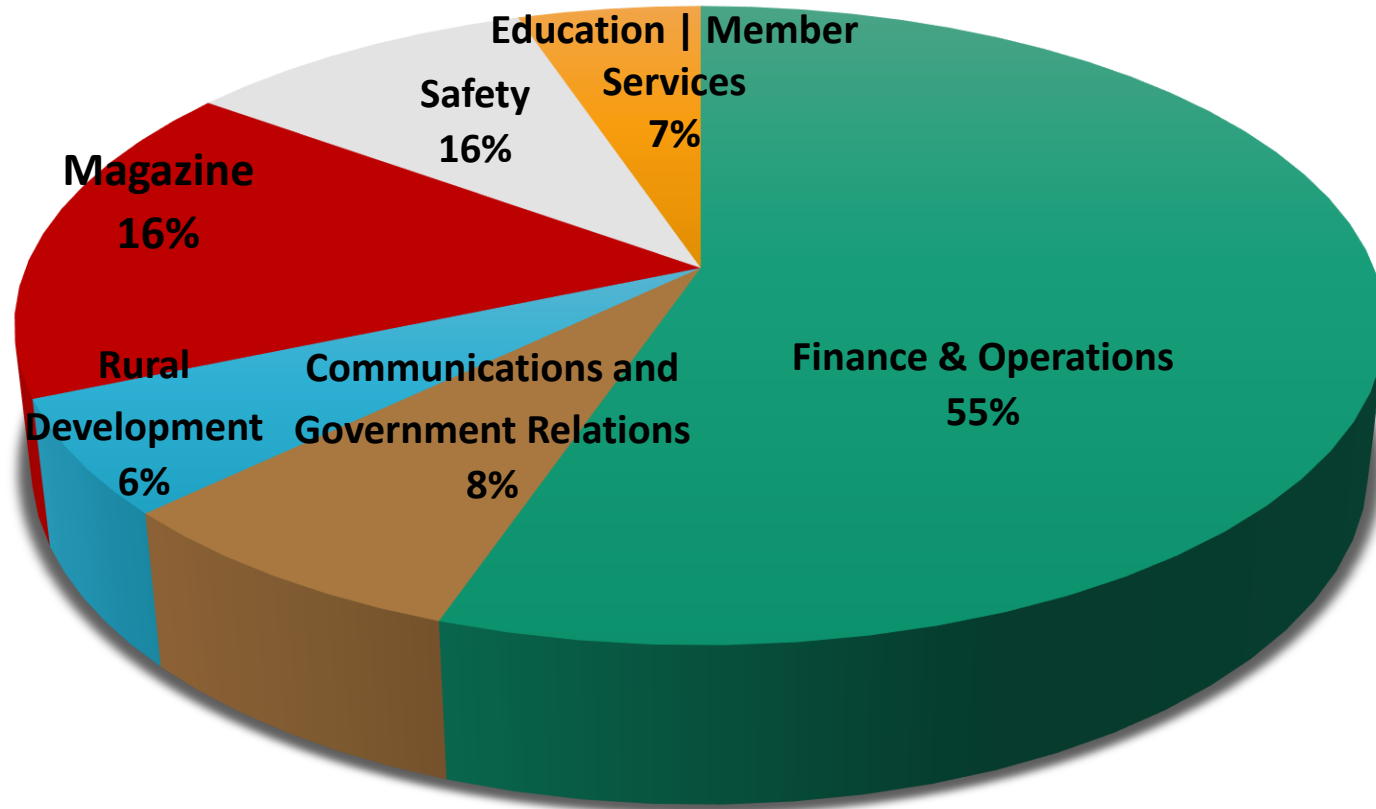


■ Dues (includes AT&S) ■ Magazine Subscriptions ■ Advertising ■ Grants & contracts ■ ERC ■ All other

