



ANNUAL REPORT

2021 Executive Summary

As we finally bring our 2021 financials to a close, it is good to see that our cooperative continues to be in a strong financial position. In spite of the shutdowns, interruptions to supply chains and the general malaise that has been our economy over the past several years, we have continued to see growth.

While our revenues have not quite rebounded to the pre-pandemic levels, we did see a \$2 million increase over our 2020 performance. This increase in revenue, along with a drop of over \$1 million in interest expense, has added nicely to the total assets of Lumbee River EMC.

We have also continued to add new members to our cooperative family. This has happened during a time when many cooperatives around the country are showing an actual loss in membership.

As I am sure you have heard in the news or experienced in your own personal lives, availability of various items has been impacted by

supply chain issues and shutdowns in economies around the world. Lumbee River EMC is not immune to these issues. We have seen delivery times on everything from transformers to wire to vehicles jump from just several weeks to now it may be several years in some instances. We continue to work with our vendors and suppliers to minimize any impacts to our ability to provide service to you, our members in a timely manner.

In addition to supply issues is the matter of price increases. As I was preparing these comments, the inflation rate continues to hover slightly over 8 percent, the highest rate of price increases we have seen

year over year in the last 40 years. This too is impacting the cooperative. As we all see in our personal lives, we at the co-op are seeing increases in the price of everything we purchase. The single highest expense your co-op has every month is the cost of the electricity we provide to our members. Electricity cost represents about 70 cent of every dollar we spend.

As you can imagine, any impact to the cost of electricity can have a huge impact on us. To minimize the impacts that large price swings can have on the price of electricity we, through our statewide generation organization North Carolina Electric Membership Corporation, negotiated



some slightly longer-term contracts for electricity a few years back. As a result of these negotiations, we are currently not seeing significant increases in our energy costs. This is something we will have to monitor closely over the next several years as those contracts expire and we negotiate new ones.

The good news for the immediate future is we feel that we can hold our prices to you steady for the next year. Again, this is something we monitor monthly and do everything we can to ensure we are providing you a reliable service at the most affordable price possible.

A highlight for Lumbee River EMC from 2021 was the completion of service to our largest member ever, Piedmont Natural Gas. The load from this one facility is the equivalent of adding over 900 houses to our system. We are grateful to have Piedmont Natural Gas as a partner and a member.

Another milestone we hit in 2021

was the completion of the upgrade of our transmission line connecting our Buffalo Springs and Wagram substations. This upgrade is part of a longer-range effort to provide the ability for us to back feed our system on those occasions when storms, accidents or equipment failure affect your service. This project increases our reliability to the members in the western part of our service territory. We continue to work this longer-range project and will provide you more updates as additional phases are complete.

An area of focus for Lumbee River EMC continues to be education. We were proud to award five \$8,000 scholarships to deserving students that are members of our cooperative family. This particular graduating class faced many challenges during the pandemic and they came through with outstanding academic performances. Congratulations to all the recipients. In addition to the challenges these students faced, their

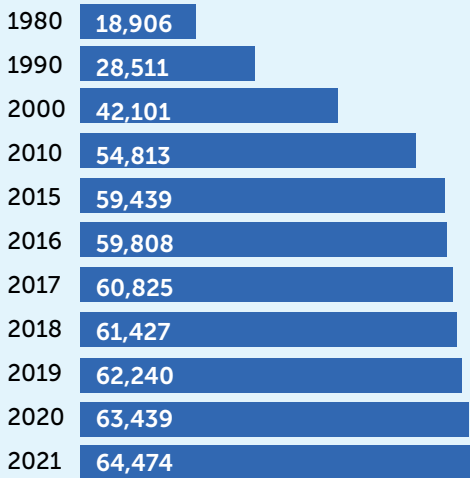
teachers were also faced with the same challenges. It was an honor for Lumbee River EMC to provide some classroom level assistance to 17 teachers in our area through our Bright Ideas Grant Program. Through this program we were able to provide over \$28,000 in grants to make these teachers' live a little easier.

We also continued to support many of the community programs that were able to start moving back toward their typical programming. From county fairs to festivals to community events, Lumbee River EMC was there helping bring these events to our communities.

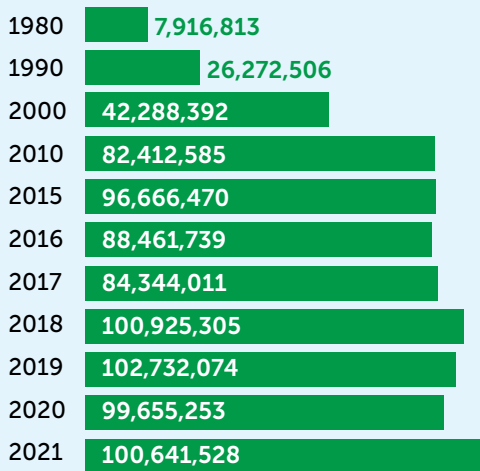
I hope you can see through this annual report that your cooperative continues to be strong and stable. Our commitment to our community will continue to be a focus always... as will our focus on providing you the best service possible. We will continue to enhance the quality of life for all our members and the communities we serve.

