

THE VALUE OF MEMBERSHIP

2 0 1 5 N R E C A A N N U A L R E P O R T



“Individual character blended with collective wisdom
and a unified voice. That is the value of membership.”

— **Mel Coleman**

*CEO, North Arkansas Electric
Cooperative, President, NRECA*

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Mel Coleman

President



Friends and Colleagues,

In the cooperative world, we often talk about the value of membership. The homes, farms and businesses we serve are not customers. They're members who have entrusted us with the responsibility to deliver an essential service in a manner that is safe, reliable, affordable and consistent with the values of the cooperative movement.

Just as co-ops are a different kind of utility, NRECA is a different kind of association. It, too, is a cooperative, organized and governed by the seven cooperative principles and entrusted with the responsibility of protecting our collective interests and providing vital services required to keep our local co-ops running smoothly.

In 2015, we had cause for both celebration and sadness. We made important progress on many strategic priorities, but our joy was tempered by news that CEO Jo Ann Emerson had suffered a brain hemorrhage. Despite this challenge, the hard-working men and women of NRECA remained focused on their mission while keeping Jo Ann in their hearts, and for that I am truly grateful.

On behalf of the board of directors and in partnership with the senior leadership team, I am pleased to submit for your consideration NRECA's 2015 annual report. It is my sincere hope that the results in this report and the actions of our board and staff embody the cooperative spirit and reflect the undeniable value of membership.

Mel Coleman
*CEO, North Arkansas Electric Cooperative
President, NRECA*

Jeffrey C. Connor

Interim CEO



To our valued Members and Partners,

At NRECA, we are driven by a mission to be the trusted resource, to champion the cause and to inspire the future of the electric cooperative movement. Just as consumer-members look to their co-op for a purpose beyond being a mere utility provider, our aim is to be not just a trade association, but a trusted partner in our members' pursuit of a bright cooperative future.

In every effort we pursue, we're working to achieve common goals that bolster the collective strength of our cause. Whether collaborating with our members to develop innovative technologies, providing training opportunities to prepare the next generation workforce, delivering industry-leading benefits and investment options, or advocating with a clear, strong voice for the issues that matter to electric co-ops and their communities, NRECA is committed to delivering value.

Of course, providing value starts and ends with listening to our members and being responsive to their feedback. It's why member engagement is a foundational component of our strategic plan, along with a commitment to service excellence and to telling our story. And what a story we have to tell.

As I reflect on the hard work of the past year, I'm grateful for our board's leadership and their confidence in our team. And I'm grateful for the vast network of cooperative partners who put their faith in us and give our work purpose and meaning every day.

Looking ahead, there are yet more exciting challenges to tackle together. We've never been more committed to the success of our members, and I look forward to the road ahead.

Jeffrey C. Connor
Interim CEO, NRECA

Letters from the President & CEO

Board of Directors

[officers]



Mel Coleman | Arkansas
President



Phil Carson | Illinois
Vice President



Curtis Wynn | North Carolina
Secretary-Treasurer



[the board]

as of Dec. 31, 2015

Tony Anderson **MICHIGAN** | Eric Anderson **IDAHO** | Larry Becker **WISCONSIN**
| Mark Brown **LOUISIANA** | Phil Carson **ILLINOIS** | Chris Christensen
MONTANA | Ray Cloud **CALIFORNIA** | Ken Colburn **NEW HAMPSHIRE** | Mel
Coleman **ARKANSAS** | Michelle DaVia **VERMONT** | Danny Dyer **MARYLAND**
| Larry Elkins **TENNESSEE** | Roy Friedersdorf **INDIANA** | Eston Glover
KENTUCKY | Sandra Green **NEVADA** | Scott Hallowell **MAINE** | Bill Hart
SOUTH CAROLINA | Mark Hofer **SOUTH DAKOTA** | David Iha **HAWAII** | Lynn
Jacobson **NORTH DAKOTA** | Kerry Kelton **TEXAS** | Meera Kohler **ALASKA** |
Tom Madsen **NEW JERSEY** | Joe Martin **COLORADO** | Tom McQuiston **OHIO**
| Don McQuitty **MISSOURI** | Galen Mills **GEORGIA** | Sam Nichols **IOWA** | Russ
Nielsen **NEBRASKA** | Woody Noel **DELAWARE** | Curtis Nolan **ARIZONA** |
Bob Occhi **MISSISSIPPI** | Mike Peterson **UTAH** | Gary Potter **NEW YORK**
| Reuben Ritthaler **WYOMING** | Lanny Rodgers **PENNSYLVANIA** | Keith
Ross **KANSAS** | Ron Schwartau **MINNESOTA** | Ed Short **ALABAMA** | Kelley
Smith **FLORIDA** | Tim Smith **OKLAHOMA** | David Spradlin **NEW MEXICO**
| Jim Stuart **WEST VIRGINIA** | Steve Walter **WASHINGTON** | Greg White
VIRGINIA | Bryan Wolfe **OREGON** | Curtis Wynn **NORTH CAROLINA**



NRECA represents 903 co-ops serving an estimated 42 million people in 47 states.

Our system covers

75%

of the United States



Since our founding in 1942, NRECA has been a powerful and effective advocate for the members we serve.

Today, our influence in policy discussions remains high. We partnered with co-ops, statewide associations and other allies to achieve significant wins for our members in the legislative and regulatory arenas while also helping our members fend off challenges in their states.

In 2015, we used our position of strength to pass a two-year delay of the Cadillac Tax, protecting our members from a new 40 percent excise tax on their healthcare plans. We passed legislation to preserve the water heater demand response programs used by hundreds of co-ops. We persuaded the EPA not to regulate coal ash as a hazardous waste, allowing for its continued beneficial reuse in concrete and other construction applications. We enacted legislation to protect the quasi-retirement benefits of more than 10,000 co-op employees threatened by unnecessary regulations from the Treasury Department.

We helped our members mobilize grassroots efforts in state capitols as well – helping to defeat burdensome and costly pole attachment legislation in Arkansas. We worked with our members in Florida and other states on ballot initiatives to maintain independent cooperative governance over net metering and other issues, building grassroots political strength in the process.

NRECA continued to lead the multi-year fight over the Clean Power Plan, with 2015 marking the beginning of our litigation effort to get the courts to overturn the regulations. The association is in a leadership role with other groups active in the lawsuits, and the arguments made by co-ops have been adopted by others fighting the rules. Our efforts in 2015 laid the groundwork for the unprecedented Supreme Court decision to stay the rules early in 2016.

2016 will present more challenges and opportunities for NRECA to continue this successful record of accomplishment. We will draw on the collective strength of co-op CEOs, directors and other co-op leaders, along with our grassroots army to make sure that our voice is heard loud and clear in Washington, D.C.

Every Member Has a Voice



“

Cooperatives are stronger when they work together. When we are all on the same page, our efforts are more likely to succeed.

