Board of Directors Meeting
Executive Committee Meeting
Public Alliance for Community Energy
Younes Conference Center South
416 W Talmadge St, Kearney, NE 68845
May 21, 2025 - 10:00 a.m. (CT)

# A G E N D A

All agenda items are for discussion and action will be taken as deemed appropriate.

1. Call to Order
   - A. Section 84-1412 (8) – Nebraska Open Meetings Act
   - B. Roll Call
   - C. Public Comment

2. Introduction and Welcome
   - A. Introductory Remarks
   - B. Welcome New ACE Community Representatives

3. Consent Agenda
   - A. Minutes of the March 18, 2025, Meeting
   - B. Next Meeting – November 19, 2025
   - C. Financial Report
     - I. Audited Financial Statements – Fiscal Year Ended March 31, 2025
     - II. Results of the 2025 Financial Statement Audit, Including Required Communications
   - D. Consent Resolution

4. Reports
   - A. Director of Gas Operations
   - B. Retail Gas Services Coordinator

5. Legislative Update

6. Contracts and General Counsel Report

7. Items for Future Agenda

8. Adjournment

Agenda Item 3
ACE Board of Directors and Executive Committee Meeting

CONSENT AGENDA

| | |
|---|---|
| Date: | May 21, 2025 |
| Initiator/Staff information source: | Chairperson Devine |
| Action Proposed: | Approval |

Minutes of the March 18, 2025, Board of Directors meeting were previously distributed to Board Members and are included as Attachment A.

The next meeting of the ACE Board of Directors is set for Wednesday, November 19, 2025, at the Younes Conference Center South, Kearney, Nebraska.

March 2025 financials are included in the Audited Financial Statements (Attachment C). Jamie Johnson, Director of Finance and Accounting, will review the fiscal year-end financial results for the NMPP Energy organizations and ACE in more detail at the meeting. A summary of preliminary fiscal year end results for the NMPP Energy organizations and ACE's financial results for fiscal year 2025 are reflected on Attachment B.

Attachments C and D are the Audited Financial Statements and the Audit Communication Letter, respectively, for the Fiscal Year Ended March 31, 2025.

CONSENT AGENDA (Continued)

| | |
|---|---|
| Date: | May 21, 2025 |
| Initiator/Staff information source: | Chairperson Devine |
| Action Proposed: | Approval |

*Consent Resolution*

*WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and*

*WHEREAS, roll call votes on each individual issue greatly extend the meeting time.*

*NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:*

1. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the March 18, 2025, Board of Directors meeting are hereby approved as presented; and*

2. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be Wednesday, November 19, 2025, at the Younes Conference Center South, Kearney, Nebraska; and*

3. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for March 2025 are hereby reviewed and accepted; and*

4. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the audited financial statements and the audit communication letter for the fiscal year ended March 31, 2025, are hereby accepted.*

DIRECTOR OF GAS OPERATIONS

| | |
|---|---|
| Date: | May 21, 2025 |
| Initiator/Staff information source: | Beth Ackland |
| Action Proposed: | Informational |

Beth Ackland, Director of Gas Operations, will provide updates on various work activities since the last meeting, including a summary of the 2025-26 Choice Gas Program.

Agenda Item 4B
ACE Board of Directors and Executive Committee Meeting

RETAIL GAS SERVICES COORDINATOR

| | |
|---|---|
| Date: | May 21, 2025 |
| Initiator/Staff information source: | Mandy Heermann |
| Action Proposed: | Informational |

Mandy Heermann, Retail Gas Services Coordinator, will update members on the various activities the ACE team has been working on since the last Board meeting, including results of the 2025-26 Choice Gas selection period.

Agenda Item 5
ACE Board of Directors and Executive Committee Meeting

# LEGISLATIVE UPDATE

| | |
|---|---|
| Date: | May 21, 2025 |
| Initiator/Staff information source: | Kara Hunt |
| Action Proposed: | Informational |

Kara Hunt, Government Affairs and Project Manager, will provide an update on legislative advocacy.

CONTRACTS AND GENERAL COUNSEL REPORT

Date: May 21, 2025
Initiator/Staff information source: Michelle Lepin
Action Proposed: Informational

Contracts Report:

| **Other Party** | **Agreement Name** | **Effective Date** | **Termination Date** |
|---|---|---|---|
| Constellation NewEnergy - Gas Division LLC | Carbon Offset Agreement | 03/27/2025 | Continue in terms of 5 years each unless and until either Party terminates by providing notice at least 90 days prior to the termination of the Initial Term or any Renewal Term; terms will survive through term of any Carbon Offset Rider |
| Constellation NewEnergy - Gas Division LLC | Carbon Offset Rider to Carbon Offset Agreement | 03/27/2025 | Purchase Periods are 6/1/25-5/31/26 and 6/1/26-5/31/27. |

Legal and Regulatory Report:

The General Counsel will provide a report at the May 21, 2025, meeting.

Unapproved Minutes
Virtual Conference
Board of Directors and Executive Committee Meeting
Public Alliance for Community Energy
In-Person Meeting Site: 8377 Glynoaks Dr, Lincoln, NE
March 18, 2025 - 2:00 p.m. (CT)

The Board of Directors of the Public Alliance for Community Energy (ACE) met on Tuesday, March 18, 2025, via virtual conference. Notice of the meeting was given to the Board of Directors and Executive Committee by email. The public was advised by publication in print and online in the *Lincoln Journal Star* newspaper and website on March 3, 2025, and on the NMPP Energy website. The notice and agenda were posted upon issuance at the NMPP Energy office, the designated public meeting site, 8377 Glynoaks Drive, Lincoln, Nebraska, and kept continually current and available for public inspection. Instructions to join the meeting via Microsoft Teams virtual conference were provided in the public notice. All documents considered at the meeting and the current version of the Nebraska Open Meetings Act were made available on NMPP Energy's Public Meeting Information website.

