AMPING UP FOR A BRIGHTER FUTURE

2023 ANNUAL REPORT

GREYSTONE
POWER CORPORATION
Making Life Better

AMPING UP FOR A BRIGHTER FUTURE

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OUR MISSION

Making Life Better in the communities we serve.

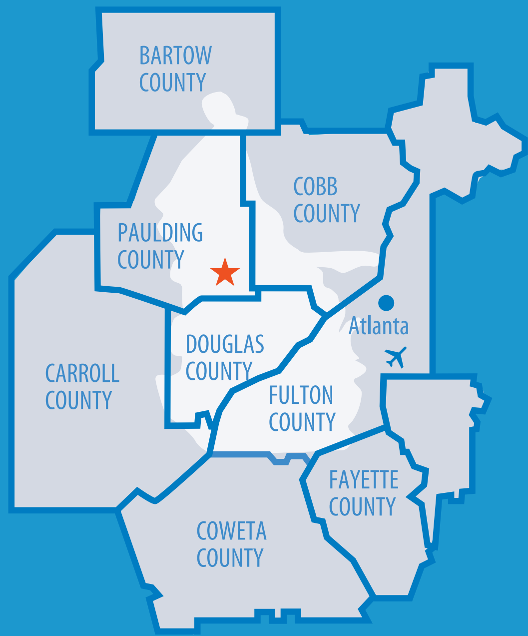
CORPORATE PROFILE

GreyStone Power is a member-owned, not-for-profit electric cooperative, serving portions of eight west-metro Atlanta counties. We provide electricity to more than 130,000 homes, businesses, schools and industries through more than 149,000 meters.

WHO IS A MEMBER?

If you have an account with us in your name, you're a member – and an owner – of this electric cooperative. That's because GreyStone Power is owned by the people it serves. Those same people are at the center of everything we do.

SERVICE AREA



★ *Paulding County Headquarters*

AT A GLANCE

Statistics at the end of each year

	NUMBER OF METERS	OPERATING REVENUE	MILES OF LINE	KILOWATT-HOURS SOLD
2023	142,527	$327,239,723	7,590	2,887,368,194
2013	117,471	$263,471,663	6,712	2,622,611,331
2003	89,294	$137,410,446	5,214	1,846,995,358
1993	57,011	$ 73,002,445	3,552	915,026,979
1983	36,356	$ 26,371,021	2,607	490,488,478

AMPING UP FOR A BRIGHTER FUTURE

President/CEO Gary Miller, right, and Board Chair Jim Johns provide the vision and leadership to energize an even brighter future for the local community.

Reliable, safe electricity. Affordable prices. Great service. A commitment to the local community.

These are the pillars on which the founders built what today is GreyStone Power. When other utilities refused to serve this area, they banded together and proved that serving the unserved was the right thing to do, as well as a successful business endeavor.

Our employees are now bringing high-speed internet to those who previously have not had access. Our new fiber subsidiary, GreyStone Connect, launched in 2023. It will serve customers in areas of Fulton, Douglas, Carroll and Paulding counties.

GreyStone Power members will not see their electric rates impacted by our internet affiliate. According to the Public Service

Commission's 2023 summer rate survey, GreyStone had the lowest summer rates out of all 41 electric membership corporations in Georgia for those using 500 kWh a month.

Your cooperative was designed to keep costs low, returning money when possible. In 2023, current and former GreyStone members received $12 million in capital credits and more than $13 million in Wallet Watch credits on power bills.

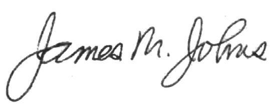
Meanwhile, our power supply team helps ensure we have a diverse mix of resources in place to meet consumer demand for electricity. Last year, we made significant investments in enhancing the reliability of our power supply and delivery system.

In 2023, the first new nuclear unit in the U.S. in more than three decades, Plant Vogtle Unit 3, came on-line, providing safe, reliable, zero-emission energy.

More interested in solar? GreyStone has a diverse energy mix to provide reliable electricity, regardless of the weather. Our resources include nuclear, natural gas, coal and solar as part of our power supply mix to ensure electricity is available when needed.

Just as powerful, though, is our mission to make life better in the communities we serve. You'll read more about that in this report.

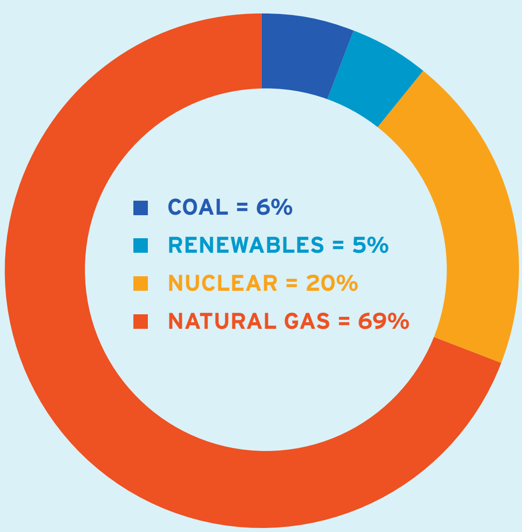
We're amping up for a very bright future. We will continue to explore new and innovative ways to serve you.



James M. Johns Board Chair

Gary Miller President/CEO

2023 FUEL MIX



WHERE THE MONEY COMES FROM

WHERE THE MONEY GOES

RELIABLE ELECTRICITY

When you've turned up the volume on reliability to a rating of 99.98%, the challenge is achieving 100%. After all, everyone wants continuous, uninterrupted power. That's why maintenance costs increased in 2023 by $3.7 million, an investment in even more dependable electricity.

Tree growth in our service area — especially when there are rainy periods — poses the biggest threat to reliability. In 2023, crews maintained more than 740 miles of right-of-way area. That's the distance from Atlanta to just shy of Oklahoma City.

Since managing vegetation is so critical, GreyStone Power is evaluating the value of satellite photography and geospatial technology. It allows engineers to pinpoint areas where vegetation has grown, or may soon grow, into the power lines. With it, the cooperative can prioritize right-of-way trimming locations and help prevent outages from ever occurring.

Another project uses piloted drones with infrared cameras to inspect vegetation, utility poles and power delivery equipment. The infrared cameras identify potential problems, so they can be addressed.

Additional equipment helps strategically locate and isolate faults in the power delivery system. Multiple areas have been getting special attention, including the city of South

Fulton, Chattahoochee Hills and nearby areas, as well as north Paulding County.

These devices help reduce the number of people who may be affected by an outage, or at least help minimize the length of the outage. Depending on the location, each of these installations range from protecting a few hundred to 2,000 GreyStone Power members.

Technology helps, but it's people who make the difference. Linemen are the rock stars who construct, maintain and repair the power delivery system. Electric utilities are competing for them at an unprecedented rate.

GreyStone Power has successfully recruited linemen and is developing apprentices to meet the growing demands in our service area. Contract crews have also helped meet fluctuating work demands and maintain 24/7 response in the event of a large outage.

The cooperative can deploy more than 50 crews and as many as 270 individuals, including GreyStone Power linemen and contractors, assuring the most reliable service possible.

KEEPING RATES AS LOW AS POSSIBLE

If you used 1,500 kilowatt-hours (kWh) in the summer of 2023, your bill was

$62 LESS **a month than if you were a Georgia Power customer.**

If you used 2,000 kilowatt-hours (kWh) in the summer, your bill was nearly

$90 LESS **a month than if you were a Georgia Power customer.**

SAFETY FIRST

Employees made efforts to keep members safe through electrical safety demos at community events, as well as in schools.

MEETING THE NEEDS OF THOSE WE SERVE

GreyStone Power members are able to purchase energy-saving items, including smart thermostats, LED lightbulbs, showerheads and more through the online GreyStone Power Marketplace.