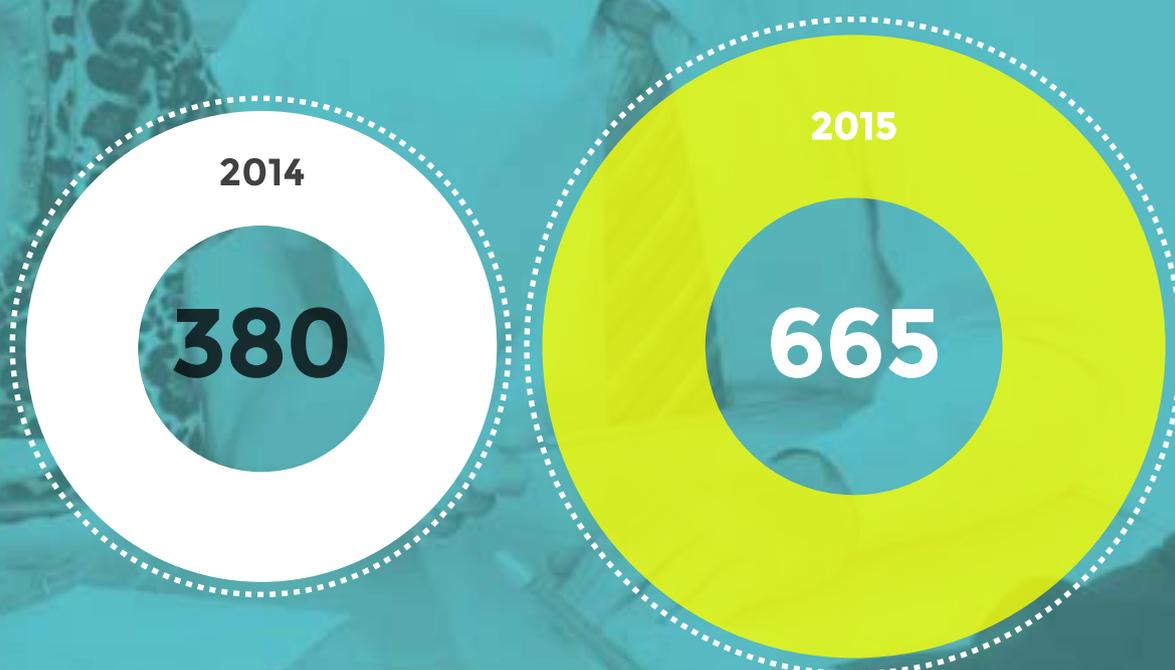
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– Lisa Johnson

CEO and General Manager

Seminole Electric Cooperative, Tampa, Fla.

In 2015, NRECA's Personal Investment and Retirement Consulting Program hosted 665 onsite financial seminars at cooperatives, an increase of 75% over the previous year.



Additionally, the PIRC team produced a total of 562 written asset allocation and retirement plans – a 33% increase over the total number of comparable plans produced for participants in 2014.

As employers, we know excellent benefits can help attract and retain great employees. As cooperatives, we care deeply about our team members and want them to live healthy, happy and financially secure lives.

NRECA helps cooperatives meet both of those goals through our Retirement Security Plan, 401(k) Pension Plan and Group Benefits Program. These high-quality programs are designed to address the unique needs of our members, and true to the co-op model, they are delivered on a cost-of-service basis.

Beyond simply offering plans, NRECA helps cooperatives select the right products to suit their needs, gives benefits administrators the tools they need to manage these programs and empowers employees with the information they need to make the most of their benefits.

The association's medical plan posted its third-consecutive year of growth in 2015, with the highest number of participants since 2010. Last year also marked the debut of an improved employee benefits website with a design that's far more intuitive and easy to navigate.

In addition to promoting the physical health of our employees, NRECA's Personal Investment and Retirement Consulting (PIRC) service offers customized guidance based on the unique needs of each cooperative employee. The service is offered at no additional cost to employees of cooperatives that participate in the association's retirement plans. In 2015, PIRC representatives held 665 onsite seminars and one-on-one sessions — an increase of 75 percent over 2014 totals.

As America's electric cooperatives work to replace thousands of retiring employees and attract our next generation workforce, our outstanding benefits offerings will serve as a strong point of differentiation.

Promoting Well-Being and Financial Security



“ We know that NRECA can provide the expertise we need to develop the right benefit plans for us. They answer our questions and meet our needs based upon what our employees are looking for. ”

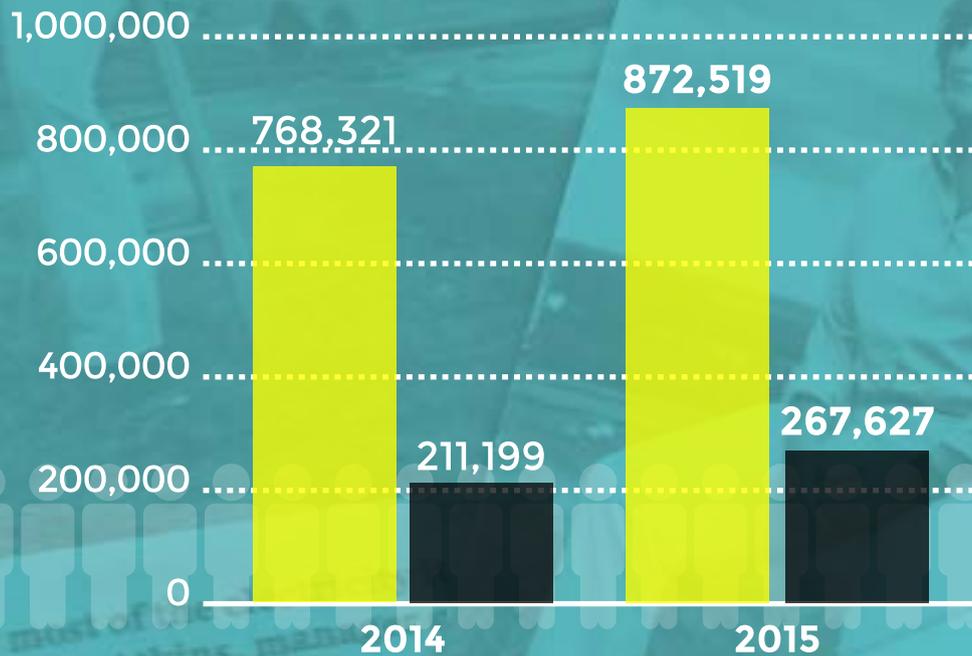
— Liz Avery

Human Resources and Administration Manager,
East River Electric Cooperative, Madison, S.D.

The Washington Post

NRECA's digital media platforms, ECT.coop and REMagazine.coop, help educate members and stakeholders about critical issues impacting electric cooperatives.

■ Total page views ■ Total unique visitors



During the past two years, NRECA has undertaken an unprecedented communication effort to build recognition and understanding of cooperative issues, support policy positions and establish NRECA as the voice of the consumer on energy issues. Through traditional and social media, NRECA is ensuring our members' voices are heard on the issues that matter most.

In 2015, NRECA secured coverage of electric cooperative issues in major news outlets including *CBS Sunday Morning*, *The Wall Street Journal* and the front page of *The Washington Post*. NRECA also facilitated a number of high-profile editorial board meetings with co-op leaders.

NRECA's communications work goes well beyond engagement with the press. NRECA provides a wealth of tools and resources to assist members with their own outreach efforts. Turnkey print, graphic, social media and video resources help co-ops reach end-use consumers across a host of communication channels, while specialized communication toolkits help members hone their outreach strategies. NRECA also is enhancing the quality of communications across the network through one-of-a-kind educational webinars, conferences and training.

