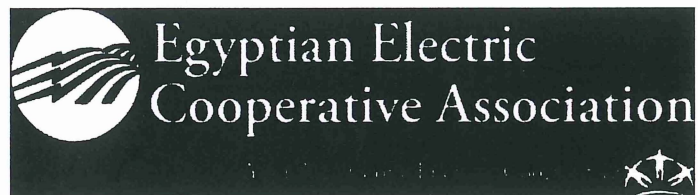


Financial Statements  
and  
Independent Auditors' Report



and Consolidated Subsidiary

December 31, 2022 and 2021

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## Independent Auditors' Report

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Board of Directors  
Egyptian Electric Cooperative Association and Consolidated Subsidiary  
Murphysboro, Illinois

### Report on the Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Egyptian Electric Cooperative Association and Consolidated Subsidiary (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 and the related consolidated statements of earnings, statements of patronage capital and consolidated statements of 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 the Cooperative as of December 31, 2022 and 2021, and the results of its operations and its 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Egyptian Electric Cooperative Association and Consolidated 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 Egyptian Electric Cooperative Association and Consolidated Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Egyptian Electric Cooperative Association and Consolidated 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Egyptian Electric Cooperative Association and Consolidated 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 supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates 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 generally 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 Cooperative Finance Corporation***

We have also reported on specific aspects of loan funds advanced from the National Rural Utilities Cooperative Finance Corporation (CFC) and that communication is included in these financial statements.

*Kerber, Eck + Braechel, LLP*

Marion, Illinois  
March 21, 2023



### Independent Auditors' Certification

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Board of Trustees  
Egyptian Electric Cooperative Association and Consolidated Subsidiary  
Murphysboro, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of Egyptian Electric Cooperative Association and Consolidated Subsidiary as of December 31, 2022 and 2021, and the related statements of earnings and patronage capital and cash flows for the years then ended, and have issued our report thereon dated March 21, 2023.

During the year ended December 31, 2022, the Cooperative did not receive any long-term loan fund advances from the National Rural Utilities Cooperative Finance Corporation (CFC) on loans controlled by the 100% CFC Mortgage and Loan Agreement. Based on our review of construction work orders and other plant accounting records created during the year ended December 31, 2022, it is our opinion that CFC loan funds were expended for purposes contemplated in the loan agreement on such loan.

The Cooperative received \$26,500,285 in advances and repaid \$23,980,000 in advances under a short-term line of credit arrangement with CFC. The loans were used to pay the Cooperatives power bill to Southern Illinois Power Cooperative. Based on our review of construction work orders and other plant accounting records during the year ended December 31, 2022, it is our opinion that CFC loan funds were expended for purposes contemplated in the Loan Agreement.

This report is intended solely for the information and use of the Board of Directors and management of Egyptian Electric Cooperative Association and Consolidated Subsidiary and CFC and should not be used for any other purpose.

*Kerber, Eck + Braeckel, LLP*

Marion, Illinois  
March 21, 2023

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31**

<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>ELECTRIC UTILITY PLANT</b>		
In service	\$ 107,819,142	\$ 104,239,092
Construction work in progress	(314,986)	563,924
	<hr/>	<hr/>
	107,504,156	104,803,016
Less accumulated depreciation	38,208,173	36,403,886
	<hr/>	<hr/>
	69,295,983	68,399,130
<b>RIGHT-OF-USE ASSET - FINANCE</b>	125,701	-
<b>RESTRICTED CASH</b>	162,000	126,000
<b>OTHER RECEIVABLES</b>	1,999,301	2,353,917
<b>PREPAID RETIREMENT SECURITY PLAN</b>	84,207	334,376
<b>INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>	27,399,010	26,153,830
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,127,773	883,642
Current maturities of other receivables	354,616	337,800
Accounts receivable - consumers	5,402,593	4,004,109
Inventories	1,352,111	1,052,604
Other	371,262	353,028
	<hr/>	<hr/>
Total current assets	8,608,355	6,631,183
	<hr/>	<hr/>
	\$ 107,674,557	\$ 103,998,436
	<hr/>	<hr/>