These products help people reduce their energy use, which in turn, affects their power bills.

In addition to offering EV chargers, the cooperative offers information for people thinking about buying an electric vehicle.

EV drivers can benefit from a charger rebate and a special rate that encourages charging at night.

An EV rate offers a pricing incentive for charging during times when not as much electricity is being demanded. Prices range from 4 cents per kilowatt-hour (kWh) during the night to more than 20 cents per kWh during summer afternoon hours, when electricity is in high demand.

The Co-op Connections® Card continues to offer savings on goods and services for GreyStone Power members. This is especially helpful for prescription savings.

The cooperative is also seeing savings. In 2023, almost 4,700 members transitioned to paperless billing. The savings of not printing and mailing a traditional bill would have totaled nearly $2,700 per month. However, some of these members are still opting to have a paper bill mailed. The shift is helping to reduce billing costs, though, so it's a move in the right direction.

Other savings are emerging from members getting their questions answered through the ***greystonepower.com*** website. The co-op launched a virtual agent tool in 2022 to help members quickly check their balance, make a payment or check their electricity use from any page on the website.

The website also launched a rooftop solar tool to help members estimate the return and payback period for a solar power system.

GreyStone Power worked with legislators — and other electric membership corporations (EMCs) — to lobby for enhanced consumer protections to prevent people from being scammed by unscrupulous solar dealers.

Together, EMCs supported the passage of the Georgia Door-to-Door Sales Act. It gives consumers 30 business days to analyze the contract details for solar systems that are sold door to door.

The Georgia Door-to-Door Sales Act took effect in May 2023.

Gov. Brian Kemp signs the Georgia Door-to-Door Sales Act.

POWERING A BRIGHTER FUTURE

Safe, reliable, affordable electricity fuels new businesses moving into the service area, including data centers.

Additional jobs come with these commercial accounts, including 600 new jobs with the new Sam's Club distribution center. Legacy Arena plans to add 10 jobs and the new Extended Stay Hotel will add about 12.

With a commitment to the economic health of the community, President/CEO Gary Miller serves on the Hospital Authority of Douglas County, Development Authority of Douglas County, and he chairs Elevate Douglas, a public-private economic development organization.

The area's greatest energy source lies in our young people. Scholarships help local students develop their skills with the support of some 29,000 members who donate to the GreyStone Power Foundation, Inc.

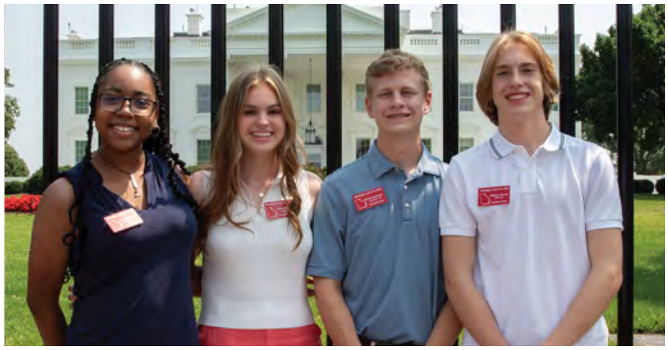
They contribute by allowing their monthly electric bills to be rounded up to the next dollar through Operation Round Up®. Using these funds, the Foundation awarded $3,000 scholarships in 2023 to five students in the cooperative's service area.

The donor participant cost to assist worthy students like these, as well as charitable organizations throughout the service area, is no more than 99 cents per month.

High school students with leadership potential can participate in the Washington Youth Tour. GreyStone's delegates join students from across the nation to see how government

Members of the GreyStone Power Foundation's Board present scholarships to the 2023 recipients. The winners include, from middle left: Anthony Tucker, Edwin Balderas, Ty Merritt, Madison Brooks (not pictured) and Julia Cagasan (not pictured).

The 2023 Washington Youth Tour delegates included, from left, Danae Anderson, Chloe Pergrem, Brandon Hawkinson and Matthew Johnson.



works, tour historic sites and sharpen their skills while competing for scholarships. Public Relations and Communications Coordinator Anitra Ellison was selected as one of 14 Georgia chaperones for the Youth Tour.

In addition to supporting young people, GreyStone Power also supports local veterans in a variety of ways. From donations and in-kind assistance, to employment opportunities, the cooperative appreciates military service, past, present and future.

Each November, the cooperative hosts a military service recognition breakfast for employees, retirees, board members and spouses to honor veterans and active military personnel.

Employees also sign Christmas cards for our troops overseas each year. Through GreyStone Gives, employees help the local community. 2023 projects included packing lunches with CAYA, an organization that provides food over the summer to kids who typically receive a free or reduced-price lunch during the school year.

The cooperative also assists sister co-ops when faced with a major outage. When last summer's storms caused major outages for Jackson EMC, GreyStone crews helped restore power. In turn, other co-ops send crews to help when needed here.

James Wright, right, vice president of corporate services, shares information about job options. During events like the Cobb Innovation and Technology Academy's Future Fest, local people discover opportunities for careers with GreyStone Power.

During the annual military service recognition breakfast GreyStone Power holds to honor its veterans, Paulding County High School's JROTC received $1,000 for their JROTC program. The group plans to fund exhibition drill team rifles and/or complete their obstacle course with the funds.

OUR BOARD OF DIRECTORS

Gary Miller
President/CEO

John Walton
District 2

Milton Jones
District 7

Neal Dettmering
District 4

Genevieve Cole
Vice Chair
District 1


Charisse Braxton
District 9
David Hagenow
Secretary-Treasurer
District 3
Jim Johns
Board Chair
District 8
10
Maribeth Wansley
District 6
Billy Mayhew
District 5

McNair McLemore Middlebrooks & Co
Certified Public Accountants

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
(478) 746-6277 | mmmcpa.com

October 23, 2023

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GreyStone Power Corporation and Subsidiary

Opinion

We have audited the consolidated financial statements of **GreyStone Power Corporation and Subsidiary**, which comprise the consolidated balance sheets as of August 31, 2023 and 2022, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of GreyStone Power Corporation and Subsidiary as of August 31, 2023 and 2022 and the results of their operations and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 GreyStone Power Corporation and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GreyStone Power Corporation and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental schedules on pages 43 through 45 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of GreyStone Power Corporation and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GreyStone Power Corporation and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GreyStone Power Corporation and Subsidiary's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

Consolidated Balance Sheets August 31

ASSETS

	2023	2022
Utility Plant		
Electric Plant in Service - At Cost	$ **683,421,343**	$ 646,407,531
Construction Work in Progress	**12,189,086**	10,365,555
Gross Utility Plant	**695,610,429**	656,773,086
Accumulated Provision for Depreciation	**(162,016,757)**	(147,263,048)
	533,593,672	509,510,038
Other Property and Investments		
Nonutility Plant	**265,555**	-
Investments in Associated Organizations	**35,165,029**	32,833,571
Restricted Funds	**631,161**	524,649
Other Investments	**1,673,059**	1,389,031
	37,734,804	34,747,251
Current Assets		
Cash and Cash Equivalents	**73,421,636**	16,816,419
Restricted Cash	**82,996**	80,144
Accounts Receivable (Net of Accumulated Provision for Uncollectibles of $510,334 and $580,419 in 2023 and 2022, Respectively)	**32,917,641**	26,464,995
Accrued Utility Revenue	**22,151,888**	17,457,386
Materials and Supplies	**8,507,620**	7,702,318
Other	**2,385,655**	1,805,490
	139,467,436	70,326,752
Deferred Debits	**28,731,579**	36,584,331
Total Assets	$ **739,527,491**	$ 651,168,372