**CALL TO ORDER**

Jeremy Tarr, Vice Chairperson, called the meeting to order at 2:00 p.m. (CT). Tarr announced that pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room.

**ROLL CALL – Board of Directors**

Quorum was declared with 22 of the 76 Members present, whether in-person or virtual. As there was quorum for the Board of Directors, a meeting of the Executive Committee was not called.
Quorum = 19 Directors

| | | | | | |
|---|---|---|---|---|---|
| 1. | Alliance – Kirby Bridge | | 12. | Lewellen – Joy Trim | |
| 2. | Arapahoe – Dixie Sickels | | 13. | McCook – Gene Weedin | |
| 3. | Bartley – Ronni Harding | | 14. | Minden – Michael Krings | In-Person |
| 4. | Bridgeport – Mark Wickard | In-Person | 15. | Neligh – Leonard Miller | |
| 5. | Burwell – Jeff Pohl | In-Person | 16. | NPPD – Grant Flamig | |
| 6. | Chadron – Janet Johnson* | | 17. | Ogallala – Kevin Wilkins | |
| 7. | Curtis – Andrew Lee | In-Person | 18. | Ord – Jeramie VanLeer | In-Person |
| 8. | Franklin – Michelle Kahrs | In-Person | 19. | Oxford – Duane Hoffman | In-Person |
| 9. | Gibbon – Matt Smallcomb | In-Person | 20. | Plainview – Robert Smith | In-Person |
| 10. | Gothenburg – Gary Greer* | | 21. | Saint Paul – Mike Feeken | In-Person |
| 11. | Holdrege – Chris Rector | In-Person | 22. | Sidney – Mike Palmer | In-Person |

*Arrived after roll call
Absent: Ainsworth, Albion, Ansley, Atkinson, Bassett, Bayard, Beaver City, Benedict, Benkelman, Bertrand, Blue Hill, Brady, Broken Bow, Cairo, Cambridge, Chappell, Clay Center, Cozad, Creighton, Dalton, Edgar, Edison, Gering, Gordon, Gurley, Hartington, Hemingford, Henderson, Holbrook, Indianola, Kimball, Laurel, Long Pine, Loomis, Loup City, Lyman, Mitchell, Morrill, Orleans, Oshkosh, Osmond,

Paxton, Potter, Ravenna, Red Cloud, Rushville, Sargent, Scottsbluff, Shelton, Spalding, Stamford, Terrytown, Wausa, and Wood River

**PUBLIC COMMENT**

Tarr asked if there were members of the public in attendance who would like to make agenda comments. There were no public comments.

**INTRODUCTION AND WELCOME**

Tarr announced the new representatives to the board and thanked all for being in attendance.

**CONSENT AGENDA**

<u>Minutes</u>

Minutes of the January 22, 2025, Board of Directors meeting were previously distributed to Board Members and were included as Attachment A.

<u>Next Meeting</u>

The next meeting of the ACE Board of Directors is set for Wednesday, May 21, 2025, at the Younes Conference Center South, Kearney, Nebraska.

<u>Financial Report</u>

Jamie Johnson, Director of Finance and Accounting, reviewed January 2025 financials for the NMPP Energy organizations and February 2025 financials for ACE, previously distributed as Attachment B.

<u>Forvis Mazars Pre-Audit Communication Letter</u>

A copy of the Pre-Audit Communication Letter from Forvis Mazars was previously distributed as Attachment C, which provided an overview of the upcoming audit process.

**CONSENT RESOLUTION**

*Motion:* *Chris Rector, Holdrege, moved to approve the following Resolution. Mark Wickard, Bridgeport, seconded the motion, which carried unanimously on a roll call vote.*

*Consent Resolution*

*WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and*

*WHEREAS, roll call votes on each individual issue greatly extend the meeting time.*

*NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of* *the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:*

1. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the January 22, 2025, Board of Directors meeting are hereby approved as presented; and*

2. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be Wednesday, May 21, 2025, at the Younes Conference Center South, Kearney, Nebraska; and*

3. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for January and February 2025 are hereby reviewed and accepted; and*

4. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the pre-audit communication letter is hereby accepted.*

**DIRECTOR OF GAS OPERATIONS REPORT AND RETAIL GAS SERVICES COORDINATOR REPORT**

Beth Ackland, Director of Gas Operations, updated the Board on the upcoming Choice Gas selection period, which is April 3-23, 2025.

Closed Session

*Motion:* *Mike Palmer, Sidney, moved to go into closed session for the protection of the public interest to discuss proprietary and competitive information relating to ACE marketing and pricing. ACE reps, alt reps, any ACE Member community employee or elected official, as well as any NMPP Staff member may participate in the closed session. Chris Rector, Holdrege, seconded the motion, which carried unanimously on a roll call vote.*

Tarr restated on record that the limitation of the subject matter of the discussion was proprietary and competitive information relating to ACE marketing and pricing.

The board went into closed session at 2:25 p.m.

The meeting reconvened in open session at 2:45 p.m. There was no action taken during or as a result of the closed session.

**LEGISLATIVE UPDATE**

Kara Hunt, Government Affairs and Project Manager, discussed legislative bills recently signed by the Governor, upcoming bills of interest, and informed the Board of NMPP Energy’s Legislative Bill Tracker.

**CONTRACTS AND GENERAL COUNSEL REPORT**

Information regarding the following executed agreements was included in the meeting packet:

| **Other Party** | **Agreement Name** |
|---|---|
| Forvis Mazars, LLP | Engagement Letter for Audit 2025 |
| NPPD | Acknowledgement Declining Future Distributions |
| Interactive Information Research and Development, L.L.C. (i2rd) d/b/a Proteus, Inc. | Work Order for 2025 TheRMS Updates to Maintenance Agreement for the ACE TheRMS Application (2025) |
| Interactive Information Research and Development, L.L.C. (i2rd) d/b/a Proteus, Inc. | Software Maintenance Agreement for ACE Therms Application (2025-2026) |

General Counsel Report:

Michelle Lepin, General Counsel, reported the Federal Trade Commission (FTC) is in the process of updating its Green Guides, which is a set of guides designed to help marketers avoid making environmental claims that mislead consumers. The Green Guides include guidance on marketers' claims about materials and energy sources that are "renewable" and "carbon offset" claims. Several state attorneys general are urging the FTC to strengthen the Green Guides to better ensure each environmental claim is supported by real environmental benefits and to explicitly cover marketing claims related to fossil gas. Staff is monitoring the status of the guides closely, as they may affect marketing of the ACE Green pricing option.