NRECA's publications deliver invaluable industry intelligence, highlighting technology trends and best practices and helping members keep their fingers on the pulse of the ever-evolving cooperative network. From daily coverage on ECT.coop to our flagship monthly, *RE Magazine*, NRECA delivers leading edge news to help you stay ahead of the curve.

Cooperative.com is the hub for all the education, resources and opportunities NRECA provides. In 2015, NRECA introduced a revamped site to help members more easily find the information they need.

NRECA also enables co-ops to discover and form new partnerships with our associate members. Through events like the annual TechAdvantage Expo and resources like the *RE Magazine Buyer's Guide*, NRECA exposes cooperative leaders to cutting-edge technologies and connects them with trusted industry partners delivering products and services that can enhance reliability, improve operations and drive innovation back home.

Inviting Conversations & Engagement



“NRECA's communications services put us on a firm foundation with our national association in providing consistent communications messages to the end-use customer that receives power from electric co-ops. NRECA provides a consistent communications package.”

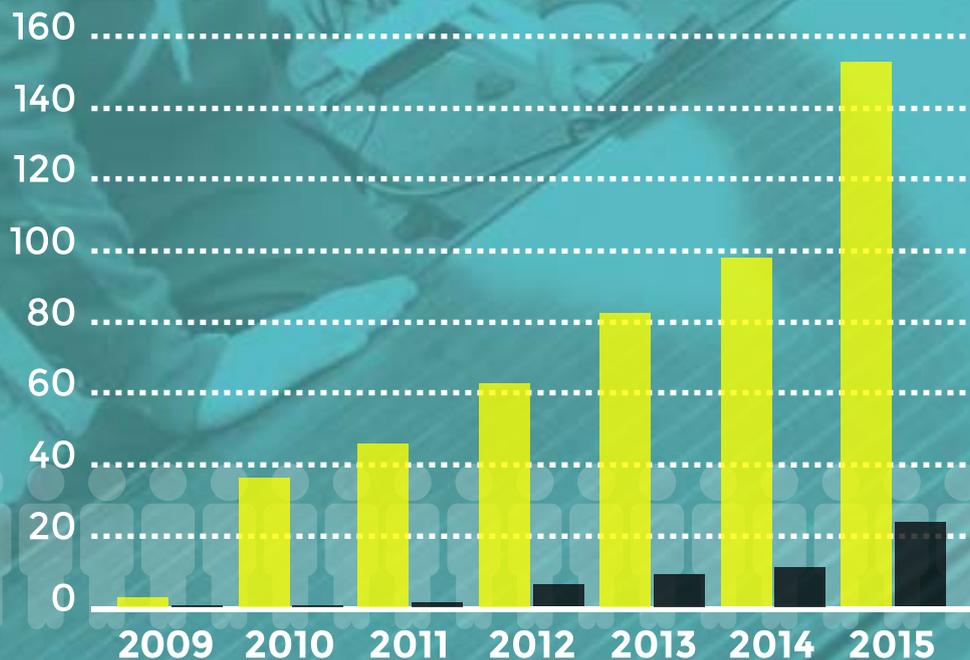
— Sidney K. Sperry

Director of Public Relations, Communications and Research, Oklahoma Association of Electric Cooperatives, Oklahoma City, Okla.

Wholesale and community solar capacity at electric cooperatives has skyrocketed during the past seven years.

■ Wholesale ■ Community

Megawatts



Technology and business innovations are rewriting the utility playbook by transforming utility operations, consumer expectations and even who provides services. America's networks of electric cooperatives, working with each other and with NRECA, are national leaders in the exploration and shaping of this transformation.

Cooperatives, as smaller and locally-owned utilities, have flexibility to try new ideas that address local issues and member needs. Through our Business and Technology Strategies group, NRECA works as a convener, facilitator, advocate and aggregator for our vast cooperative network.

In 2015, NRECA partnered with our members to begin development of a center to test the viability of technologies to capture and beneficially reuse carbon

dioxide, teamed with eight national laboratories on six successful proposals for grid modernization, developed cybersecurity technology that helps utilities react quickly to breaches and created tools for all cooperatives by engaging with 14 member co-ops on their deployment of 23 megawatts of solar generation.

The success and strength of the network of distribution co-ops, statewide associations, G&Ts, the national association and other partners can be seen in the recognition we earn from media, policymakers and funders. That recognition includes millions of dollars in new research funded in 2015 that will enable such innovations as better controls for distributed energy resources, a low-cost demand-side management device for improving grid resiliency and resources to improve modeling of grid technologies.

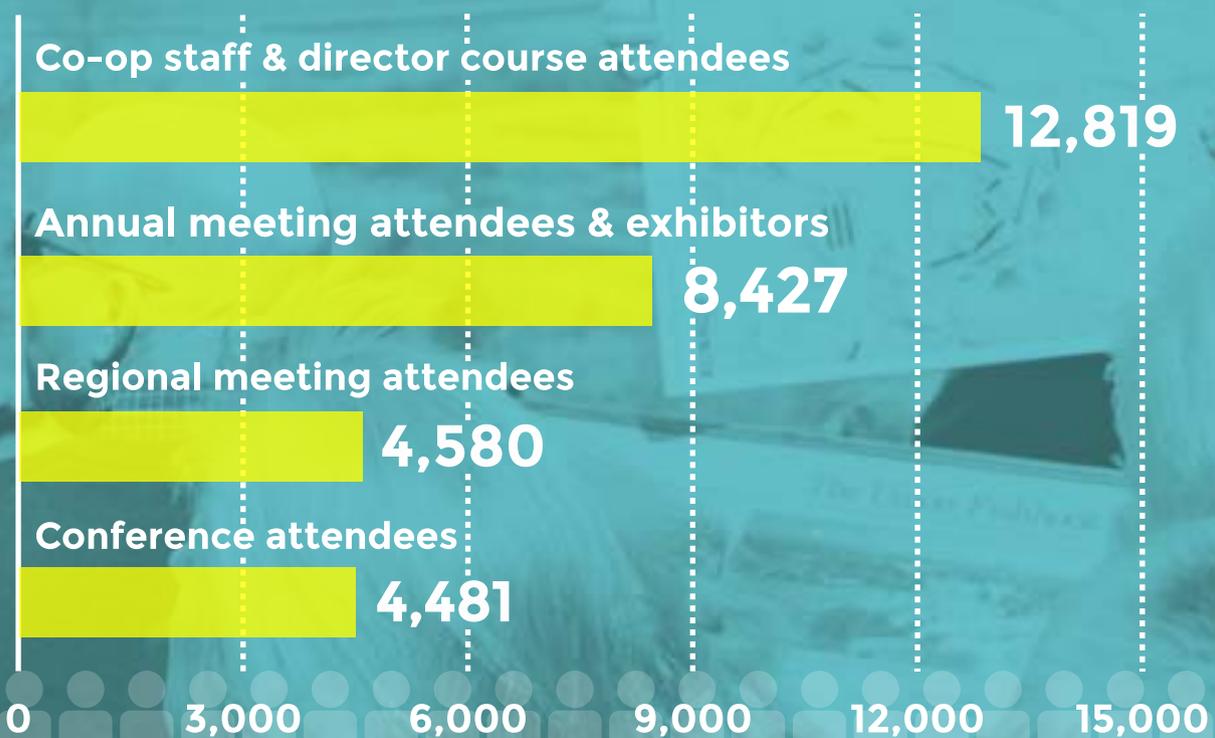
Shaping the Energy Revolution



“By collaborating with the technical group at NRECA, we can leverage our R&D dollars with others and accomplish much more than we could do on our own. Their experience...has proved a valuable extension to our technical capabilities.”