Consolidated Balance Sheets August 31

MEMBERS' EQUITY AND LIABILITIES

	2023	2022
Members' Equity		
Membership Fees	**$ 1,281,542**	$ 1,253,780
Patronage Capital	**291,236,114**	284,425,293
Other Equities	**28,593,949**	27,079,278
	321,111,605	312,758,351
Long-Term Debt	**334,587,351**	259,887,842
Current Liabilities		
Current Portion of Long-Term Debt	**16,666,506**	15,856,825
Accounts Payable	**24,974,538**	25,182,597
Consumer Deposits	**22,430,040**	20,821,160
Other	**13,324,564**	13,230,416
	77,395,648	75,090,998
Deferred Credits	**6,432,887**	3,431,181
Total Members' Equity and Liabilities	**$ 739,527,491**	$ 651,168,372

Consolidated Statements of Operations
for the Years Ended August 31

	2023	2022
Operating Revenues	**$ 327,239,723**	$ 323,702,361
Operating Expenses		
Cost of Power	**229,108,483**	235,884,085
Distribution Operations	**14,223,405**	14,206,468
Distribution Maintenance	**16,987,629**	13,252,367
Consumer Accounts	**6,805,211**	6,776,090
Consumer Information and Sales	**2,902,499**	2,655,355
Administrative, Selling, and General	**15,191,439**	13,432,774
Depreciation	**22,207,699**	21,074,793
Total Operating Expenses	**307,426,365**	307,281,932
Operating Margins Before Interest Expense	**19,813,358**	16,420,429
Interest Expense	**11,173,444**	9,642,226
Operating Margins After Interest Expense	**8,639,914**	6,778,203
Nonoperating Margins	**7,706,542**	5,175,658
Generation and Transmission Cooperative Capital Credits	**1,841,999**	1,763,787
Other Capital Credits and Patronage Capital Allocations	**1,013,053**	1,052,436
Net Margins	**$ 19,201,508**	$ 14,770,084

Consolidated Statements of Changes in Members' Equity for the Years Ended August 31, 2023 and 2022

	Total Members' Equity	Membership Fees	Patronage Capital	Other Equities
Balance, August 31, 2021	$ 305,753,939	$ 1,241,285	$ 278,203,850	$ 26,308,804
Net Margins	14,770,084	-	14,770,084	-
Membership Fees	12,495	12,495	-	-
Retirement of Patronage Capital	(7,403,658)	-	(8,548,641)	1,144,983
Retired Capital Credit Gains	(246,798)	-	-	(246,798)
Other	(127,711)	-	-	(127,711)
Balance, August 31, 2022	312,758,351	1,253,780	284,425,293	27,079,278
Net Margins	19,201,508	-	19,389,786	(188,278)
Membership Fees	27,762	27,762	-	-
Retirement of Patronage Capital	(10,280,570)	-	(12,578,965)	2,298,395
Retired Capital Credit Gains	(649,917)	-	-	(649,917)
Other	54,471	-	-	54,471
Balance, August 31, 2023	**$ 321,111,605**	**$ 1,281,542**	**$ 291,236,114**	**$ 28,593,949**

Consolidated Statements of Cash Flows for the Years Ended August 31

	2023	2022
Cash Flows from Operating Activities		
Net Margins	$ **19,201,508**	$ 14,770,084
Adjustments to Reconcile Net Margins to Net		
Cash Provided by Operating Activities		
Depreciation	**23,466,714**	22,202,494
Patronage Capital from Associated Organizations	**(2,855,052)**	(2,816,223)
Equity in Earnings from Partnership Interest	**(1,495,709)**	(1,597,289)
Net Postretirement Benefit Cost	**(2,905,341)**	(3,045,260)
Postretirement Healthcare Plan Premiums	**(466,360)**	(460,829)
Underrecovery of Wholesale Power Cost	**11,224,453**	(13,633,558)
Change In		
Accounts Receivable	**(11,147,148)**	(2,025,950)
Other Current Assets	**(686,677)**	616,097
Deferred Debits	**-**	59,959
Accounts Payable	**(208,059)**	2,432,911
Other Current Liabilities	**1,703,028**	2,349,869
Deferred Credits	**3,001,706**	1,090,535
	38,833,063	19,942,840
Cash Flows from Investing Activities		
Extension and Replacement of Plant	**(47,815,903)**	(33,458,308)
Materials and Supplies	**(805,302)**	(753,660)
Change in Temporary and Other Investments	**-**	8,000,000
Return of Capital from Associated Organizations	**523,594**	629,269
Return of Equity from Partnership Investment	**1,211,681**	775,250
	(46,885,930)	(24,807,449)
Cash Flows from Financing Activities		
Line-of-Credit Advances	**46,700,000**	-
Line-of-Credit Repayments	**(46,700,000)**	-
Advances from Long-Term Debt	**73,100,000**	-
Principal Repayment of Long-Term Debt	**(5,566,520)**	(5,254,709)
RUS Cushion-of-Credit	**7,975,710**	7,214,030
Retirement of Patronage Capital	**(10,280,570)**	(7,403,658)
Other	**(567,684)**	(362,014)
	64,660,936	(5,806,351)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	**56,608,069**	(10,670,960)
Cash, Cash Equivalents, and Restricted Cash - Beginning	**16,896,563**	27,567,523
Cash, Cash Equivalents, and Restricted Cash - Ending	$ **73,504,632**	16,896,563

Consolidated Statements of Cash Flows for the Years Ended August 31

	2023	2022
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and Cash Equivalents	**$ 73,421,636**	$ 16,816,419
Restricted Cash	**82,996**	80,144
	$ 73,504,632	$ 16,896,563
Supplemental Disclosure of Cash Flow Information		
Cash Payments of Interest	**$ 2,210,516**	$ 2,013,769
Supplemental Disclosure of Noncash Financing Transactions		
Principal and Interest Paid Utilizing RUS Cushion of Credit	**$ 18,694,655**	$ 17,646,679

Notes to Consolidated Financial Statements

(1) Nature of Operations

GreyStone Power Corporation (GreyStone Power) is a not-for-profit corporation organized to provide electric service to its members. GreyStone Power operates as a cooperative whereby all monies in excess of cost of providing electric service are capital, at the moment of receipt, and are credited to each member's capital account.

GreyStone Connect, LLC (GreyStone Connect), a wholly owned subsidiary of GreyStone Power, is a retail internet provider organized for the purpose of providing fiber-to-the-home broadband access to members of GreyStone Power. GreyStone Connect is a single liability membership corporation organized under the laws of the state of Georgia on December 2, 2022. As of August 31, 2023, GreyStone Connect did not have any broadband customers.

(2) Summary of Significant Accounting Policies

Accounting policies of GreyStone Power reflect practices appropriate to the electric utility industry and generally accepted accounting principles of the United States of America (U.S. GAAP). The records of GreyStone Power are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified and adopted by the Rural Utilities Service (RUS). The following describes the more significant of those policies.

Consolidation

The consolidated financial statements include the accounts and results of operations of GreyStone Power and its wholly-owned subsidiary, GreyStone Connect, LLC. All significant intercompany transactions have been eliminated in consolidation. GreyStone Power and GreyStone Connect are collectively referred to as the Corporation.

Basis of Presentation

The Corporation's consolidated financial statements have been prepared in accordance with U.S. GAAP. The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the *Accounting Standards Codification (ASC)* and related Accounting Standards Updates (ASUs).

Regulated Operations

The Corporation, in its rate-making capacity, accounts for certain revenue and expense deferrals in accordance with *ASC 980.*

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

The Corporation evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether impairment has occurred is based on either a specific regulatory disallowance or an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value. For assets identified as held for sale, the carrying value is compared to the estimated fair value less the cost to sell in order to determine if an impairment provision is required. Until the assets are disposed of, their estimated fair value is reevaluated when circumstances or events change.