**ITEMS FOR FUTURE AGENDA**

Tarr reminded Directors to forward any additional agenda items to ACE staff so they may be included on the next meeting agenda.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 2:52 p.m.

Recorded by:
Laurie Keiser, Administrative Assistant

Submitted by:
Jeremy Tarr, Vice Chairperson
ACE Board of Directors

## NMPP Energy
## Balance Sheets
## March 2025 - PRELIMINARY

| | NMPP | MEAN | NPGA | ACE |
|---|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | | | | |
| Cash and cash equivalents | $ 459,944 | $ 29,655,989 | $ 2,664,481 | $ 1,279,541 |
| Investments (Short-term, Long-term & Restricted) | 25,000 | 40,097,742 | - | 2,406,098 |
| Accounts receivable | 922,864 | 22,651,855 | 1,465,427 | 112,629 |
| Gas in storage | - | - | 391,277 | - |
| Prepaid expenses and other | 116,830 | 600,779 | - | 32,562 |
| Productive capacity & lease assets, net & related operating assets | - | 114,690,265 | - | - |
| Capital and subscription assets, net | - | 5,909,200 | - | 23,801 |
| Costs recoverable from future billings | - | 39,513,568 | - | - |
| Deferred loss on refunding | - | 4,443,480 | - | - |
| Deferred costs for asset retirement obligation | - | 433,292 | - | - |
| Fair value of derivative investments | | | 1,019,000 | |
| **Total assets & deferred outflows of resources** | **$ 1,524,638** | **$ 257,996,170** | **$ 5,540,185** | **$ 3,854,631** |
| **Liabilities and Deferred Inflows of Resources** | | | | |
| Accounts payable and accrued expenses | $ 901,899 | $ 11,079,689 | $ 1,017,617 | $ 67,416 |
| Storage deposits | - | - | 438,000 | - |
| Unearned revenue | 500 | - | - | - |
| Lease & subscription liabilities, net long-term debt, & interest payable | - | 149,887,961 | - | - |
| Asset retirement obligation | - | 433,292 | - | - |
| Deferred inflow - deferred revenue - rate stabilization | - | 26,600,000 | - | - |
| Deferred inflow - deferred gain on refunding | - | 2,193,100 | - | - |
| Deferred inflow - derivative instruments | - | - | 1,019,000 | - |
| **Total liabilities and deferred inflows of resources** | 902,399 | 190,194,042 | 2,474,617 | 67,416 |
| **Net Assets/Net Position** | 622,239 | 67,802,128 | 3,065,568 | 3,787,215 |
| **Total liabilities, deferred inflows & net position** | **$ 1,524,638** | **$ 257,996,170** | **$ 5,540,185** | **$ 3,854,631** |

## NMPP Energy
## Statements of Revenues and Expenses
## For the Fiscal Year Ended: April 2024 - March 2025 - PRELIMINARY

| | NMPP* | MEAN | NPGA | ACE |
|---|---|---|---|---|
| **Operating Revenues** | $ 71,783 | $ 136,656,826 | $ 8,690,845 | $ 1,050,000 |
| **Operating Expenses** | | | | |
| Commodity costs (electric energy & gas) | - | 105,236,745 | 8,110,398 | - |
| Administrative and general | 90,012 | 12,132,376 | 569,849 | 664,223 |
| Depreciation and amortization | - | 9,089,132 | - | 6,122 |
| **Total operating expenses** | 90,012 | 126,458,253 | 8,680,247 | 670,345 |
| **Operating Income (Loss)** | (18,229) | 10,198,573 | 10,598 | 379,655 |
| **Nonoperating Revenues (Expenses)** | | | | |
| Net costs to be recovered in future periods | - | (1,292,170) | - | - |
| Investment return | 17,949 | 3,105,629 | 93,990 | 185,369 |
| Interest expense | - | (4,450,441) | - | - |
| Distribution to members | - | - | - | (400,000) |
| **Net Revenue (Loss)** | **$ (280)** | **$ 7,561,591** | **$ 104,588** | **$ 165,024** |
| **Budgeted Net Revenue (Loss)** | - | 1,119,413 | - | 493,856 |
| **+/- Variance to Budget** | **$ (280)** | **$ 6,442,178** | **$ 104,588** | **$ (328,832)** |
| **Fiscal Year Budgeted Net Revenue (Loss)** | **$ -** | **$ 1,119,413** | **$ -** | **$ 493,856** |

# Public Alliance for Community Energy

## Balance Sheets

| | March 2025 | March 2024 | $ +/- |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | $ 1,279,541 | $ 1,129,414 | $ 150,127 |
| Investments | 2,406,098 | 2,392,259 | 13,839 |
| Accounts receivable | 112,629 | 109,597 | 3,032 |
| Prepaid expenses | 32,562 | 32,834 | (272) |
| Capital assets, net | 23,801 | 14,157 | 9,644 |
| **Total assets** | **$ 3,854,631** | **$ 3,678,261** | **$ 176,370** |
| Liabilities | | | |
| Accounts payable | 10,980 | 11,579 | (599) |
| Due to coalition members | 56,436 | 44,491 | 11,945 |
| Total liabilities | 67,416 | 56,070 | 11,346 |
| Total Net Position | 3,787,215 | 3,622,191 | 165,024 |
| **Total liabilities and net position** | **$ 3,854,631** | **$ 3,678,261** | **$ 176,370** |