—Charlie Bullinger
Senior Principal Engineer, Great River
Energy, Maple Grove, Minn.

How many co-op employees did we help educate in 2015?



In the electric co-op family, our people are assets to be valued and supported. They are the heart and soul of our organizations, and quality education is one of the highest-yielding investments we can make in them.

This is especially true as cooperatives face the one-two punch of a rapidly changing industry and the retirement of thousands of long-time employees with deep institutional knowledge. This unprecedented period of transition requires a renewed focus on and fresh approach to education and training for employees.

There are many excellent providers of professional development courses for employees, but NRECA is the only resource that offers education specifically tailored to the needs of electric cooperatives and the opportunity to network and exchange ideas with co-op professionals from across the country. From board leadership training to specialized courses and conferences for nearly every job function, NRECA delivers actionable insights to help cooperatives succeed.

In 2015 NRECA launched the Director Gold Certificate program and the Gettysburg Leadership Experience. These new programs complement many other in-person and online educational offerings, including a variety of conferences, webinars and courses. NRECA began an initiative to develop competency frameworks for the common job roles at cooperatives. NRECA also introduced revamped education materials on its website, making it easier than ever to plan a co-op's approach to training and find the right opportunities for each executive, board member and employee.

In addition to equipping employees and directors with the knowledge and skills they need to deliver excellent service to the members and communities they serve, professional development opportunities can lead to a healthier, more engaged and productive culture in the co-op. As our cooperatives compete in a crowded field to hire our next generation of workers, NRECA gives co-ops a competitive edge.

Discovering **Your** Potential

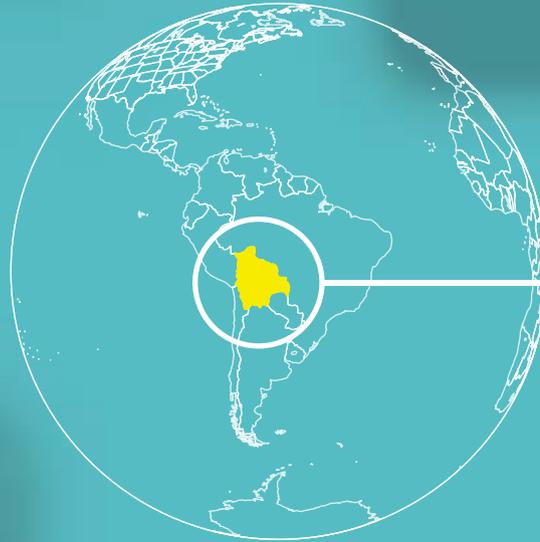


“ I attend [NRECA conferences] for a lot of reasons, most of all networking. They're also a great place to learn best practices and find new trends and resources that I can bring back to the cooperative. ”

– Shelly Young

Director of Finance, Claverack Rural Electric Cooperative Inc., Wysox, Pa.

Starting about 50 years ago, NRECA International helped three countries establish small electrification programs that sparked the promise of a better future. In 2015, each of those countries achieved milestones that demonstrate the importance of lasting relationships and the success of the co-op model.



 **Bolivia**

Cooperativa Rural de Electrificación, the world's largest electric co-op, connected its 600,000th customer in the growing city of Santa Cruz.

 **Bangladesh**

A national economic boom over the past decade has propelled expansion of the **Bangladesh Rural Electrification Board**.

In 2015, co-ops there connected their 11 millionth meter, bringing power to some 50 million people.



 **Philippines**

The **Philippines National Electrification Administration** and its 119 electric co-ops spread throughout the archipelago exceeded 11 million total service connections in 2015, reaching 50 million people.

This section summarizes the activities of NRECA, NRECA International Ltd. and the NRECA International Foundation, generally referred to here as "NRECA International."

From the comfort of our tidy homes and modern offices, we look back at the challenges of a time before electricity as a distant memory. But for more than a billion people around the world, the brutal, unrelenting drudgery of life without electricity is a daily fact of life.

Electricity is more than just a resource that makes life a little easier and more convenient. It is the key that unlocks access to better health care, safer streets, clean water, improved education and stronger, more self-sufficient local economies.

Since its creation in 1962, NRECA International has helped its partners extend electric service to more than 110 million people living in 42 countries. In 2015, our program provided support to electrification programs in Ethiopia, Tanzania, Uganda, Ghana, Liberia and Sierra Leone. We used the experience gleaned from 50 years of facing difficult challenges to address the needs of more than 600 million parents and children in sub-Saharan

Africa who do not yet have access to reliable and affordable electric service.

Standing firmly behind our mission and legacy, NRECA was a powerful voice supporting the Electrify Africa Act that culminated in it being signed into legislation by President Obama in February 2016. Through our work overseas, members of Congress from urban areas not served by electric co-ops learn what we stand for and come to appreciate that our cooperatives are truly different.

Our international work offers a unique perspective on the time when our REA projects were transforming the lives of rural Americans. Volunteers from the nation's electric co-ops who participate in NRECA International projects overseas return home with a much deeper appreciation of the cooperative purpose and the importance of the work they do at home.

A Global Capacity to Change Lives



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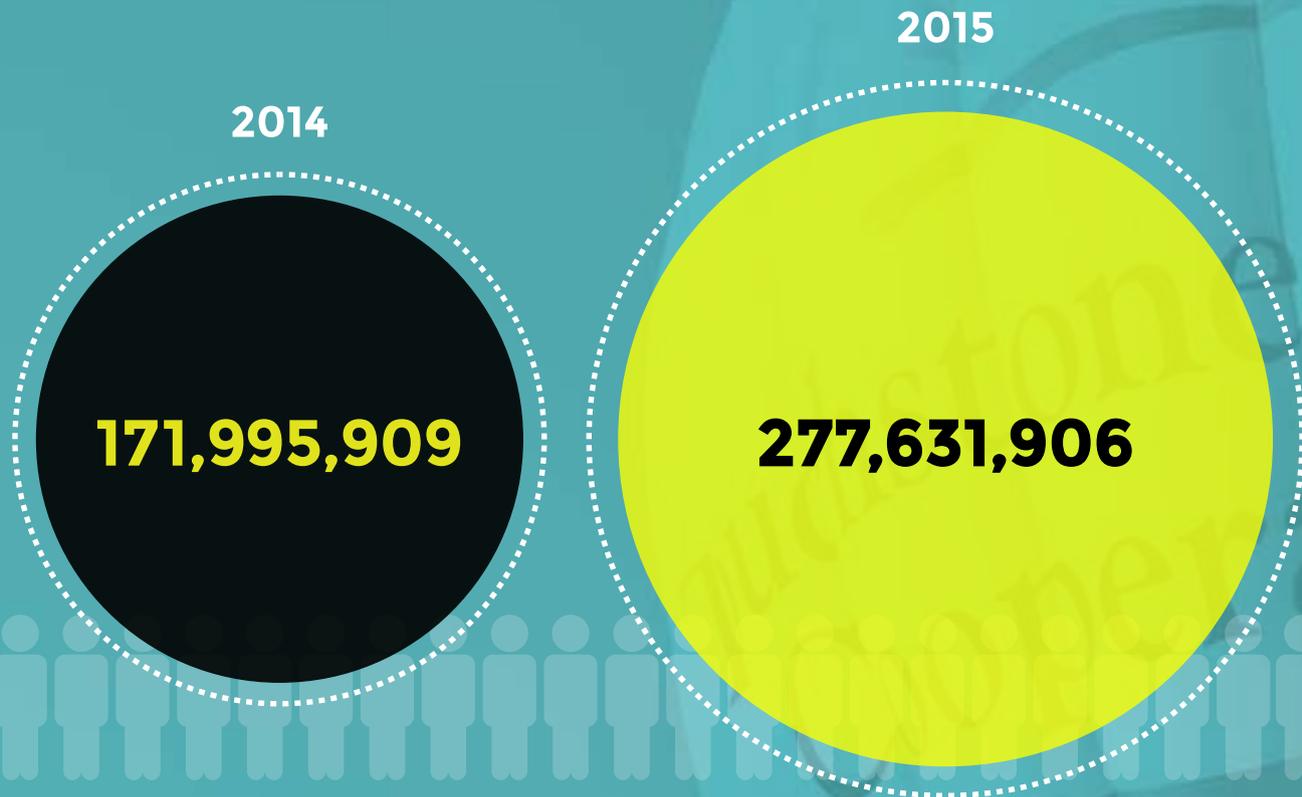
NRECA International's work with electric co-ops abroad helps members of Congress who have no affiliations with electric co-ops see the value of co-ops [abroad] and develop better understandings of the work co-ops do here in the U.S.

