



Lumbee River EMC

2023 ANNUAL REPORT

PEOPLE-PURPOSE-PERFORMANCE.

Executive Summary

We are pleased to present our Annual Report for 2023, a comprehensive reflection of our cooperative's journey and achievements over the past year. This report not only highlights our commitment to transparency and accountability but also embodies our theme of "People, Purpose & Performance." We encourage you to delve into the information provided, as it underscores the cooperative's sound management principles and highlights the collaborative spirit between its' employees, board of directors and members.

In our exploration of the theme of People, Purpose & Performance, we will focus on the topics of culture, excellence and financial health. A healthy culture fosters employee engagement and organizational excellence while maintaining the standard of performance our members expect.

➤ Culture

Over the past year we transformed our workplace culture from unhealthy to a certified best workplace by prioritizing healthy communication and employee well-being. We conducted employee surveys to gather feedback and identify areas for improvement. Establishing a communication committee that fostered transparency, and collaboration is one of the improvements implemented.

Additionally, we introduced the Corporate Chaplains of America program, providing employees with emotional support and resources to navigate personal and professional challenges. We also implemented a new performance evaluation platform, started a podcast to share knowledge about our products and services and those of our community partners and we committed time for employee development and training.

These initiatives not only enhanced morale but also built a stronger, more cohesive team, leading to our recognition as a top employer.

➤ Excellence

At our core, we are dedicated to achieving business excellence by continuously expanding opportunities that drive growth and innovation. We have established an energy services department, along with our member services department, to focus on enhancing customer service to our

members, ensuring that they receive the support and information they require to make better decisions about their energy usage. Our energy services team is available to share information about renewable energy options for both residential and commercial members. They also host several lunch-and-learns throughout the year that focus on various topics of interest to our members.

Our member services group is also available to help you manage your account by sharing tools and resources that put you in control.

Our continued commitment to the community is unwavering as well. We believe that thriving local partnerships enrich both the cooperative and the communities we serve. Our participation in local events helps to make them possible for our members to enjoy and strengthens those partnerships.

We are proud sponsors of Lumbee Homecoming, Hoke County Fall Festival, both Cumberland and Robeson County fairs and many others. We are most proud of our commitment to education in the five counties we serve. Our scholarship and Bright Ideas grant programs help students further their education and assists teachers with bringing innovative ideas into the classroom. We also fund basketball camps for our youth, send students to Washington DC and participate in career fairs, just to name a few.

Not only do we strive for excellence in our cooperative with the work we do daily, but we also stay connected within the industry, engaging at both local and national levels to share insights, trends, and best practices, with our counterparts in the industry. Several of our employees had the honor of presenting information related to our products and projects at local and national conferences this year.

➤ Performance

We prioritize service availability, guaranteeing that our members can count on us. We utilize the Average Service Availability Index (ASAI). ASAI measures the percentage of time electric service is available to members. In 2023, our availability percentage was 99.98%. Meaning our members had the power they needed to help them go about their daily lives without having to worry about extended service interruptions or loss of power.

Despite the increase in purchased power costs over the past several years, our cooperative maintains a stable financial position, allowing us to implement a necessary rate increase at the beginning of this year while still offering some of the lowest rates in the area. As the cost of power and equipment continues to rise, we want our members to know that we are committed to making prudent financial decisions that benefit our members, ensuring that electricity remains a valuable and affordable resource.

Our focus on operational efficiency and cost management helps us navigate these challenges effectively, reinforcing our dedication to providing reliable service at a competitive price.

Since its inception in 2013, our cooperative's fiber internet service has evolved into RIVR Tech, a dedicated initiative launched in 2023 to bridge the digital divide in underserved areas. Recognizing the essential role of fast and reliable internet in today's world—where remote work, online education and access to vital services are increasingly dependent on connectivity—we are committed to providing affordable rates that empower communities. Our mission is to ensure that everyone can thrive in the digital age, fostering growth and connectivity for families and businesses alike.

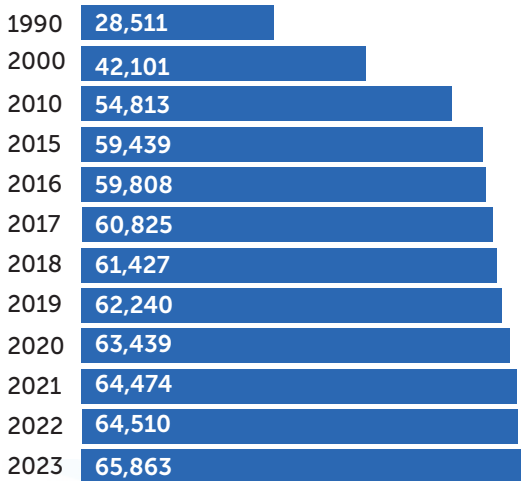
In closing, we extend our heartfelt gratitude to our members for their support. Your trust fuels our commitment to making the best business decisions for our members, ensuring that we meet your needs with transparency and dedication. We remain steadfast in our mission to provide affordable and reliable electric service while simultaneously enhancing access to high-quality internet service. Together, we are building a brighter, more connected future for our community, and we look forward to continuing this journey with you.

Thank you for being an integral part of our cooperative family.