# Public Alliance for Community Energy

## Statements of Revenues and Expenses

### For the Fiscal Year Ended: April 2024 through March 2025

| | Fiscal Year Ended | | | Prior | vs. Prior Year |
|---|---|---|---|---|---|
| | Actual | Budget | $ +/- | Year | $ +/- |
| Operating Revenues | | | | | |
| Marketing fees | $ 1,050,000 | $ 1,050,000 | $ - | $ 1,050,000 | $ - |
| Operating Expenses | | | | | |
| Administrative and general | 664,223 | 674,279 | (10,056) | 626,498 | 37,725 |
| Depreciation | 6,122 | 1,865 | 4,257 | 22,904 | (16,782) |
| Total operating expenses | 670,345 | 676,144 | (5,799) | 649,402 | 20,943 |
| Operating Income / (Loss) | 379,655 | 373,856 | 5,799 | 400,598 | (20,943) |
| Investment return | 185,369 | 120,000 | 65,369 | 170,418 | 14,951 |
| **Net Revenue Before Distribution to Members** | **565,024** | **493,856** | **71,168** | **571,016** | **(5,992)** |
| Distribution to Members | (400,000) | - | (400,000) | (350,000) | (50,000) |
| **Change in Net Position** | **$ 165,024** | **$ 493,856** | **$ (328,832)** | **$ 221,016** | **$ (55,992)** |

# Public Alliance for Community Energy

Independent Auditor's Report and Financial Statements

March 31, 2025 and 2024

Public Alliance for
Community Energy

# Public Alliance for Community Energy
## March 31, 2025 and 2024

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Forvis Mazars, LLP
1248 O Street, Suite 1040
Lincoln, NE 68508
P 402.473.7600 | F 402.473.7698
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# Independent Auditor's Report

Board of Directors
Public Alliance for Community Energy
Lincoln, Nebraska

### *Opinion*

We have audited the financial statements of Public Alliance for Community Energy, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Public Alliance for Community Energy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Alliance for Community Energy, as of March 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Public Alliance for Community Energy 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 Public Alliance for Community Energy's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Alliance for Community Energy'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 Public Alliance for Community Energy'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Forvis Mazars, LLP

Lincoln, Nebraska
May 12, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis on the following pages summarizes the financial highlights and focuses on factors that had a material effect on the financial condition of Public Alliance for Community Energy (ACE) and the results of operations for the years ended March 31, 2025, 2024 and 2023. This discussion should be read in conjunction with the accompanying financial highlights, the basic financial statements and notes to the financial statements.

### *Summary of the Financial Statements*

The financial statements, related notes to the financial statements and management's discussion and analysis provide information about ACE's financial position and activities.

**Management's Discussion and Analysis** – provides an objective and easily readable analysis of the financial activities of ACE based on currently known facts, decisions or conditions.

**Balance Sheets** – provide a summary of ACE's assets, liabilities and net position.

**Statements of Revenues, Expenses and Changes in Net Position** – present the operating results of ACE into various categories of operating revenues and expenses, and non-operating revenues and expenses.

**Statements of Cash Flows** – report the cash provided by and used in operating activities, as well as other cash sources such as investment return and cash payments for distribution to members and capital additions.

**Notes to the Financial Statements** – provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

### *Financial Analysis*

The following comparative condensed financial information summarizes ACE's financial position and operating results for the years ended March 31, 2025, 2024 and 2023.

**Condensed Balance Sheets and Financial Highlights**

| | March 31, | | | Change | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | From 2024 to 2025 | From 2023 to 2024 |
| Cash, cash equivalents, and investments | $ 3,685,639 | $ 3,521,673 | $ 3,320,897 | $ 163,966 | $ 200,776 |
| Accounts receivable | 112,629 | 109,597 | 101,135 | 3,032 | 8,462 |
| Prepaid expenses | 32,562 | 32,834 | 2,700 | (272) | 30,134 |
| Capital assets, net | 23,801 | 14,157 | 24,352 | 9,644 | (10,195) |
| Total assets | $ 3,854,631 | $ 3,678,261 | $ 3,449,084 | $ 176,370 | $ 229,177 |
| Total current liabilities | $ 67,416 | $ 56,070 | $ 47,909 | $ 11,346 | $ 8,161 |
| Net investment in capital assets | 23,801 | 14,157 | 24,352 | 9,644 | (10,195) |
| Unrestricted | 3,763,414 | 3,608,034 | 3,376,823 | 155,380 | 231,211 |
| Total net position | 3,787,215 | 3,622,191 | 3,401,175 | 165,024 | 221,016 |
| Total liabilities and net position | $ 3,854,631 | $ 3,678,261 | $ 3,449,084 | $ 176,370 | $ 229,177 |

Cash, cash equivalents, and investments increased in 2025 and 2024 due primarily to the net change in net position for each year. The net impact of the timing of collection of accounts receivable and payment of expenses also impacts the balances year to year.

Accounts receivable include monthly marketing fees from ACE's natural gas supplier and accrued interest on investments. Accrued interest receivable has increased each year with the rise in interest rates.

Prepaid expenses include the payment for an annual subscription service. In 2025 and 2024, prepaid expenses also include the payments made for annual maintenance agreements that begin in April of each year.

Capital assets consist primarily of ACE's software. The software improves ACE's services to customers and expedites answers to customer questions during the annual selection period in the Nebraska Choice Gas Program. Capital assets increased in 2025 as software enhancements were greater than depreciation. Capital assets decreased in 2024 as software enhancements were less than depreciation.

Total current liabilities are increasing with the general rise in costs.