”

— Ron Schwartau

*President of the Board, Nobles Cooperative Electric,
Worthington, Minn., Chair of NRECA's International Committee*

Touchstone Energy's total number of national advertising media impressions for 2015 (digital, addressable TV and search engine marketing) increased by more than 105 million over 2014.



In the late 90s when deregulation and retail competition were growing in popularity among state legislatures, Touchstone Energy® was formed to tell our story and build a stronger brand for cooperatives.

Through communication and advertising materials, educational programs, energy efficiency tools, business development resources and performance improvement strategies, Touchstone Energy has grown to become a trusted brand unifying 750 cooperatives across the country.

Today, as our industry moves through a new period of significant change, Touchstone Energy is poised once again to help our cooperatives explain the cooperative difference and assert our role as trusted energy advisers to the communities we serve.

For our cooperatives to be trusted advisers, we need energized employees who are relentlessly focused on building strong relationships with our members.

Touchstone Energy's Road to Member Engagement workshop was launched in 2015 to get employees excited about their critical role in building those relationships.

Last year also marked the start of Touchstone Energy's "Your Source" campaign designed to position cooperatives as a trusted resource for information about renewable energy and other emerging energy technologies. Through ads, fact sheets, articles and other collateral, this campaign will remind members that they don't have to go it alone when trying to make smart energy choices.

As Touchstone Energy evolves to meet the changing needs of our members, it continues to invest in established programs. Last year nearly 400 Co-op Web Builder sites were live, and the Co-op Connections program keeps growing, adding identity theft protection and an exclusive discount offering deals on everything from hotels to high-end brands.

**Touchstone Energy Cooperative, Inc. administers the Touchstone Energy brand.*

Pursuing Co-op Connections



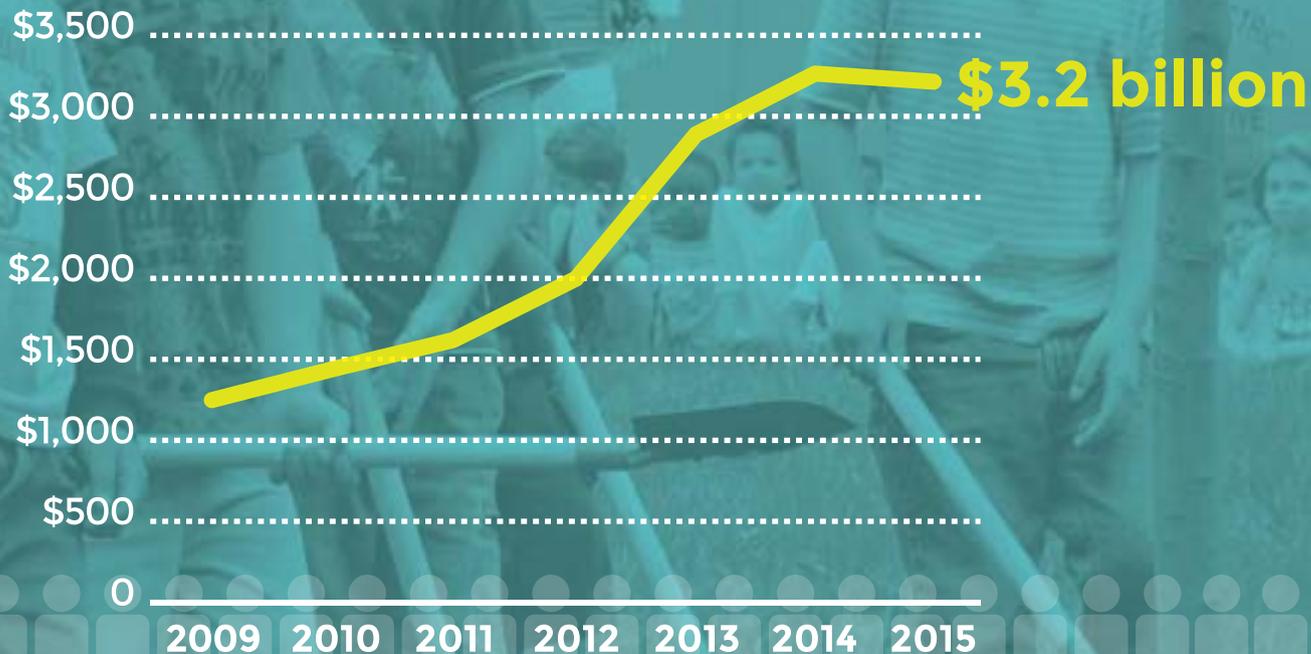
“ It's like having another employee in my department that brings a whole wealth of information, advertising and assets. For the dollars that we spend, we're getting our money tenfold. ”

– Heidi Storz

Marketing and Communication Coordinator,
United Power, Brighton, Colo.

Homestead Funds Asset Growth Since 2008

In millions



As a part of the co-op family, NRECA's investment management and advisory subsidiary, RE Advisers, is a different kind of investment firm.

It is an SEC-registered investment adviser staffed with experienced professionals who manage approximately \$9 billion in assets as of January 1, 2016. But RE Advisers is also working for America's electric cooperatives by managing a portion of the money in co-op employee benefit programs and the Homestead Funds family of mutual funds.

In addition to providing oversight and investment management services for the group benefit trusts and mutual fund portfolios, RE Advisers assists co-op boards in the establishment of policy guidelines, customized asset

allocation and actively managed asset class exposure.

In 2015, Homestead Funds (a series of mutual funds created by NRECA) celebrated 25 years of operations. What started as a modest way to address a growing need for affordable and prudently managed investments has grown to a family of funds with more than \$3.2 billion in assets and more than 42,000 investor accounts at the end of FY2015.