2021 Financial Reporting

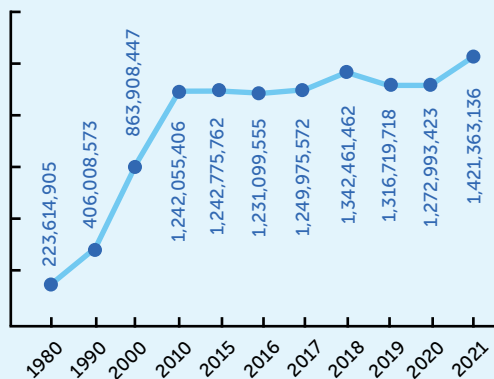
Active Services



Cost of Power



Kilowatt Hours Sold



Balance Sheet as of December 31

	2021	2020
(Consolidated)		
Assets		
Utility Plant	\$268,482,779	\$266,129,529
Investments	56,435,014	49,364,308
Current Assets	54,226,527	46,555,279
Deferred Charges	0	0
Total Assets	\$379,144,320	\$362,049,116
Equities and Liabilities		
Membership Fees	\$560,655	\$552,175
Accumulated Comprehensive Loss	2,381,137	168,703
Patronage Capital	130,051,167	129,924,404
Other Equities	29,694,398	26,688,491
Total Equities	162,687,357	157,333,773
Long-Term Debt	180,003,205	164,617,389
Current Liabilities	26,109,286	28,252,390
Deferred Credits	10,344,472	11,845,564
Total Equities and Liabilities	\$379,144,320	\$362,049,116

Summary of Financial Performance

	2021	2020
(Consolidated)		
Operating Revenue	\$150,084,189	\$148,120,515
Operating Expenses	137,635,495	137,191,782
Interest Expense	4,610,487	5,602,213
Net Margins	14,726,414	12,795,102
Net Plant	268,482,779	266,129,529
Total Assets	379,144,320	362,049,116
Member Equity	\$162,687,357	\$157,333,773

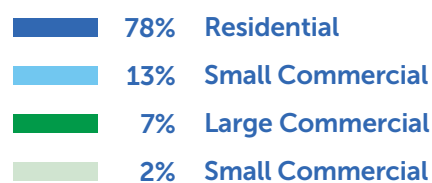
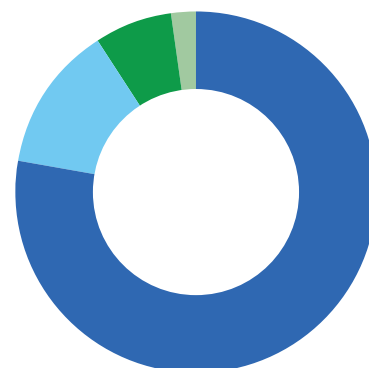
Operating Statistics

	2021	2020
Total Active Services	\$64,474	\$63,439
Kilowatt-Hours Sold	1,360,524,158	1,272,993,423
Miles of Line	6,059	6,011
Estate and General Retirements	12,605,836	6,501,903
Number of Employees	112	119
Cost of Power	\$100,641,528	\$99,655,253

Statement of Operations & Patronage Capital

	2021	2020
(Consolidated)		
Operating Revenue	\$150,084,189	\$148,120,515
Operating Expenses		
Cost of Power	100,627,629	99,638,853
Transmission Expense	13,899	16,400
Distribution—Operation	2,461,657	3,315,331
Distribution—Maintenance	5,844,676	5,869,136
Consumer Accounts	2,534,182	3,128,737
Consumer Service	924,131	1,059,239
Administrative and General	11,189,838	10,509,474
Total Operating Expenses	\$123,596,012	\$123,537,170
Other Expenses		
Depreciation and Amortization	\$12,039,212	\$11,647,156
Taxes	2,000,271	2,007,456
Interest Expense	4,610,487	5,602,213
Total Other Expenses	18,649,970	19,256,825
Total Expenses	142,245,982	142,793,995
Operating Margins	\$7,838,207	\$5,326,520
Non-Operating Margins		
Patronage Allocations	\$4,293,172	\$4,299,946
Interest Income	202,379	1,289,392
Income from Equity Investments	2,265,317	1,606,699
Other	127,339	272,545
Total Non-Operating Margins	6,888,207	7,468,582
Net Margins	\$14,726,414	\$12,795,102
Consolidated Statements of Comprehensive Income		
Net Margins	\$14,726,414	\$12,795,102
Other Comprehensive Income (Loss)		
Net Gain (Loss) During Period	2,212,434	4,389,676
Amortization of Net Loss	0	0
Prior Service Credit	0	0
	2,212,434	4,389,676
Comprehensive Income	\$16,938,848	\$17,184,778
Patronage Capital—		
Beginning of Year	\$157,333,773	\$146,443,569
Margins	14,726,414	12,795,102
Retired Patronage Capital	-11,593,744	(6,306,984)
Other Comprehensive Income	2,212,434	4,389,676
Transfers and Other Changes	8,480	12,410
Patronage Capital—End of Year	\$162,687,357	\$157,333,773

Electric Revenue



Allocation of Expense