**Condensed Statements of Revenues, Expenses and Changes in Net Position and Financial Highlights**

| | March 31, | | | Change | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | From 2024 to 2025 | From 2023 to 2024 |
| Operating revenues | $ 1,050,000 | $ 1,050,000 | $ 1,057,498 | $ - | $ (7,498) |
| Operating expenses | 670,345 | 649,402 | 640,809 | 20,943 | 8,593 |
| Operating income | 379,655 | 400,598 | 416,689 | (20,943) | (16,091) |
| Investment return | 185,369 | 170,418 | 30,157 | 14,951 | 140,261 |
| Income before distribution to members | 565,024 | 571,016 | 446,846 | (5,992) | 124,170 |
| Distribution to members | (400,000) | (350,000) | (200,000) | (50,000) | (150,000) |
| Increase in net position | $ 165,024 | $ 221,016 | $ 246,846 | $ (55,992) | $ (25,830) |

Operating revenues consist of marketing fees paid to ACE. Fees were lowered beginning June 2022 and are fixed through May 2027.

Operating expenses have been increasing due to a general rise in costs.

The interest rate environment has resulted in increases in investment return.

The distribution to members is at the discretion and approval of ACE's Board of Directors. The distribution was approved in January of each fiscal year.

### *General Trends and Significant Events*

Since forming in 1998, ACE has distributed approximately $4.3 million to its Nebraska members. Each ACE member community determines how to best use the funds the community receives. ACE's Board of Directors authorized distributions to members in January of each fiscal year.

| | March 31, | | |
|---|---|---|---|
| | **2025** | **2024** | **2023** |
| Distribution to members | $ 400,000 | $ 350,000 | $ 200,000 |

The Nebraska Choice Gas Program sponsored by Black Hills Energy (the "Program Administrator") includes a Program Year which runs June 1 to May 31. Customers have the opportunity to choose a natural gas supplier for each Program Year. Selections are made prior to each Program Year during the designated selection period. Historically, the selection period has been over multiple weeks each April. ACE utilizes targeted advertising campaigns, a marketing partnership with ACE member communities, and natural gas pricing offered by ACE's natural gas supplier to compete for customer accounts.

ACE is the only natural gas supplier that has participated in the Nebraska Choice Gas Program every year since its inception in 1998. While having multiple natural gas suppliers in the Nebraska Choice Gas Program helps achieve ACE's goal of fostering competition amongst natural gas suppliers resulting in competitive natural gas prices during the annual selection period, that achievement has the potential to have a negative effect on the number of customer accounts selecting ACE.

The competitiveness of the pricing offered by ACE's natural gas supplier when competing for customer accounts has a significant impact on the number of accounts that choose ACE. ACE closely monitors the pricing offered by its natural gas supplier and works collaboratively to adjust when possible.

| Program Year | ACE Accounts | Total Customers | ACE % of Total Customers | # of Suppliers |
|---|---|---|---|---|
| 2024-2025 | 11,900 | 80,600 | 15% | 8 |
| 2023-2024 | 12,800 | 80,400 | 16% | 7 |
| 2022-2023 | 12,700 | 80,400 | 16% | 7 |

Payments by ACE customers in the Nebraska Choice Gas Program are collected by the Program Administrator and deposited directly into an account owned by ACE's natural gas supplier. Since ACE is only acting as agent, the volumes and payments from customers selecting ACE are not reflected as revenue or expense in the statements of revenues, expenses and changes in net position.

| | March 31, | | |
|---|---|---|---|
| | **2025** | **2024** | **2023** |
| Customer volumes (MMBtu) | 1,423,324 | 1,479,974 | 1,627,342 |
| Customer payments | $ 11,243,666 | $ 11,419,641 | $ 14,937,083 |

***Risk Management Practices***

ACE's revenues are not dependent on ACE's results in the Nebraska Choice Gas Program. Under the natural gas supply agreement with ACE's natural gas supplier, the natural gas supplier pays ACE a fixed monthly marketing fee to promote the selection of ACE to customers participating in the Nebraska Choice Gas Program.

All natural gas price risk related to customers selecting ACE, including the risk related to offering guaranteed fixed pricing to customers, is born entirely by ACE's natural gas supplier.

***Report Purpose and Contact Information***

This financial report is designed to provide member communities and counterparties with a general overview of ACE's financial status for the fiscal years 2025, 2024 and 2023. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance and Accounting at 8377 Glynoaks Dr., Lincoln, Nebraska 68516.

# Public Alliance for Community Energy
## Balance Sheets
## March 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 1,279,541 | $ 1,129,414 |
| Short-term investments | 1,203,408 | 1,194,824 |
| Accounts receivable | 112,629 | 109,597 |
| Prepaid expenses | 32,562 | 32,834 |
| Total current assets | 2,628,140 | 2,466,669 |
| **Noncurrent Assets** | | |
| Long-term investments | 1,202,690 | 1,197,435 |
| Capital assets, net | 23,801 | 14,157 |
| Total noncurrent assets | 1,226,491 | 1,211,592 |
| Total assets | $ 3,854,631 | $ 3,678,261 |
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 10,980 | $ 11,579 |
| Due to coalition members | 56,436 | 44,491 |
| Total current liabilities | 67,416 | 56,070 |
| **Net Position** | | |
| Net investment in capital assets | 23,801 | 14,157 |
| Unrestricted | 3,763,414 | 3,608,034 |
| Total net position | 3,787,215 | 3,622,191 |
| Total liabilities and net position | $ 3,854,631 | $ 3,678,261 |

# Public Alliance for Community Energy

## Statements of Revenues, Expenses and Changes in Net Position

## Years Ended March 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenues** | | |
| Marketing fees | $ 1,050,000 | $ 1,050,000 |
| **Operating Expenses** | | |
| Administrative and general | 664,223 | 626,498 |
| Depreciation | 6,122 | 22,904 |
| Total operating expenses | 670,345 | 649,402 |
| **Operating Income** | 379,655 | 400,598 |
| **Nonoperating Revenues** | | |
| Investment return | 185,369 | 170,418 |
| **Income Before Distribution to Members** | 565,024 | 571,016 |
| **Distribution to Members** | (400,000) | (350,000) |
| **Increase in Net Position** | 165,024 | 221,016 |
| **Net Position, Beginning of Year** | 3,622,191 | 3,401,175 |
| **Net Position, End of Year** | $ 3,787,215 | $ 3,622,191 |