U.S. GAAP requires the present value of the ultimate cost for an asset's future retirement be recorded in the period in which the liability is incurred. The cost should be capitalized as part of the related long-lived asset and depreciated over the asset's useful life. The Corporation has no legal retirement obligations related to its distribution facilities; therefore, a liability for the removal of these assets will not be recorded. Management believes the actual cost of removal, even though not a legal obligation, will be recovered through rates over the life of the distribution assets.

Utility Plant

Utility plant is capitalized at cost less related contributions in aid of construction. In general, utility plant is capitalized at the time it becomes part of an operating unit and has been energized.

Depreciation and Maintenance

Depreciation of distribution plant is provided using composite straight-line rates. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its capitalized cost and its cost of removal less salvage are charged to the accumulated provision for depreciation. Provision has been made for depreciation of distribution plant at weighted average straight-line composite rate of 3.41 percent per annum, except automated metering equipment which is depreciated at a rate of 6.67 percent per annum.

Depreciation of general plant is provided on a straight-line basis over the estimated useful lives of the various assets. The weighted average rate on general plant is 5.99 percent per annum.

The costs of maintenance, repairs, and replacements of minor items of property are charged to maintenance expense accounts.

Cash Equivalents, Short-Term Investments, and Other Investments

For purposes of the consolidated statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

(2) Summary of Significant Accounting Policies (Continued)

Cash Equivalents, Short-Term Investments, and Other Investments (Continued)

The Corporation classifies all of its debt securities as held-to-maturity (HTM). HTM debt securities are those debt securities in which the Corporation has the ability and intent to hold the security until maturity. HTM debt securities are recorded at cost, as there are no associated premiums and discounts to amortize. A decline in the market value of any HTM security below cost that is deemed to be other than temporary, results in an impairment to reduce the carrying amount to fair value. To determine whether impairment is other than temporary, the Corporation considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performances of the investee and the general market conditions in the geographical area or industry in which the investee operates. The Corporation's debt securities investments are invested at the National Rural Utilities Cooperative Finance Corporation (NRUCFC).

The carrying value of the debt securities investments included in cash and cash equivalents approximated fair value with interest rates ranging from 5.15 percent to 5.25 percent at August 31, 2023, and have original maturities of three months or less.

Restricted Cash

Restricted cash represents cash held in escrow to meet certain requirements of the Georgia Department of Transportation.

Accounts Receivable and Credit Policies

Accounts receivable are stated at the amount billed to the consumer. Once an electric consumer's service is shut off and the account is deemed uncollectible, the Corporation writes off the associated accounts receivable. An allowance is made for doubtful accounts based on experience and other circumstances which may affect the ability of consumers to meet their obligations. Accounts considered uncollectible are charged against the allowance. Recoveries of accounts receivable previously written off are recorded against the allowance when received. Receivables are reported on the consolidated balance sheets net of such accumulated allowance.

Credit evaluations are performed on most potential members before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a member does not pay its bill based on the terms of the Corporation's service agreement, the Corporation may require an additional deposit as a condition of continued service.

Materials and Supplies

Materials and supplies are generally used for construction and for operation and maintenance work and are not for resale. Cost is determined by the moving average method of inventory valuation. They are charged to construction or operations at moving average cost when used.

(2) Summary of Significant Accounting Policies (Continued)

Patronage Capital and Margins

GreyStone Power is organized and operates under the cooperative form of organization. As such, patronage capital or margins are allocated to patrons on the basis of individual consumption of electric energy. Under provisions of the long-term debt agreements, until the total equities and margins equal or exceed 30 percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited. In addition, the Corporation has a financial loan covenant which specifies GreyStone Power's equities exceed 27 percent of total assets at the end of each fiscal quarter. GreyStone Power's equities were approximately 43 percent and 48 percent of total assets as of August 31, 2023 and 2022, respectively.

Fair Value Measurements

The Corporation records certain financial and nonfinancial assets using fair value measurements. The Corporation uses a hierarchical disclosure framework that prioritizes the level of market price observability to measure investments at fair value.

The guidance establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2. Valuations based on quoted market 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 data for substantially the full term of the assets or liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following valuation techniques are used to estimate the fair value of each class of financial instrument:

(1) *Market approach.* The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business) and deriving fair value based on these inputs.

(2) *Income approach.* The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts.

(3) *Cost approach.* The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). This approach assumes that the fair value would not exceed what it would cost a market participant to acquire or construct a substitute asset or comparable utility, adjusted for obsolescence.

(2) Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Electric revenue is generated from contracts (service agreements) with retail customers and is recognized in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).*

Electric revenue, generated from the integrated service to deliver electricity when and if called upon by the customer, is recognized as a single performance obligation satisfied over time and as electricity is delivered to the customer during the month. Unbilled revenue related to retail sales is accrued at the end of each month. Electric revenue includes patronage capital and is billed monthly to consumers on a cycle basis. Electric rates for the Corporation include provisions to permit the board of directors to adjust billings for fluctuations in fuel costs, purchased power costs, and certain other costs.

Cost of Purchased Power

Cost of power is expensed as consumed. The Corporation has evaluated certain wholesale power contracts and determined them to be capacity contracts that meet the criteria of ASC 815-10-15-45 through 51, qualifying them for the normal purchase or normal sales scope exception from the requirements of derivative accounting and reporting. For these contracts, the Corporation has elected to apply the normal purchase or normal sales scope exception.

Fair Value Option

The Corporation has elected the fair value option for its allocated equities from Oglethorpe Power Corporation (OPC). The election to account for this financial instrument under the fair value option was made based on management's assessment of the regulation surrounding the industry in which OPC operates, OPC's financial condition, and its potential effect on future returns of capital. The decision to elect the fair value option is determined on an instrument-by-instrument basis, must be applied to an entire instrument, and is irrevocable once elected. At this time, the Corporation has not elected to apply the fair value option to any of its other financial instruments.

Investments in Associated Organizations

Investments in associated organizations consist of the following:

- Investments in Other Cooperative Organizations - These investments represent capital investments made primarily to obtain an economical source of financing, product, or service. These investments are carried at cost plus allocated equities based on guidance issued in *ASC 905-325-30.*

- OPC Capital Credits - The Corporation has elected the fair value option for valuing OPC capital credits. See Note 17 for additional details on the Corporation's fair value assessment of OPC capital credits. Unrealized gains and losses on OPC capital credits are reported in earnings as a component of generation and transmission cooperative capital credits.

(2) Summary of Significant Accounting Policies (Continued)

Investments in Associated Organizations (Continued)

Capital credit allocations from associated organizations are included on the consolidated statements of operations as generation and transmission cooperative capital credits and other capital credits and patronage capital allocations.

Restricted Funds

Restricted funds represent funds designated for funding the Corporation's deferred compensation liability (Note 13). The funds are under the control of the plan participants and are therefore segregated from cash, cash equivalents, and restricted cash. Deferred compensation assets are stated at fair market value. Fair market value is measured using quoted market prices in active markets for identical assets and are considered level 1 instruments valued using the market approach. Any increase or decrease in the value of the restricted funds acts as an increase or decrease in the Corporation's deferred compensation liability.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code (IRC) which provides, in part, that the Corporation derive at least 85 percent of its annual gross income from members to retain the exemption. As a passthrough entity for income tax purposes, the operations of Connect are included in the information return of GreyStone Power. Although the Corporation has extended its December 31, 2022 information return through November 15, 2023, the Corporation has met the 85 percent requirement for the tax year.

Sales Tax

A portion of the Corporation's sales are subject to sales tax. The Corporation collects the sales tax from the customers and remits the tax to the appropriate taxing authority. The Corporation excludes the taxes collected and remitted from revenues and cost of sales.

