Approval of 2024 IRS Form 990

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Audit Committee met on 10/7/25 to review Form 990

PEC staff and Bill Miller of Bolinger, Segars, Gilbert & Moss LLP met with the Audit committee to review and discuss the IRS Form 990.

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IRC Section 501(c)(12)(A) Tax Exemption and Form 990

501(c)(12)(A) provides for the following exemption:

> *"…mutual or cooperative telephone companies or like organizations; but only if 85% or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses"*

Key Elements of Tax Exemption:

- *Must operate on a mutual or cooperative basis.*
- *Operations must be a "like organization" or "like activity".*
- *Must collect at least 85% of income from members.*
- *Member income must be collected for the sole purpose of meeting losses and expenses of the organization.*

For 2024 all requirements are met, **PEC is tax exempt** and should file Form 990

PEDERNALES ELECTRIC COOPERATIVE