# Public Alliance for Community Energy
## Statements of Cash Flows
## Years Ended March 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Operating Activities** | | |
| Cash received from natural gas supplier | $ 1,059,988 | $ 1,062,397 |
| Cash paid to vendors | (113,910) | (149,608) |
| Cash paid to coalition members | (548,866) | (511,077) |
| Net cash provided by operating activities | 397,212 | 401,712 |
| **Noncapital Financing Activities** | | |
| Distribution to members | (400,000) | (350,000) |
| **Capital and Related Financing Activities** | | |
| Purchase of capital assets | (15,766) | (12,709) |
| **Investing Activities** | | |
| Interest received on investments | 168,681 | 125,915 |
| Purchases of investments | (1,200,000) | (1,400,000) |
| Proceeds from sales and maturities of investments | 1,200,000 | 1,400,000 |
| Net cash provided by investing activities | 168,681 | 125,915 |
| **Increase in Cash and Cash Equivalents** | 150,127 | 164,918 |
| **Cash and Cash Equivalents, Beginning of Year** | 1,129,414 | 964,496 |
| **Cash and Cash Equivalents, End of Year** | $ 1,279,541 | $ 1,129,414 |
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities** | | |
| Operating income | $ 379,655 | $ 400,598 |
| Depreciation | 6,122 | 22,904 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (183) | 183 |
| Prepaid expenses | 272 | (30,134) |
| Accounts payable | (599) | (4,358) |
| Due to coalition members | 11,945 | 12,519 |
| **Net Cash Provided by Operating Activities** | $ 397,212 | $ 401,712 |
| **Noncash Investing Activities** | | |
| Change in fair value of investments | $ 13,839 | $ 35,858 |

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

***Nature of Operations***

Public Alliance for Community Energy ("ACE" or "Agency") was established under provisions of the Interlocal Cooperation Act of Nebraska (Act) for the purpose of providing local governments the opportunity to cooperate with other localities to obtain a mutual advantage in supplying natural gas and competing for end-use residential and commercial customers who are located in Nebraska.

ACE's primary activity relates to participation in the Nebraska Choice Gas Program sponsored by Black Hills Energy. ACE provides Nebraska municipalities (collectively in a supplier group) the opportunity to become the natural gas supplier to residential and commercial customers.

***Reporting Entity***

In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency and (3) the entity's fiscal dependency on the Agency.

ACE, Nebraska Municipal Power Pool (NMPP), Municipal Energy Agency of Nebraska (MEAN) and National Public Gas Agency (NPGA), comprise a coalition referred to by the trade name NMPP Energy. This coalition of entities provides energy-related services to communities while sharing facilities and management personnel. None of the organizations included in NMPP Energy are responsible for the obligations, liabilities or debts of any of the other organizations in the coalition. Based upon the above criteria, none of the organizations are considered component units of any of the other associated organizations.

***Basis of Accounting and Presentation***

ACE's activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. ACE's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). ACE prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results may differ from those estimates.

### *Cash Equivalents*

ACE considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. At March 31, 2025 and March 31, 2024, cash equivalents consisted of a money market mutual fund.

### *Investments and Investment Return*

Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in negotiable certificates of deposit are carried at fair value. Fair value is determined using quoted market prices. Investment return consists of interest income and the net change for the year in the fair value of investments.

### *Accounts Receivable*

Accounts receivable are stated at the amount billed to ACE's natural gas supplier under the terms of the natural gas supply agreement. At March 31, 2025 and 2024, accounts receivable consisted primarily of amounts due from ACE's natural gas supplier for the contractual marketing fee. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are charged off as they are deemed uncollectible. ACE does not believe an allowance for doubtful accounts is necessary at March 31, 2025 and 2024, as there were no delinquent accounts.

### *Capital Assets*

Capital assets are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by ACE:

| | |
|---|---|
| Software | 3 Years |
| Furniture and equipment | 3 – 5 Years |

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

### *Net Position Classification*

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. There are no outstanding balances of borrowings attributable to capital assets at March 31, 2025 and 2024.

*Restricted* - consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use either by a) external groups such as creditors (such as through debt covenants), contributors, or laws or regulations of other governments or b) law through constitutional provisions or enabling legislation. There are no components of net position at March 31, 2025 and 2024 that meet the restricted definition.

*Unrestricted* - consists of the assets and liabilities that are not included in the net investment in capital assets or restricted components of net position.

### *Classification of Revenues*

Operating revenues include marketing fees from ACE's natural gas supplier. Nonoperating revenues include those derived from capital and related financing, non-capital financing and investing activities.

### *Distribution to Members*

The Board of Directors approved a distribution to members of $400,000 in January 2025 and $350,000 in January 2024. The distribution was paid to members in February 2025 and February 2024, respectively.

### *Income Taxes*

In accordance with certain provisions of the Internal Revenue Code and the Act and related governing laws and regulations, ACE, as a local governmental entity, is exempt from federal and state income taxes.

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

### Note 2: Deposits, Investments and Investment Return

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. ACE's deposit policy for custodial credit risk requires compliance with the provisions of state law. State statutes require banks either to give bond or to pledge government securities to ACE in the amount of ACE's deposits. The Federal Deposit Insurance Corporation (FDIC) insures transaction accounts for government deposits up to $250,000 per official custodian at each covered institution. At March 31, 2025, ACE's deposits were covered by FDIC insurance and pledged government securities.