Reclassifications

Certain reclassifications have been made within the August 31, 2022 consolidated financial statements to conform to the August 31, 2023 presentation. The reclassifications had no effect on net margins for the year ended August 31, 2022.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through October 23, 2023, the date the consolidated financial statements were available to be issued. Billed receivables and contract assets and contract liabilities are as follows as of August 31, 2023 and 2022:

(3) Accounts Receivable, Contract Assets, and Contract Liabilities

Billed receivables and contract assets and contract liabilities are as follows as of August 31, 2023 and 2022:

	2023	2022	2022
	End of Year	End of Year	Beginning of Year
Billed Receivables, Net of Allowance			
Electric Operations	**$ 32,917,641**	$ 26,464,995	$ 26,296,912
Contract Assets			
Electric Customers - Accrued Utility Revenue	**$ 22,151,888**	$ 17,457,386	$ 15,599,519
Deferred Debits			
Underrecovery of Wholesale Power Cost	**6,576,277**	17,795,798	4,162,240
	$ 28,728,165	$ 35,253,184	$ 19,761,759
Contract Liability			
Deferred Credits			
Marketing Incentives	**$ 5,149,600**	$ 2,477,600	$ 1,680,100

(4) Utility Plant

Listed below are the major classes of the electric utility plant as of August 31:

	2023	2022
Distribution Plant	**$ 576,648,570**	$ 542,960,379
General Plant	**106,772,773**	103,447,152
Electric Plant in Service	**683,421,343**	646,407,531
Construction Work in Progress	**12,189,086**	10,365,555
	$ 695,610,429	$ 656,773,086

(5) Investments in Associated Organizations

Investments in associated organizations are comprised of the following as of August 31:

	2023	2022
CoBank		
Capital Credits	**$ 2,026,983**	$ 1,858,967
National Rural Utilities Cooperative Finance Corporation (NRUCFC)		
Capital Term Certificates	**1,256,111**	1,256,111
Capital Credits	**778,091**	814,706
Georgia Rural Electric Service Corporation		
Capital Credits	**2,369,612**	2,034,967
Georgia Transmission Corporation		
Contributed Capital	**2,860,384**	2,860,384
Capital Credits	**21,940,640**	20,335,991
Smarr EMC		
Contributed Capital	**318,393**	318,393
Capital Credits	**2,237,619**	2,000,269
Other	**1,377,196**	1,353,783
	$ 35,165,029	$ 32,833,571

(6) Other Investments

Other investments are comprised of the following as of August 31:

	2023	2022
Investment in Cooperative Choice, LLC	**$ 1,673,059**	$ 1,389,031

The Corporation accounts for its investments in Cooperative Choice, LLC utilizing the equity method. For the years ended August 31, 2023 and 2022, the Corporation recorded income related to this investment of $1,495,709 and $1,597,289, respectively, as a component of nonoperating margins.

(7) Deferred Debits

Deferred debits are comprised of the following as of August 31:

	2023	2022
Postretirement Healthcare Plan - Overfunded Status (See Note 13)	**$ 22,155,308**	$ 18,783,607
Underrecovery of Wholesale Power Cost	**6,576,271**	17,795,798
Other	**-**	4,926
	$ 28,731,579	$ 36,584,331

Underrecovery of Wholesale Power Cost

The Corporation's underrecovery of wholesale power cost represents amounts due from members for power cost which have yet to be billed as a component of the Corporation's rates or wholesale power cost adjustment. The Corporation anticipates billing this amount to its members.

(8) Deferred Credits

Deferred credits are comprised of the following as of August 31:

	2023	2022
Marketing Incentives	**$ 5,149,600**	$ 2,477,600
Deferred Compensation Plan Liabilities	**631,161**	524,649
Unearned Pole Rental Income	**567,696**	357,102
Other	**84,430**	71,830
	$ 6,432,887	$ 3,431,181

(9) Patronage Capital

Patronage capital consists of the following categories as of August 31:

	2023	2022
Assignable	**$ 18,644,655**	$ 14,857,269
Assigned	**442,706,278**	427,103,878
	461,350,933	441,961,147
Retired	**(170,114,819)**	(157,535,854)
	$ 291,236,114	$ 284,425,293

(10) Other Equities

Other equities are comprised of the following as of August 31:

		2023		2022
Unbilled Revenue Prior to January 1, 2019	**$**	**14,502,922**	$	14,502,922
Retired Capital Credits - Gains		**13,506,502**		11,858,024
Donated Capital		**667,507**		613,039
Subsidiary Losses		**(188,278)**		-
Other		**105,296**		105,293
	$	**28,593,949**	$	27,079,278

(11) Debt

Long-Term Debt

Long-term debt consists primarily of mortgage notes payable to the United States of America acting through the Rural Utilities Service (RUS), Federal Financing Bank (FFB), CoBank, and the Federal Agricultural Mortgage Corporation (Farmer Mac). The notes are secured by a mortgage agreement among the Corporation, RUS, FFB, CoBank, and Farmer Mac. Substantially all the assets of the Corporation are pledged as security for long-term debt of the Corporation. The notes generally have 35-year maturity periods and are payable on an installment basis.

Long-Term debt is comprised of the following as of August 31:

Holder of Note	Weighted Average Interest Rate		**2023**		2022
FFB	2.89%	**$**	**233,625,369**	$	244,022,652
RUS	3.69%		**53,100,000**		-
CoBank	3.63%		**46,117,360**		51,568,757
CoBank (Loans Under Management) - Farmer Mac	5.10%		**19,884,877**		-
			352,727,606		295,591,409
Maturities Due Within One Year			**(16,666,506)**		(15,856,825)
			336,061,100		279,734,584
RUS Advance Payments Unapplied			**(1,473,749)**		(19,846,742)
		$	**334,587,351**	$	259,887,842

The Corporation's mortgage agreements require the maintenance of certain financial ratios. The Corporation achieved all the required ratios at December 31, 2022 and August 31, 2023, the most recent measurement dates.

(11) Debt (Continued)

Long-Term Debt (Continued)

The Corporation had $88,838,000 in unadvanced loan funds on commitment from RUS as of August 31, 2023. The availability of the funds is contingent on the Corporation's compliance with one or more preconditions set forth in the mortgage agreements.

Principal maturities of long-term debt are as follows:

Year		Amount
2024	$	16,666,506
2025		17,987,806
2026		18,736,802
2027		19,391,572
2028		20,058,730
Thereafter		259,886,190
	$	352,727,606

The Corporation has made unapplied advance payments to the RUS Cushion-of-Credit program. Under this program, the Corporation made voluntary deposits into a special cushion-of-credit account. Through September 30, 2020, the cushion-of-credit balance accrued interest to the Corporation at a rate of 5 percent per annum. Beginning October 1, 2020, the rate dropped to 4 percent. Beginning October 1, 2021, interest on remaining balances is being paid at a floating one-year Treasury rate (3.50 percent as of August 31, 2023). The remaining cushion-of-credit funds may only be applied to scheduled debt service for RUS and FFB.

Line-of-Credit

The Corporation had two separate lines-of-credit with NRUCFC totaling $66,700,000. As of August 31, 2023 and 2022, the lines-of-credit had no outstanding balance. The lines-of-credit had an interest rate of 7.25 percent as of August 31, 2023.