Though the growth of the Homestead Funds has been impressive, RE Advisers remains true to its humble roots. Looking forward, the company will continue to align its mission with that of the rural electric community, with a goal of helping cooperatives and their employees manage assets and build wealth.

Celebrating 25 Years of Investment Management



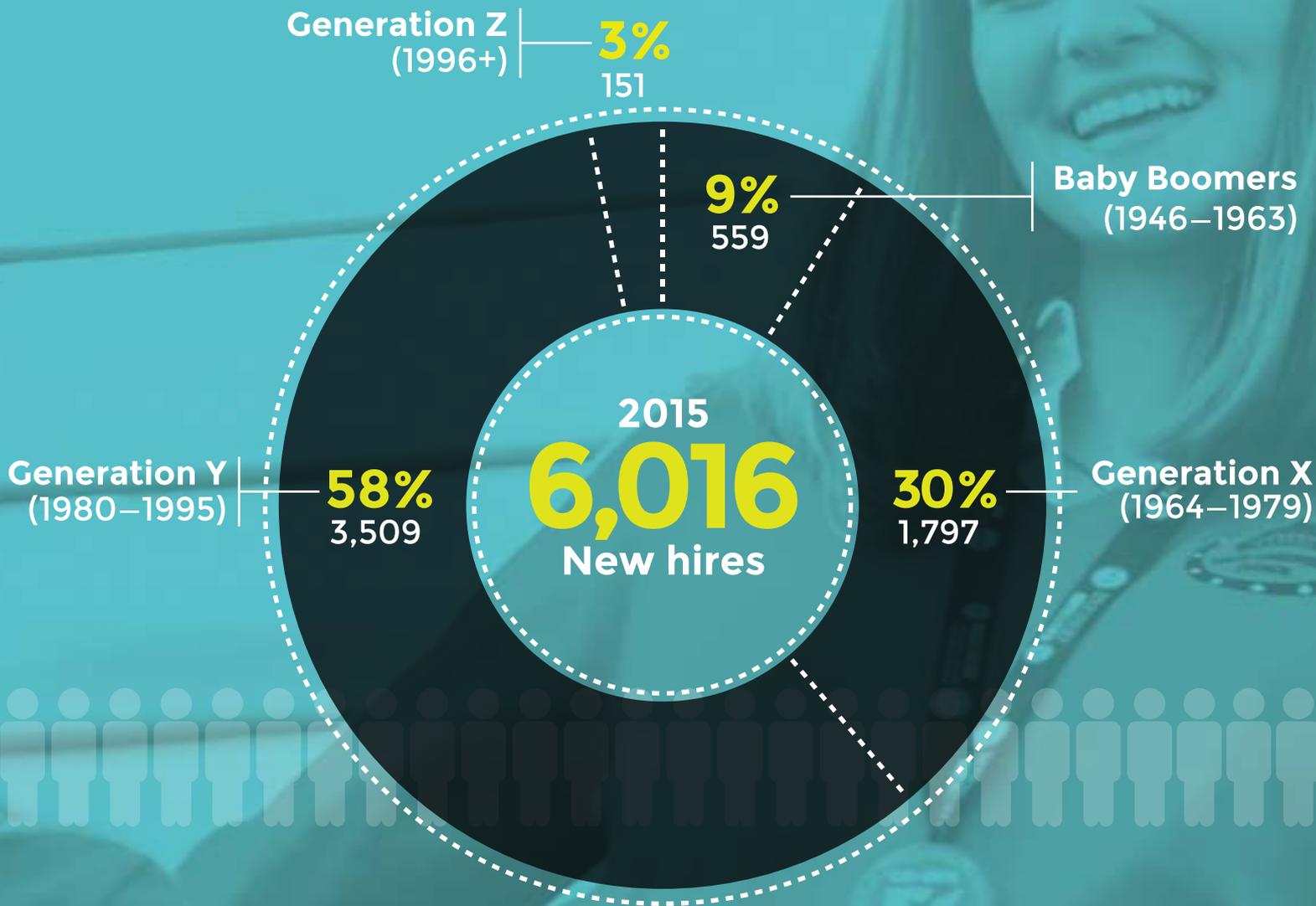
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We are committed to working as a team, bringing energy and momentum to growing the business and supporting NRECA's mission of member service.

”

– Stephen Kaszynski, CFA
President and CEO, RE Advisers

2015 new co-op hires by generation:



Over the next five years, nearly 15,000 co-op employees will become eligible to retire. Rapid industry change in terms of policy, technology and member sophistication also significantly impact talent needs from our front office staffs to our board rooms.

These changes present a significant operational challenge, but also a tremendous opportunity to bring fresh perspectives through high-quality jobs for a new generation of employees eager to start their careers. NRECA is stepping up to help cooperatives meet this challenge and seize the opportunity.

When employees leave after long and distinguished careers, they'll take with them significant on-the-job experience, a wealth of institutional knowledge and a healthy dose of the cooperative spirit that makes our organizations so special. NRECA's mentoring program will help facilitate the transfer of knowledge and the cooperative spirit from experienced employees to early and mid-career professionals.

The Serve Our Co-ops, Serve Our Country initiative is equipping co-ops with the knowledge and tools they need to recruit military veterans and their spouses. Our veterans are a diverse workforce that bring the technical and leadership skills needed to fulfill our mission of safely powering rural America.

Through strategic partnerships with groups such as the Center for Energy Workforce Development, the Rural Community College Alliance and many universities across the country, NRECA also is supporting the creation of academic programs and raising the awareness of cooperatives.

As we look to the future, we continue to seek opportunities to engage our next generation of leaders to build their business and technical knowledge, understanding of the co-op model and commitment to maintaining our co-op principles.

Building the Next Generation Workforce



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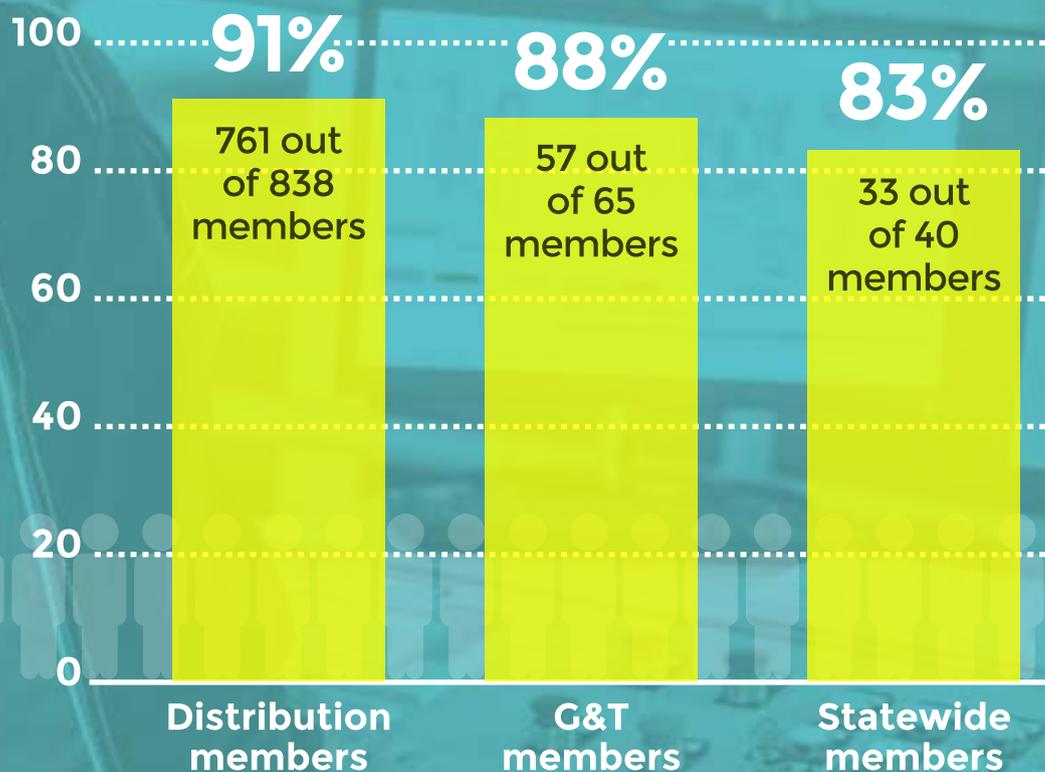
The Next Generation Workforce Initiative has helped us focus on succession planning and ensure that we recruit highly talented employees who see the benefits of cooperatives.