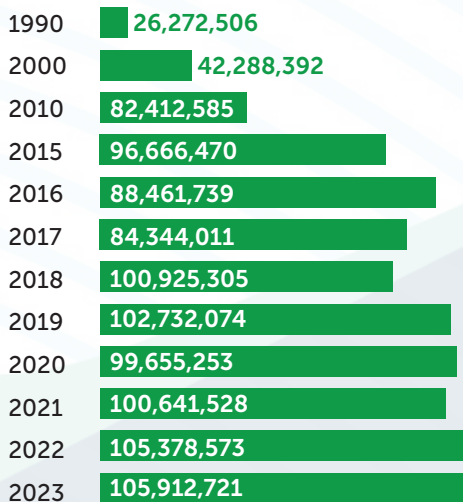
Sincerely,
Jon T. Locklear
President & CEO
Lumbee River EMC

2023 Financial Reporting

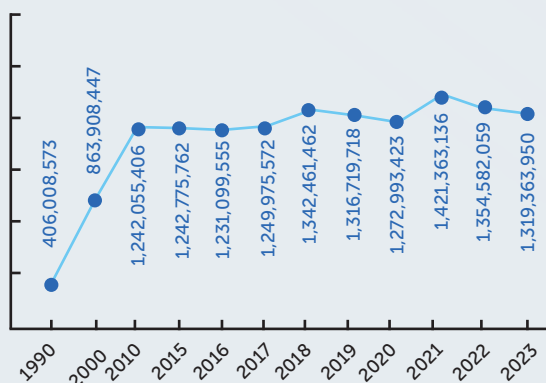
Active Services



Cost of Power



Kilowatt Hours Sold



Balance Sheet as of December 31

	2023	2022
(Consolidated)		
Assets		
Utility Plant	\$293,735,035	\$278,098,156
Investments	59,113,076	56,520,000
Current Assets	35,493,845	34,880,031
Deferred Charges	588,468	388,468
Total Assets	<u>\$388,930,424</u>	<u>\$369,886,655</u>
Equities and Liabilities		
Membership Fees	\$579,265	\$564,315
Accumulated Comprehensive Loss	8,699,046	5,754,526
Patronage Capital	125,537,966	125,114,459
Other Equities	32,220,050	31,392,138
Total Equities	<u>167,036,327</u>	<u>162,825,438</u>
Long-Term Debt	175,169,997	168,811,730
Current Liabilities	39,236,200	29,856,216
Deferred Credits	7,487,900	8,393,271
Total Equities and Liabilities	<u>\$388,930,424</u>	<u>\$369,886,655</u>

Summary of Financial Performance

(Consolidated)		
Operating Revenue	\$156,674,715	\$152,082,143
Operating Expenses	151,430,015	144,727,916
Interest Expense	5,194,733	4,772,358
Net Margins	6,114,434	6,525,205
Net Plant	293,735,035	278,098,156
Total Assets	388,930,424	369,886,655
Member Equity	\$167,036,327	\$162,825,438

Operating Statistics

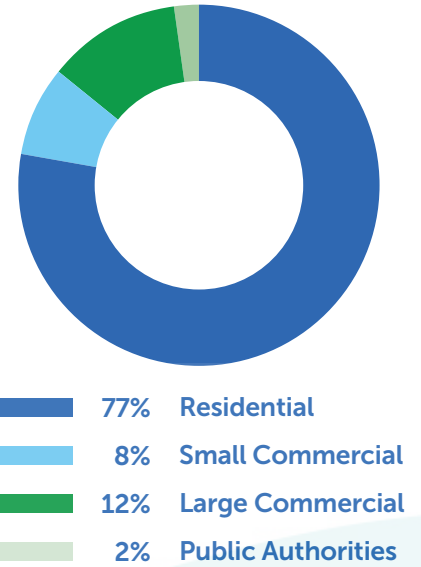
Total Active Services	65,863	65,036
Kilowatt-Hours Sold	1,319,363,950	1,354,582,059
Miles of Line	5,333	5,273
Estate and General Retirements	4,418,115	10,574,907
Number of Employees	123	109
Cost of Power	\$105,912,721	\$105,378,573

To view the cooperative business meeting please visit lumberiver.com

Statement of Operations & Patronage Capital

	2023	2022
(Consolidated)		
Operating Revenue	\$156,674,715	\$152,082,143
Operating Expenses		
Cost of Power	105,912,721	105,375,170
Cost of Sales	833,917	945,072
Transmission Expense	28,084	3,403
Distribution—Operation	3,582,063	3,352,751
Distribution—Maintenance	8,928,959	7,094,053
Consumer Accounts	1,949,847	1,278,316
Consumer Service	1,212,116	1,087,022
Administrative and General	14,392,361	11,259,705
Total Operating Expenses	\$136,840,068	\$130,395,492
Other Expenses		
Depreciation and Amortization	\$12,630,420	\$12,395,745
Taxes	1,959,527	1,936,679
Interest Expense	5,194,733	4,772,358
Total Other Expenses	19,784,680	19,104,782
Total Expenses	156,624,748	149,500,274
Operating Margins	\$49,967	\$2,581,869
Non-Operating Margins		
Patronage Allocations	\$4,378,424	\$4,147,875
Interest Income	229,765	162,856
Income from Equity Investments	1,088,101	(545,285)
Other	368,177	177,890
Total Non-Operating Margins	6,064,467	3,943,336
Net Margins	\$6,114,434	\$6,525,205
Consolidated Statements of Comprehensive Income		
Net Margins	\$6,114,434	\$6,525,205
Other Comprehensive Income (Loss)		
Net Gain (Loss) During Period	2,944,520	3,373,389
Amortization of Net Loss	0	0
Prior Service Credit	0	0
	2,944,520	3,373,389
Comprehensive Income	\$9,058,954	\$9,898,594
Patronage Capital—		
Beginning of Year	\$162,825,438	\$165,687,357
Margins	6,144,434	6,525,205
Retired Patronage Capital	(4,863,015)	(9,764,173)
Other Comprehensive Income	2,944,520	3,373,389
Transfers and Other Changes	14,950	3,660
Patronage Capital—End of Year	\$167,036,327	\$165,825,438

Electric Revenue



Allocation of Expense