(12) Other Current Liabilities

Other current liabilities are comprised of the following as of August 31:

		2023		2022
Accrued and Withheld Taxes	**$**	**8,343,663**	$	7,454,885
Accrued Interest		**1,451,018**		1,501,210
Accrued Payroll		**431,033**		1,267,335
Accrued Leave		**2,576,037**		2,784,242
Other		**522,813**		222,744
	$	**13,324,564**	$	13,230,416

(13) Retirement Benefits

Defined Benefit Pension Plan

Pension benefits for substantially all employees of the Corporation are provided through participation in the RS Plan, a defined benefit plan qualified under Section 401 and tax-exempt under 501(a) of the IRC. The plan sponsor's employer identification number is 53-0116145 and the plan number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Corporation's annual contributions to the program represented less than 5 percent of total contributions made to the plan by all participating employers and are equal to the amounts recorded for pension cost. Contributions were approximately $4,198,000 and $3,931,000 for the years ended August 31, 2023 and 2022, respectively.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was greater than 80 percent funded at January 1, 2022 and 2021 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Defined Contribution Plan

The Corporation also provides additional employee benefits to substantially all employees through the National Rural Electric Cooperative Association (NRECA) sponsored defined contribution Savings Plan (401-k). In this defined contribution plan, the Corporation's contributory portion of costs of this plan totaled approximately $573,000 and $520,000 for the years ended August 31, 2023 and 2022, respectively.

Postretirement Healthcare Benefits

The Corporation provides major medical benefits upon retirement as follows:

- For employees hired prior to June 1, 1992 who have reached early (age 55) or normal retirement dates (age 62 or 30 years of service) with10 years or more of active service with the Corporation at the time retirement commences, the Corporation shall bear the expense of premium payments for employee coverage under the higher deductible plan that the Corporation approves for employees.
- Regular, full time employees hired on or after June 1, 1992 with 20 to 25 years of active service with the Corporation at normal retirement dates shall have 50 percent of the premium paid by the Corporation for employee coverage; those with 25 to 30 years shall have 75 percent of the premium paid by the Corporation for employee coverage; and those reaching 30 years or more of active service shall receive the benefit of having 100 percent of the employee premium paid for the coverage for the higher deductible plan that the Corporation approves for employees.

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

The status of the Corporation's postretirement healthcare plan as of August 31 is detailed as follows:

	2023	2022
Accumulated Postretirement Benefit Obligation, Beginning	**$ 16,185,102**	$ 24,298,383
Service Cost	**528,232**	329,315
Interest Cost	**799,737**	513,480
Change in Actuarial Assumptions	**(1,901,071)**	(8,495,247)
Actual Benefits Paid	**(466,360)**	(460,829)
Accumulated Postretirement Benefit Obligation, Ending	**15,145,640**	16,185,102
Fair Value of Plan Assets, Beginning	**34,968,709**	39,575,901
Employer Contributions	**466,360**	460,829
Actual Benefits Paid	**(466,360)**	(460,829)
Actual Return (Loss) on Plan Assets	**2,332,239**	(4,607,192)
Fair Value of Plan Assets, Ending	**37,300,948**	34,968,709
Funded Status - Over	**$ 22,155,308**	$ 18,783,607

The plan's funded status is included in deferred debits on the consolidated balance sheets as of August 31, 2023 and 2022.

Since the fair value of plan assets exceeds the actuarial present value of expected benefit payments due in the ensuing twelve months, no current obligation is presented.

Net postretirement benefit cost consisted of the following for the years ended August 31:

	2023	2022
Service Cost	**$ 528,232**	$ 329,315
Interest Cost	**799,737**	513,480
Actual (Return) Loss on Plan Assets	**(2,332,239)**	4,607,192
Amortization of Actuarial Gain	**(1,901,071)**	(8,495,247)
	$ (2,905,341)	$ (3,045,260)

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

The Corporation's accumulated postretirement benefit obligation (APBO) and net postretirement benefit cost are calculated using various actuarial assumptions and methodologies. The assumptions include discount rates, healthcare trend rates, mortality rates, and other factors. Actuarial assumptions are reviewed on an annual basis.

Weighted average assumptions for the years ended August 31 are as follows:

Description	2023	2022	2021
Discount Rate on Net Postretirement Benefit Cost	**4.46%**	2.67%	2.58%
Discount Rate on Projected Benefit Obligation	**5.17%**	4.46%	2.67%
Healthcare Cost Trend Rate			
Initial	**7.25%**	7.50%	6.20%
Ultimate	**4.00%**	4.00%	4.50%
Fiscal Year Reached	**2036**	2036	2038

The Corporation has elected to amortize gains and losses from changes in actuarial assumptions in the year they occur. This practice is accepted under U.S. GAAP. The rate at which the Corporation has elected to amortize gains and losses exceeds the minimum rate prescribed by U.S. GAAP.

The components of net postretirement benefit cost, other than the service cost component, are included in the line item nonoperating margins for the years ended August 31, 2023 and 2022.

The Corporation's expected future benefit payments under the plan are as follows:

Year	Amount
2024	$ 551,679
2025	610,916
2026	659,908
2027	693,284
2028	717,282
2029 - 2033	3,963,617

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

Plan assets are held in a trust and administered by an independent investment management company (the Trustee). The trust is a separate legal entity. Assets held by the trust are not subject to the general creditors of the Corporation and have been placed in the trust for the specific purpose of funding the Corporation's postretirement healthcare obligation.

Following is a description of the valuation methodologies used for plan assets measured at fair value. There have been no changes in the methodologies used at August 31, 2023 and 2022.

- *Money Market Funds:* Valued using quoted market prices of recent transactions in active markets.
- *Fixed Income Securities:* Valued using quoted market prices of recent transactions in active markets.
- *Equity Securities:* Valued using quoted market prices of recent transactions in active markets.
- *Alternative Investments:* Alternative investments represent investments held in multi-asset portfolios obtained through a registered investment company. Participation in these investments is limited based on the class of the investment holding. These investments contain various asset types based on the fund objective. Alternative investments are valued utilizing inputs that are derived principally from or corroborated by observable market data correlation or other means, no readily determinable fair value is available. These investments are reported using net asset value of shares/units as a practical expedient.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Corporation, through the Trustee, employs a total-return investment approach whereby a mix of foreign and domestic equity securities and fixed income investments is used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

The current asset allocation adheres to the Corporation's overall investment strategy for plan assets. The fair value measurement is based on unadjusted quoted market prices in active markets for identical assets. This is considered a Level 1 fair value measurement, measured utilizing the market approach, in accordance with U.S. GAAP.

The Corporation does not anticipate contributing funds to the plan during the year ended August 31, 2024, other than the current year amount paid for retirees.

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

The table below sets forth by level, within the fair value hierarchy, plan assets at fair value as of August 31:

2023	**Total**	**Level 1**	**Level 2**	**Level 3**
Money Market Funds	**$ 849,592**	**$ 849,592**	**$ -**	**$ -**
Fixed Income Securities	**13,491,134**	**13,491,134**	**-**	**-**
Equity Securities	**14,977,325**	**14,977,325**	**-**	**-**
Total Investments in Fair Value Hierarchy	**29,318,051**	**$ 29,318,051**	**$ -**	**$ -**
Investments Measured at Net Asset Value	**7,982,897**			
Total Investments at Fair Value	**$ 37,300,948**			

2022	Total	Level 1	Level 2	Level 3
Money Market Funds	$ 444,165	$ 444,165	$ -	$ -
Fixed Income Securities	13,514,913	13,514,913	-	-
Equity Securities	13,414,655	13,414,655	-	-
Total Investments in Fair Value Hierarchy	27,373,733	$ 27,373,733	$ -	$ -
Investments Measured at Net Asset Value	7,594,976			
Total Investments at Fair Value	$ 34,968,709			

(13) Retirement Benefits (Continued)

Postretirement Healthcare Benefits (Continued)

The table below sets forth by level, within the fair value hierarchy, plan assets at fair value as of August 31:

2023	Fair Value	Unfunded Commitments	Restrictions on Redemption Frequency	Redemption Notice Period
Alternative Investments				
Arbitrage Fund	**$ 775,510**	None	Daily	Daily
Managed Futures Fund	**869,568**	None	Daily	Daily
Opportunities Fund	**811,641**	None	Daily	Daily
Neutral Income Fund	**1,909,075**	None	Daily	Daily
Opportunistic Income Fund	**739,982**	None	Daily	Daily
Hedged Equity Fund	**1,721,564**	None	Daily	Daily
Merger Fund	**737,707**	None	Daily	Daily
Emerging Markets Bond Fund	**417,850**	None	Daily	Daily
	$ 7,982,897			