”

—Shane Laws

CEO, The Victory Electric Cooperative
Association, Dodge City, Kan.

NRECA's National Consulting Group has a broad reach among cooperatives. More than 80 percent of distribution, G&T and statewide members have either utilized a consulting service or participated in or purchased the results of an NCG survey.



There are moments in the life of every organization when the stakes are higher than normal. The moments when we know that the decision we make will have a lasting impact on the health of our cooperative, the morale of our employees and the service we deliver to our members. It might be the selection of a new CEO or senior manager, a significant bylaw or operational change, or a major capital investment.

NRECA's National Consulting Group exists to be that trusted adviser to America's electric cooperatives in those moments, providing executive search, strategic planning, governance consulting, market research, safety programs, human resource consulting and technology planning. They are members of the co-op family who bring all the experience and education one expects from a big-name consulting firm, blended with an appreciation

of the cooperative difference and a deep understanding of the issues facing our industry.

Among the many important issues competing for attention at the cooperative, none is more important than safety. Nothing else matters if our people don't go home safe at the end of every shift.

The National Consulting Group's Rural Electric Safety Achievement Program (RESAP) has long been a cornerstone of the association's commitment to safety. In 2015, RESAP launched its newest offering, a customizable program called Speak Up, Listen Up, that's designed to encourage better conversations about safety among coworkers in the field. From innovative programs like this one to the continued growth of our multidisciplinary Safety Leadership Summit, NRECA is helping cooperatives keep safety first.

Your Co-op Management Partners

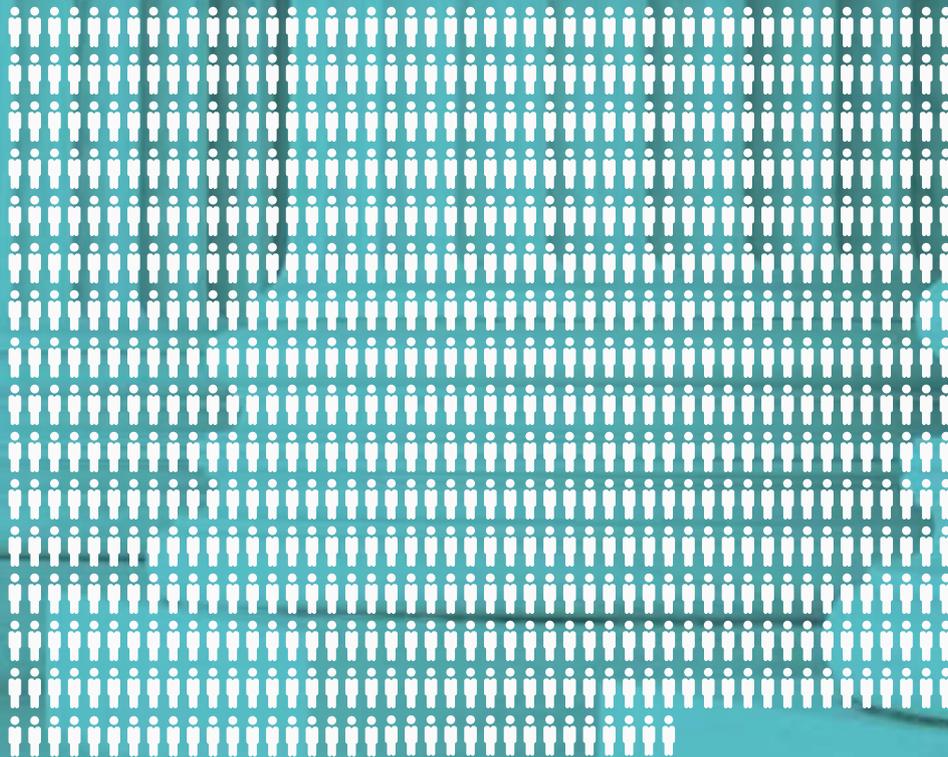


“ NRECA helped us lay the groundwork for all the technologies required to adopt a comprehensive automated metering infrastructure system. They helped put a technology plan in place, and they have been invaluable. ”

— Dan Fowler

Senior Vice President, Energy Services, Jefferson Energy Cooperative, Wrens, Ga.

In 2015, membership in the Electric Cooperative Bar Association reached its highest total ever.



754 attorneys

It takes a unique blend of talents to meet the legal needs of electric cooperatives. As businesses, electric cooperatives experience all of the typical legal issues associated with modern commerce. As utilities, we operate in a complex environment that demands we understand, navigate and adhere to a complex web of federal, state and local laws. As member-owned cooperatives, we live by a different set of principles – principles that aren't taught in most business or law schools and are unfamiliar to many.

NRECA's Office of General Counsel equips cooperatives and their attorneys with the legal information needed to keep their co-ops running smoothly.

Throughout the year, OGC attorneys and support staff engage with thousands of CEOs, directors, attorneys and employees from across the cooperative network at conferences, seminars and statewide meetings.

In 2015, NRECA's *Legal Reporting Service* and *Personnel Practice Pointers* reported on approximately 120 decisions handed down by courts and regulators that could impact electric cooperatives.

The electric cooperative movement is strongest when we work together and exchange ideas, and that's why NRECA established the Electric Cooperative Bar Association. Membership in the co-op bar has never been higher, reaching 754 attorneys in 2015.

The Office of General Counsel also provides support for the yearly member resolutions process, which drives the association's legislative and policy agenda.

Through the efforts of NRECA's attorneys and the collective wisdom of co-op counsel across the nation, our cooperatives are well-positioned to find their way through this period of increased legal and regulatory challenges and rapidly changing technology.

Setting the **Right** Course



“

NRECA has enabled me to provide quality and cost-effective services to my electric cooperative clients through high-quality seminars and services, publications, and the Electric Cooperative Bar Association.