NDAREC – Revenue Source History



2022 NDAREC Revenues by Service Area



■ Finance & Operations

■ Rural Development

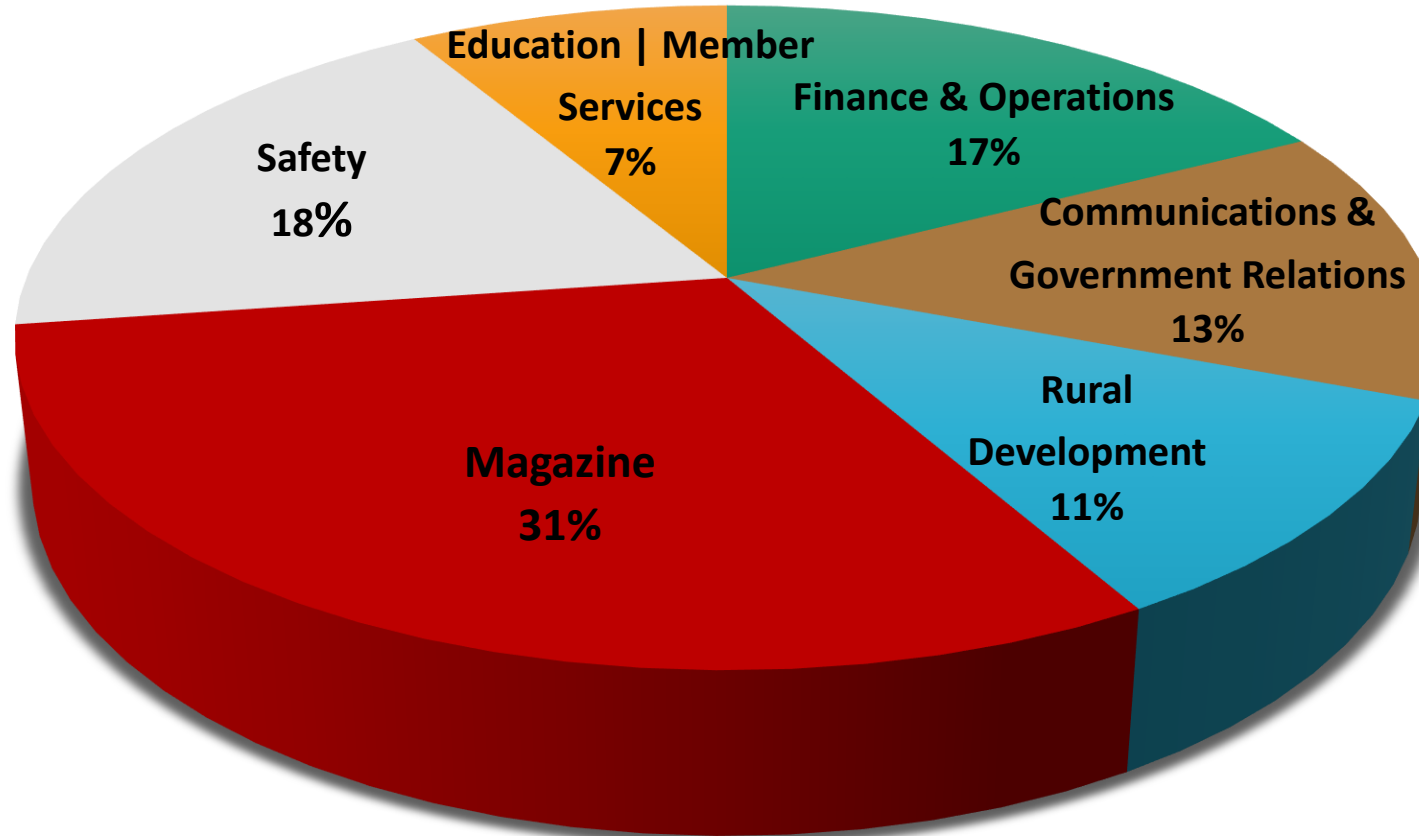
■ Safety

■ Communications & Government Relations

■ Magazine

■ Education & Member Services

2022 NDAREC Expenses by Service Area