2022	Fair Value	Unfunded Commitments	Restrictions on Redemption Frequency	Redemption Notice Period
Alternative Investments				
Managed Futures Fund	$ 901,890	None	Daily	Daily
Opportunities Fund	895,613	None	Daily	Daily
Neutral Income Fund	2,127,504	None	Daily	Daily
Opportunistic Income Fund	712,633	None	Daily	Daily
Hedged Equity Fund	1,826,508	None	Daily	Daily
Merger Fund	722,914	None	Daily	Daily
Emerging Markets Bond Fund	407,914	None	Daily	Daily
	$ 7,594,976			

Deferred Compensation Plans

The Corporation has a nonqualified deferred compensation arrangement with a select group of management and highly compensated employees. The assets of this nonqualified executive deferred compensation plan are assets of the Corporation and are included on the consolidated balance sheets as restricted funds. The Corporation does not match employee elective deferrals. Deferred compensation assets set aside for these plans totaled $631,161 and $524,649 as of August 31, 2023 and 2022, respectively. These assets are subject to the claims of the Corporation's general creditors. A corresponding long-term liability is included in deferred credits on the consolidated balance sheets.

(13) Retirement Benefits (Continued)

Deferred Compensation Plans (Continued)

The Corporation also has a pension restoration plan (PRP), which is a nonqualified deferred compensation plan that benefits certain designated employees who are within a select group of key management or highly compensated employees. The purpose of the PRP is to retain and reward long service personnel, attract and retain management employees and to rectify the effect of limitations imposed by IRC Sections 415 and 401(a)(17). The PRP contains certain vesting provisions which the employees must meet in order to receive the benefits provided under the PRP. The PRP is a defined benefit plan, but since all participants have vested and received lump-sum distributions under the plan, disclosures are considered immaterial to the financial statements. At this point, the participants receive an annual benefit and payout. Payouts of $122,583 and $343,246 were distributed to the participants as compensation during the years ended August 31, 2023 and 2022, respectively. Payouts are made out of the Corporation's general funds and NRECA reimburses the Corporation though bill credits from the RS Plan.

(14) Nonoperating Margins

Nonoperating margins consisted of the following as of August 31:

	2023	2022
Investment Income	**$ 2,863,782**	$ 305,605
Other Components of Net Postretirement Benefit Cost	**3,433,573**	3,374,575
Gain on Disposition of Assets	**65,578**	84,443
Equity Earnings in Cooperative Choice, LLC	**1,495,709**	1,597,289
Royalties	**624,799**	538,253
Other, Net	**(776,899)**	(724,507)
	$ 7,706,542	$ 5,175,658

(15) Commitments and Contingencies

Power Supply

The Corporation has entered into various long-term contracts to meet the power supply demands of its consumers. The Corporation has a commitment to pay for its assignment of fixed costs through the term of these contracts, as well as any variable cost incurred above the allocated fixed cost amounts. The Corporation is a member of a generation cooperative known as OPC and has contracted with OPC based on a percentage of fixed or designated costs to purchase power supply from various facilities owned by OPC. The Corporation has multiple contracts with various expiration terms through 2050. Related fixed costs under these contracts were approximately $74,994,000 and $77,272,000 for the years ended August 31, 2023 and 2022, respectively, and are expected to remain relatively constant in the immediate future.

(15) Commitments and Contingencies (Continued)

Power Supply (Continued)

The Corporation elected to participate in OPC's "5 for 5 Rate Management Program." The objective of this program is to provide a means by which existing obligations of OPC that would otherwise be recognized as expense and billed in the future can be billed to OPC members in advance then credited back against the OPC member's power bill in the subsequent years. The Corporation elected to make payments through 2021 and receive credits from 2022 through 2027. The Corporation paid approximately $5,733,000 into OPC's 5 for 5 Rate Management Program for the year ended August 31, 2022, respectively. Total credits applied totaled approximately $8,208,000 and $7,750,000 for the years ended August 31, 2023 and 2022, respectively. The Corporation earns a return on the amounts funded into this program which are credited against the Corporation's power bill.

The Corporation has an agreement and Amended and Restated Power Purchase and Scheduling Agent Services Agreement through December 31, 2022. As part of the agreement, the Corporation has agreed to meet certain financial covenants or provide credit enhancement in accordance with the terms of the agreement. The cost (credit) under the agreement was approximately $7,981,000 and $(10,056,000) for the years ended August 31, 2023 and 2022, respectively.

The Corporation is a member of a transmission cooperative known as Georgia Transmission Corporation and, as such, has a Member Transmission Service Agreement which was executed in 1996. This agreement, and an approved extension, requires the Corporation to take transmission-related services through December 31, 2060. Transmission services under this agreement were approximately $26,351,000 and $23,782,000 for the years ended August 31, 2023 and 2022, respectively, and are expected to remain relatively constant in the immediate future. Transmission service is recorded as a component of cost of power.

The Corporation entered into an agreement in November 2012 with an independent third party to purchase a specific amount of physical energy beginning January 1, 2016 and continuing for a period of 15 years. The cost under the agreement was approximately $12,602,000 and $17,335,000 for the years ended August 31, 2023 and 2022, respectively.

The Corporation has an agreement with a third party to provide power requirement needs through December 31, 2025. As part of the agreement, the Corporation has agreed to meet certain financial covenants or provide credit enhancement in accordance with the terms of the agreement. The Corporation currently meets the required covenants. The cost under the agreement was approximately $1,747,000 and $1,705,000 for the years ended August 31, 2023 and 2022, respectively.

The Corporation is party to a Purchase Power Agreement with the Southeastern Power Administration, acting through the United States Department of Energy, for electric power generated by federal reservoir projects. The cost incurred under the agreement was approximately $3,096,000 and $3,192,000 for the years ended August 31, 2023 and 2022, respectively. Costs related to this contract are expected to remain relatively constant in future years.

The Corporation has entered into various assignment and assumption agreements through Green Power EMC and its participating members. These "green power" agreements are in support of the Corporation's receiving capacity and energy from the various renewable generation projects that the Corporation has chosen to participate in through Green Power EMC. The Corporation incurred approximately $5,872,000 and $5,371,000 for capacity and energy payments for these generation assets in the years ended August 31, 2023 and 2022, respectively. Costs related to these contracts are expected to remain relatively constant in future years.

(15) Commitments and Contingencies (Continued)

Power Supply (Continued)

Under current law, the Corporation has the ability to recover these costs from its members; however, any change to existing laws could adversely affect the ability to recover these costs.

Self-Insurance

The Corporation became self-insured for major medical and prescription drug benefits effective January 1, 2023. The Corporation has a maximum loss amount per covered person. The Corporation has obtained stop loss coverage up to an aggregate benefit maximum of approximately $2,600,000, with a maximum aggregate benefit in excess of deductible totaling $1,000,000, to mitigate risk related to its potential obligation. The reserve for self-insured losses was $338,869 as of August 31, 2023.

General

The Corporation is periodically involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the Corporation's future financial position or results from operations.

(16) Concentrations

At August 31, 2023 and 2022, the Corporation held NRUCFC commercial paper and select notes in the amount of $54,250,000 and $10,000,000. These amounts are included in cash and cash equivalents and are not secured or otherwise subject to federally insured deposit liability coverage.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and consumer accounts receivable. The Corporation maintains interest-bearing and noninterest-bearing transaction accounts at multiple financial institutions. Cash balances throughout the year periodically exceed federally insured deposit limits of $250,000. The Corporation believes that its cash is not exposed to any significant risk and the Corporation has not experienced any loss in accounts which exceed federally insured limits. Amounts exceeding insured limits was approximately $17,678,000 and $6,081,000 as of August 31, 2023 and 2022, respectively.