***Investments***

ACE's investing is performed in accordance with the investment policy adopted by its Board of Directors and applicable laws of the State of Nebraska. Approved investments are outlined in the investment policy and include bills, notes, bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America (U.S.), municipal bonds, bonds or other obligations which as to principal and interest are guaranteed by the U.S., certain senior obligations issued or guaranteed by noted federal organizations, commercial paper, certificates of deposit and time deposits of any U.S. depository institution or trust company, and certain money market mutual fund accounts. Should investment opportunities arise, that are not listed in the investment policy, investment consent is required through the approval of at least two of the following: Chair of the Board of Directors, Secretary-Treasurer of the Board of Directors or ACE Executive Director.

At March 31, 2025, ACE had the following investments, maturities, and credit ratings:

| | | Maturities in Years | | |
|---|---|---|---|---|
| | Carrying Value | Less Than 1 | 1 - 5 | Credit Rating Moody's/S&P |
| **March 31, 2025** | | | | |
| Money market mutual fund | | | | |
| - U.S. government obligations | $ 1,279,541 | $ 1,279,541 | $ - | Aaa-mf/AAAm |
| U.S. agency obligations | 100,354 | - | 100,354 | Aaa/AA+ |
| Negotiable certificates of deposit | 2,305,744 | 1,203,408 | 1,102,336 | Not rated |
| | $ 3,685,639 | $ 2,482,949 | $ 1,202,690 | |

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

At March 31, 2024, ACE had the following investments, maturities, and credit ratings:

| | | Maturities in Years | | |
|---|---|---|---|---|
| | Fair Value | Less Than 1 | 1 - 5 | Credit Rating Moody's/S&P |
| **March 31, 2024** | | | | |
| Money market mutual fund - U.S. government obligations | $ 1,100,000 | $ 1,100,000 | $ - | Aaa-mf/AAAm |
| Negotiable certificates of deposit | 2,392,259 | 1,194,824 | 1,197,435 | Not rated |
| | $ 3,492,259 | $ 2,294,824 | $ 1,197,435 | |

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. ACE's investment policy does not place a limit on the amount that may be invested in any one maturity category. ACE's investment policy limits the investment term to a maximum of two years. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. ACE's investment policy establishes requirements for certain investment securities or issuers of securities to be rated at certain rates or higher. The following investment types must be rated at the minimum rates noted below:

| | |
|---|---|
| Commercial paper | A-1, P-1 |
| Municipal bonds | AA - |

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, ACE would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments are held in safekeeping in ACE's name, in a broker account with ACE's primary financial institution.

*Concentration of Credit Risk* - Concentration of credit risk is the risk associated with the amount of investments ACE has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. As of March 31, 2025 and 2024, each of ACE's investments in negotiable certificates of deposit were covered by FDIC insurance, as the individual investments did not exceed $250,000, and were therefore also excluded from this requirement. ACE's investment policy limits the amount of its investment portfolio that may be invested in any one issuer, other than U.S. government securities, to $500,000.

# Public Alliance for Community Energy
## Notes to Financial Statements
## March 31, 2025 and 2024

***Summary of Carrying Values***

The carrying values of deposits and investments at March 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Deposits | $ - | $ 29,414 |
| Investments | 3,685,639 | 3,492,259 |
| | $ 3,685,639 | $ 3,521,673 |

Included in the following balance sheet captions:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 1,279,541 | $ 1,129,414 |
| Short-term investments | 1,203,408 | 1,194,824 |
| Long-term investments | 1,202,690 | 1,197,435 |
| | $ 3,685,639 | $ 3,521,673 |

***Investment Return***

Investment return for the years ended March 31, 2025 and 2024, consisted of interest income and the net change in fair value of investments carried at fair value of $185,369 and $170,418, respectively.

***Disclosures About Fair Value of Assets and Liabilities***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

Money market mutual funds are carried at cost, and thus not included within the fair value hierarchy. ACE's investments in U.S. agency obligations and negotiable certificates of deposit are measured at fair value on a recurring basis and are classified within Level 2 of the fair value hierarchy at March 31, 2025 and 2024.

### Note 3: Capital Assets

Capital asset activity for the years ended March 31, 2025 and 2024 was:

| | 2025 | | |
|---|---|---|---|
| | Beginning Balance | Additions | Ending Balance |
| Software | $ 557,631 | $ 15,766 | $ 573,397 |
| Furniture and equipment | 4,932 | - | 4,932 |
| | 562,563 | 15,766 | 578,329 |
| Less accumulated depreciation | 548,406 | 6,122 | 554,528 |
| Net capital assets | $ 14,157 | $ 9,644 | $ 23,801 |

| | 2024 | | |
|---|---|---|---|
| | Beginning Balance | Additions | Ending Balance |
| Software | $ 544,922 | $ 12,709 | $ 557,631 |
| Furniture and equipment | 4,932 | - | 4,932 |
| | 549,854 | 12,709 | 562,563 |
| Less accumulated depreciation | 525,502 | 22,904 | 548,406 |
| Net capital assets | $ 24,352 | $ (10,195) | $ 14,157 |

### Note 4: Transactions with Coalition Members

ACE, NMPP, MEAN, and NPGA through common members and management comprise a coalition. ACE shares personnel and facilities within this coalition, as well as enters into agreements for certain products and services.

ACE incurred expenses of approximately $510,000 and $470,000 annually for administrative services and rents provided by coalition members during 2025 and 2024, respectively.

# Public Alliance for Community Energy

## Notes to Financial Statements

## March 31, 2025 and 2024

A summary of amounts due to coalition members at March 31, 2025 and 2024, is as follows:

| | 2025 | 2024 |
|---|---|---|
| Due to MEAN | $ 21,899 | $ 44,491 |
| Due to NMPP | 34,537 | - |
| Due to coalition members | $ 56,436 | $ 44,491 |

## Note 5: Natural Gas Purchase and Supply Agreements

Under the natural gas supply agreement with ACE's natural gas supplier, ACE receives a fixed monthly fee to promote the selection of ACE to customers participating in the Nebraska Choice Gas Program. ACE entered into the current agreement in December 2023. The marketing fee is fixed through May 31, 2027, which is the initial term of the current agreement. The agreement provides for additional one year terms unless written notice is given by either party in accordance with the notice provisions of the agreement.