■ Finance & Operations

■ Communications & Government Relations

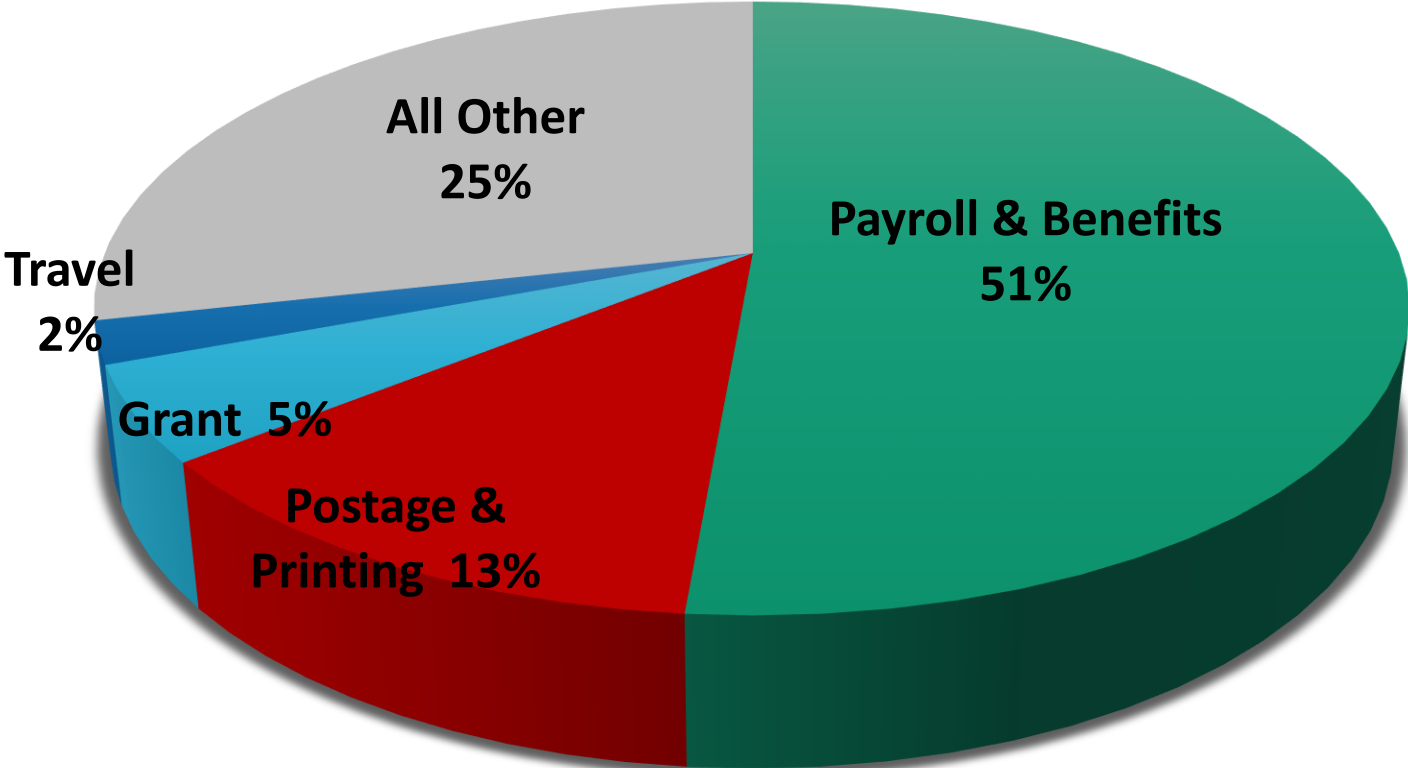
■ Rural Development

■ Magazine

■ Safety

■ Education & Member Services

2022 Expenses by Category



■ Payroll & Benefits ■ Postage & Printing ■ Grant ■ Travel ■ All Other

NDAREC Reserves