The Corporation serves customers in the state of Georgia. The geographic concentration of the Corporation's customers results in a concentration of credit risk with respect to the collection of accounts receivable. Credit evaluations are performed on most potential customers before accepting them for service. Depending upon the results of the credit evaluation, a deposit may be required. If a customer does not pay its bill based on the terms of its service agreement, the Corporation may require a consumer deposit as a condition for continued service.

(17) Fair Value Measurements

Recurring and Nonrecurring Fair Value Measurements

The Corporation had cumulative capital credit notifications from OPC totaling $86,149,199 and $80,603,074 as of December 31, 2022 and 2021, respectively. OPC assigns patronage capital on a calendar year basis. The Corporation has elected to account for OPC capital credits as financial instruments under U.S. GAAP, based on an expectation of a return of capital, and measures these capital credits at fair value on an annual basis (recurring fair value measurement) using significant unobservable inputs (Level 3). No market data exists for these instruments.

The Corporation had no nonrecurring fair value measurements for the years ended August 31, 2023 and 2022.

Recurring fair value measurements included in the consolidated financial statements are as follows:

		Fair Value Measurements Using			
	Carrying Value as of August 31	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
2023					
Recurring Fair Value Measurement					
Investments in Associated Organizations OPC Capital Credits	$ -			$ -	$ -
2022					
Recurring Fair Value Measurement					
Investments in Associated Organizations OPC Capital Credits	$ -			$ -	$ -

Unobservable inputs are inputs that reflect management's own assumptions about the assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances.

Gains and losses included in earnings for each period are presented as a component of generation and transmission cooperative capital credits in the consolidated statements of operations.

(17) Fair Value Measurements (Continued)

Recurring and Nonrecurring Fair Value Measurements (Continued)

Level 3 fair value measurements for the years ended August 31 are as follows:

	2023	2022
Beginning Balance	$ -	$ -
Transfers into Level 3	-	-
Total Gains or Losses for the Period		
Included in Margins		
Patronage Notifications	**5,546,125**	5,188,613
Fair Value Adjustment(s)	**(5,546,125)**	(5,188,613)
Purchases, Issues, Sales, and Settlements	-	-
Ending Balance	$ -	$ -

For Level 3 fair value measurements, the Corporation's management determines the fair value measurement valuation policies and procedures. In accordance with board policy, the board of directors assesses and approves the fair value measurement policies and procedures. On an annual basis, management determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and any available third-party information. There were no changes in the valuation techniques during the current year.

Quantitative information about Level 3 fair value measurements for the years ended August 31, 2023 and 2022 is as follows:

Financial Instrument	Fair Value	Valuation Technique	Unobservable Input	Percentage
OPC Capital Credits	$-0-	Discounted Cash Flow	Expected Return of Capital	0.0%

The significant unobservable input used in the fair value measurement of the Corporation's OPC capital credits is an expected return of capital. Management has assessed that no expected return of capital exists based on the following factors:

- Uncertainty as to return of capital since no capital has been returned in recent years.
- Capital returns limited by debt agreements.
- Review of major construction and related debt requirements.
- Regulatory environment.
- No known market.

An increase in the percentage of expected capital returns would result in a significantly higher fair value measurement.

Consolidating Balance Sheet August 31, 2023

ASSETS

	GreyStone Power Corporation	GreyStone Connect, LLC	Eliminations	Total
Utility Plant				
Electric Plant in Service - At Cost	$ 683,421,343	$ -	$ -	**$ 683,421,343**
Construction Work in Progress	12,189,086	-	-	**12,189,086**
	695,610,429	-	-	**695,610,429**
Accumulated Provision for Depreciation	(162,016,757)	-	-	**(162,016,757)**
	533,593,672	-	-	**533,593,672**
Other Property and Investments				
Nonutility Plant	-	265,555	-	**265,555**
Investments in Associated Organizations	35,165,029	-	-	**35,165,029**
Notes Receivable	3,000,000	-	(3,000,000)	**-**
Restricted Funds	631,161	-	-	**631,161**
Other Investments	1,673,059	-	-	**1,673,059**
	40,469,249	265,555	(3,000,000)	**37,734,804**
Current Assets				
Cash and Cash Equivalents	73,421,636	-	-	**73,421,636**
Restricted Cash	82,996	-	-	**82,996**
Accounts Receivable	32,917,641	-	-	**32,917,641**
Accrued Utility Revenue	22,151,888	-	-	**22,151,888**
Materials and Supplies	8,507,620	-	-	**8,507,620**
Other	2,325,823	59,832	-	**2,385,655**
	139,407,604	59,832	-	**139,467,436**
Deferred Debits	28,731,579	-	-	**28,731,579**
Total Assets	$ 742,202,104	$ 325,387	$ (3,000,000)	**$ 739,527,491**

Consolidating Balance Sheet August 31, 2023

MEMBERS' EQUITY AND LIABILITIES

	GreyStone Power Corporation	GreyStone Connect, LLC	Eliminations	Total
Members' Equity				
Memberships	$ 1,281,542	$ -	$ -	**$ 1,281,542**
Patronage Capital	291,236,114	-	-	**291,236,114**
Other Equities	28,593,949	(188,278)	188,278	**28,593,949**
	321,111,605	(188,278)	188,278	**321,111,605**
Intercompany Payables (Receivables)	2,486,335	(2,486,335)	-	**-**
Investment in Subsidiary	188,278	-	(188,278)	**-**
Long-Term Liabilities				
Long-Term Debt	334,587,351	3,000,000	(3,000,000)	**334,587,351**
Current Liabilities				
Current Portion of Long-Term Debt	16,666,506	-	-	**16,666,506**
Accounts Payable	24,974,538	-	-	**24,974,538**
Consumer Deposits	22,430,040	-	-	**22,430,040**
Other	13,324,564	-	-	**13,324,564**
	77,395,648	-	-	**77,395,648**
Deferred Credits	6,432,887	-	-	**6,432,887**
Total Members' Equity and Liabilities	$ 742,202,104	$ 325,387	$ (3,000,000)	**$ 739,527,491**

Consolidating Statement of Operations August 31, 2023

	GreyStone Power Corporation	GreyStone Connect, LLC	Eliminations	Total
Operating Revenues	$ 327,239,723	$ -	$ -	**$ 327,239,723**
Operating Expenses				
Cost of Power	229,108,483	-	-	**229,108,483**
Distribution Operations	14,223,405	-	-	**14,223,405**
Distribution Maintenance	16,987,629	-	-	**16,987,629**
Consumer Accounts	6,805,211	-	-	**6,805,211**
Consumer Service and Information	2,902,499	-	-	**2,902,499**
Administrative, Selling, and General	15,049,211	142,228	-	**15,191,439**
Depreciation	22,207,699	-	-	**22,207,699**
	307,284,137	142,228	-	**307,426,365**
Operating Margins Before Interest Expense	19,955,586	(142,228)	-	**19,813,358**
Interest Expense	11,173,444	46,050	(46,050)	**11,173,444**
Operating Margins After Interest Expense	8,782,142	(188,278)	46,050	**8,639,914**
Nonoperating Margins	7,564,314	-	142,228	**7,706,542**
Generation and Transmission Cooperative Capital Credits	1,841,999	-	-	**1,841,999**
Other Capital Credits and Patronage Capital Allocations	1,013,053	-	-	**1,013,053**
Net Margins	$ 19,201,508	$ (188,278)	$ 188,278	**$ 19,201,508**

2023 ANNUAL REPORT

GREYSTONE POWER CORPORATION

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GreyStone Power is an equal opportunity provider and employer.