”

– **Stephen P. Williams**

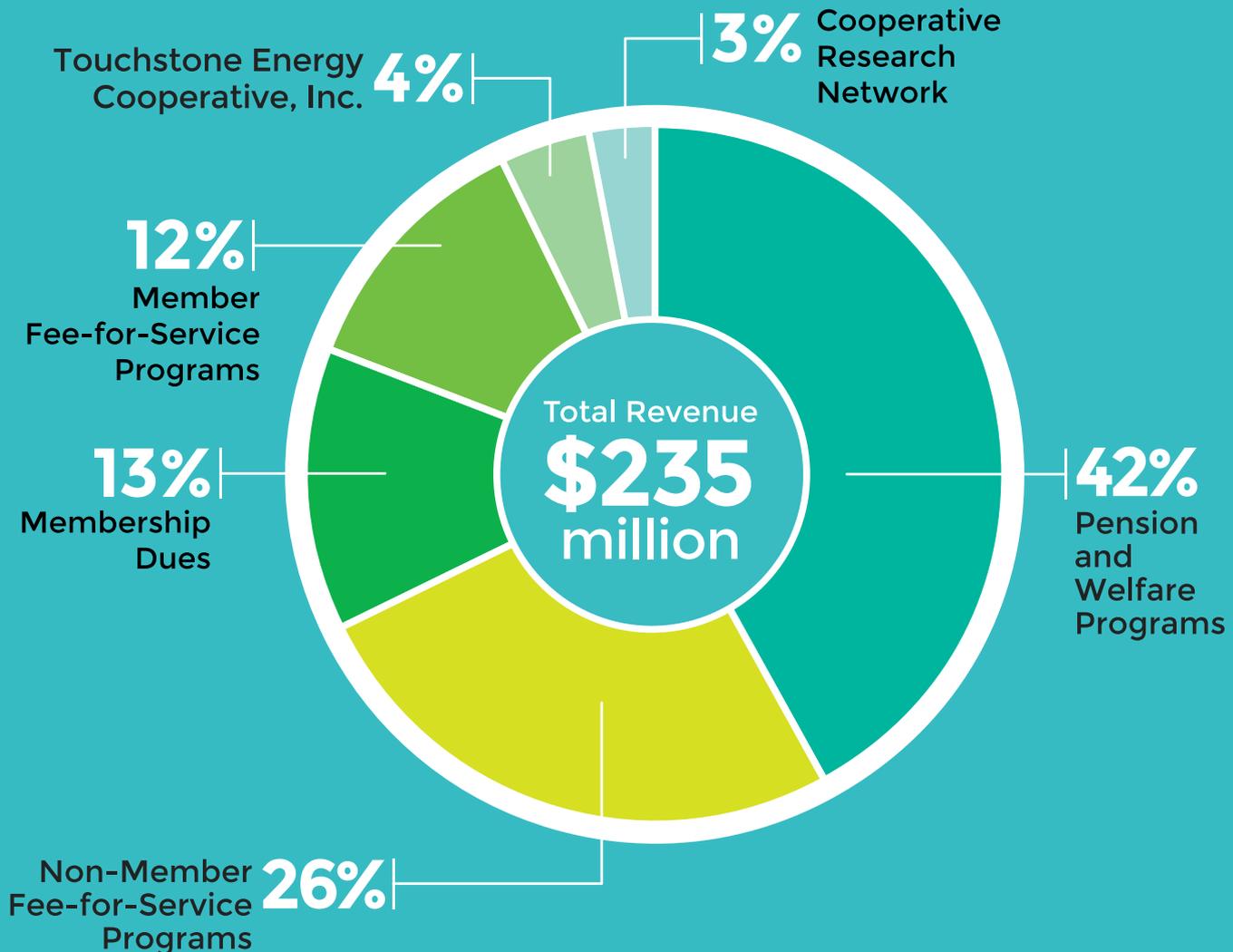
Assistant General Counsel, Arkansas Electric Cooperative Corp., Little Rock, Ark.

2015 Financial Highlights

[the association]

Summary of Operations (Revenue by Source)

The Association's operations include general membership, fee-for-service and cost reimbursable programs. NRECA ended the year with total revenue of \$235 million and a net operating margin of \$2.6 million in the general fund, before the NRECA Board-approved transfer of \$2.3 million to the NRECA Political, Advocacy, Communications and Education fund.



*Financial information is preliminary and may change.
Expanded financial information is available via nreca.coop/annualreport.*

GENERAL
MEMBERSHIP
PROGRAMS



Membership programs consist of government relations, business & technology strategies, communications and other programs. Dues of \$29.6 million partially funded the \$44.4 million cost of these programs. NRECA funded the deficit of \$14.8 million from margins earned on fee-for-service programs.

FEE-FOR-SERVICE
PROGRAMS



\$28.5 million in revenue was generated from member fee-for-service programs, including training and conferences, consulting, *RE Magazine*, the annual and regional meetings and other programs, for which the members that use them pay a fee.

\$61.1 million in revenue was generated from non-member fee-for-service programs, including international programs, the buildings owned by NRECA and fees for managing the Homestead Funds. The fee-for-service programs ended the year with a net margin of \$17.4 million.

COST REIMBURSABLE
PROGRAMS



NRECA is the plan sponsor and plan administrator of three multiple employer plans. NRECA provides plan administration services on a cost reimbursable basis and received \$98.4 million in reimbursements in 2015.

NRECA provides administrative services to Touchstone Energy Cooperative, Inc. on a cost reimbursable basis and received \$10 million in reimbursements in 2015.

CRN conducts research to accelerate technological innovation, which is primarily funded by member research dues and government grants. CRN revenue is recognized to the extent program expenses are incurred and totaled \$7.4 million in 2015.

2015 Financial Highlights

[NRECA multiple employer plans]

The pension and welfare programs administered by NRECA consist of three multiple employer plans: the Retirement Security Plan, the 401(k) Pension Plan and the Group Benefits Program (collectively, the Plans). During 2015, NRECA continued its commitment to control costs while delivering high quality products and services to member cooperatives and participants.

Plan	Retirement Security Plan	401(k) Pension Plan	Group Benefits Program
Total Assets	\$8.1 Billion	\$8.2 Billion	\$504 Million
Contributions/ Premiums	\$845 Million	\$664 Million	\$564 Million
Benefits Paid	\$1.2 Billion	\$528 Million	\$511 Million
Plan Paid Administrative Expenses	\$47.2* Million	\$25.1 Million	\$27.8 Million

* Includes \$29.3 million in PBGC Premiums

*Financial information is preliminary and may change.
Expanded financial information is available via nreca.coop/annualreport.*

Member Value

In 2015, NRECA members received **\$1.47** in services for every dollar they paid in dues.

Membership dues support approximately two-thirds of the cost NRECA spends providing general membership programs. The association funds the remaining cost through its fee-for-service programs as described in the Financial Highlights section.

Members pay:



\$1.00
(Dues)

Members receive:

\$.53 Government Relations

\$.19 Communications & Marketing

\$.16 Business & Technology Strategies

\$.07 Coop.com Communities & Websites

\$.05 Education & Training

\$.14 Other Member Programs

\$.10 Information Technology

\$.23 General & Administrative Support

\$1.47
(Actual cost of member programs)

Contact



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This document summarizes the consolidated financials and general activities of NRECA and its related companies. It is intended to be informational only. For ease of use, references to NRECA may include entities owned by or affiliated with NRECA; and references to NRECA programs, events, or activities may include NRECA-owned or affiliated entity programs, events or activities.



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