The agreement includes provisions for ACE to pay for certain mutually agreed upon amounts to third parties for referrals and promotion of ACE in the Nebraska Choice Gas Program, on behalf of and for the benefit of the natural gas supplier. Under the terms of the agreement, the natural gas supplier reimbursed ACE for these payments, and thus these amounts are not reflected as revenue or expense in the statements of revenues, expenses and changes in net position. The payments reimbursed totaled approximately $10,000 and $12,000 during 2025 and 2024, respectively.

## Note 6: Risk Management

ACE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and others; and natural disasters. ACE is named as one of the insureds on joint policies for commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. None of the claims submitted against this commercial coverage in any of the three preceding years were specific to or material to ACE. All such claims were submitted for losses incurred in the normal course of business.

# Forvis Mazars Report to the Board of Directors and Management

## Public Alliance for Community Energy

## Results of the 2025 Financial Statement Audit, Including Required Communications

March 31, 2025

## Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

### Overview & Responsibilities

| Matter | Discussion |
|---|---|
| **Scope of Our Audit** | This report covers audit results related to your financial statements:<br>• As of and for the year ended March 31, 2025.<br>• Conducted in accordance with our contract dated January 9, 2025. |
| **Our Responsibilities** | Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). |
| **Audit Scope & Inherent Limitations to *Reasonable Assurance*** | An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions. |
| **Extent of Our Communication** | In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance. |
| **Independence** | The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence. |
| **Your Responsibilities** | Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract. |

| Matter | Discussion |
|---|---|
| **Distribution Restriction** | This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:<br>• Board of Directors and Management<br>• Others within the Entity |

## Qualitative Aspects of Significant Accounting Policies & Practices

### Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topic:

- No matters are reportable

### Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

### Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

### Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- No matters are reportable

### Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Transactions with coalition members (related parties)
- Natural gas purchase and supply agreements

## Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

### Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

### Uncorrected Misstatements

- No uncorrected misstatements to report.

## Other Required Communications

### Other Material Communication

Listed below is an other material communication between management and us related to the audit:

- Management representation letter (see Attachment)

# Attachment

## Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

*Representation of:*
Public Alliance for Community Energy (ACE)
8377 Glynoaks Drive
Lincoln, Nebraska 68516

*Provided to:*
**Forvis Mazars, LLP**
Certified Public Accountants
Union Bank Place, 1248 O Street, Suite 1040
Lincoln, Nebraska 68508

The undersigned ("We") are providing this letter in connection with Forvis Mazars' audits of our financial statements as of and for the years ended March 31, 2025 and 2024.

Our representations are current and effective as of the date of Forvis Mazars' report: May 12, 2025.

Our engagement with Forvis Mazars is based on our contract for services dated: January 9, 2025.

## Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

## Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
    b. Internal control to prevent and detect fraud.

3. We have provided you with:

   a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   d. All minutes of governing body meetings, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

   e. All significant contracts.

4. We have responded fully and truthfully to all your inquiries.

***Misappropriation, Misstatements, & Fraud***

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

   a. Misappropriation of assets.

   b. Misrepresented or misstated assets, liabilities, or net position.

6. We have no knowledge of fraud or suspected fraud affecting the entity involving:

   a. Management or employees who have significant roles in internal control over financial reporting, or

   b. Others when the fraud could have a material effect on the financial statements.

7. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, suppliers, or others.

9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

***Ongoing Operations***

10. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of the financial statements and known facts thereafter without consideration of potential mitigating effects of management's plans and concluded substantial doubt does not exist.

***Related Parties***

11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

    In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

12. We understand that the term related party refers to:

    - Affiliates
    - Board members and members of their immediate families
    - Management and members of their immediate families
    - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

    Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

    The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

***Litigation, Laws, Rulings & Regulations***

13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

14. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

15. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

16. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

***Financial Statements & Reports***

17. With regard to other information that is presented in the form of our annual report:

    a. We acknowledge we have not provided you with a draft of the annual report, as of the issuance date of your auditor's report. We will provide you with the final draft of the document that has been approved by the Board of Directors, *prior to issuance*, in order for you to be able to complete your required procedures on such documents.

***Transactions, Records, & Adjustments***

18. All transactions have been recorded in the accounting records and are reflected in the financial statements.

19. We have everything we need to keep our books and records.

20. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

21. There are no uncorrected misstatements or omitted disclosures.

***Governmental Accounting & Disclosure Matters***

22. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

23. With regard to deposit and investment activities:

    a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.

    b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

24. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

25. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

26. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

27. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

***Accounting & Disclosure***

28. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.

29. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

    g. Guarantees, whether written or oral, under which the entity is contingently liable.

    h. Known or anticipated asset retirement obligations.

30. Except as disclosed in the financial statements, the entity has:

    a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.

b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

***Revenue and Accounts Receivable***

31. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

***Estimates***

32. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

33. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to a lack of diversity related to employers, industries, inflows of resources, workforce covered by collective bargaining agreements, providers of financial resources, or suppliers of material, labor or services business, revenues, available sources of supply, or markets, or constraints, which refer to a limitation imposed by an external party or by formal action of a government’s highest level of decision-making authority related to limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, or mandated spending, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

***Fair Value***

34. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

    a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.

    b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

    c. The significant assumptions appropriately reflect market participant assumptions.

    d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.

    e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

***Other Matters***

35. ACE incurred expenses of approximately $510,000 for administrative services provided by coalition members during 2025. ACE shares personnel and facilities within its affiliated group, as well as enters into agreements for certain products and services. Amounts due to coalition members related to this activity at March 31, 2025 are as follows:

    Due to NMPP of $34,537

    Due to MEAN of $21,899

Signed by:

Beth Ackland, Director of Gas Operations
backland@nmppenergy.org

Signed by:

Jamie Johnson

Jamie Johnson, Director of Finance and Accounting
jjohnson@nmppenergy.org