*The accompanying notes are an integral part of these statements.*

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31**

<b>EQUITIES AND LIABILITIES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>EQUITIES AND MARGINS</b>		
Memberships	\$ 6,625	\$ 6,625
Patronage capital	53,294,673	51,950,415
Net assets with donor restrictions	162,000	126,000
Egyptian Trust		
Net assets without donor restrictions	<u>7,718</u>	<u>5,322</u>
	53,471,016	52,088,362
<b>LONG-TERM DEBT, less current maturities</b>	33,974,274	35,565,823
<b>FINANCE LEASE LIABILITY, less current maturities</b>	82,151	-
<b>ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION</b>	9,285,849	9,086,762
<b>CONTRACT LIABILITIES</b>	1,114,483	1,077,492
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	1,604,902	1,687,009
Current maturities of finance lease liability	24,861	-
Note payable	3,599,035	1,078,751
Accounts payable	3,600,140	2,533,039
Other accrued liabilities	<u>917,846</u>	<u>881,198</u>
Total current liabilities	<u>9,746,784</u>	<u>6,179,997</u>
	<u>\$ 107,674,557</u>	<u>\$ 103,998,436</u>

*The accompanying notes are an integral part of these statements.*



**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**For the years ended December 31**

	<u>2022</u>	<u>2021</u>
<b>Net assets without donor restrictions</b>		
<b>Operating revenue</b>		
Operating revenues from sales	\$ 42,770,661	\$ 40,834,646
Net assets released from restriction	7,713	35,664
Contributions and grants received	3,396	20,516
	<hr/>	<hr/>
Total operating revenue	42,781,770	40,890,826
<b>Operating expenses</b>		
Cost of power	27,546,832	25,138,524
Distribution, operation	1,120,965	1,105,707
Distribution, maintenance	4,530,805	3,669,976
Consumer accounts	779,955	827,887
Consumer service and information	43,192	39,089
Administrative and general	3,122,959	2,667,853
Depreciation and amortization	3,388,928	3,232,013
Taxes	64,629	71,742
Grants and scholarships	8,713	50,814
Interest	1,480,130	1,441,957
	<hr/>	<hr/>
Total operating expense	42,087,108	38,245,562
<b>Operating margin before capital credits</b>	694,662	2,645,264
Capital credits and patronage dividends	1,339,707	1,234,957
	<hr/>	<hr/>
<b>Operating margin</b>	2,034,369	3,880,221
<b>Nonoperating revenue</b>		
Gain on sale of property	210,278	62,318
Interest income	35,436	35,277
Other nonoperating revenue	2,822	3,010
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	2,282,905	3,980,826
<b>Net assets with donor restrictions</b>		
Contributions	7,713	35,664
Net assets released from restriction	(7,713)	(35,664)
	<hr/>	<hr/>
Increase (decrease) in net assets with donor restrictions	-	-
<b>INCREASE IN NET ASSETS</b>	2,282,905	3,980,826
Increase in net assets attributable to Egyptian Electric Trust	(2,396)	(5,322)
	<hr/>	<hr/>
<b>NET MARGINS ATTRIBUTABLE TO EGYPTIAN ELECTRIC COOPERATIVE</b>	<u>\$ 2,280,509</u>	<u>\$ 3,975,504</u>

*The accompanying notes are an integral part of these statements.*

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATED STATEMENTS OF PATRONAGE CAPITAL**  
**For the years ended December 31**

	<u>2022</u>	<u>2021</u>
<b>NET MARGINS ATTRIBUTABLE TO EGYPTIAN ELECTRIC COOPERATIVE</b>	\$ 2,280,509	\$ 3,975,504
<b>Patronage capital balance at beginning of year</b>	51,950,415	49,215,084
(Increase) decrease in restricted cash	(36,000)	(36,000)
Retirement of patronage capital credits	(900,251)	(1,204,173)
<b>Patronage capital balance at end of year</b>	<u>\$ 53,294,673</u>	<u>\$ 51,950,415</u>

*The accompanying notes are an integral part of these statements.*

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the years ended December 31**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities and nonoperating revenue</b>		
Operating margin	\$ 2,034,369	\$ 3,880,221
<b>Adjustments to reconcile operating margin to net cash provided by operating activities</b>		
Depreciation	3,377,501	3,232,013
Capital credits and patronage dividends	(1,194,025)	(1,159,947)
Accumulated postretirement benefit obligation	199,087	212,232
Retirement Security Plan	250,169	288,564
Amortization of finance right-of-use asset	11,427	-
<b>Changes in:</b>		
Accounts receivable	(1,398,484)	938,310
Inventories	(299,507)	804,151
Other	319,566	280,348
Accounts payable	1,067,101	(135,927)
Other accrued liabilities	36,648	105,733
Consumer deposits	30,962	51,488
Deferred credits	6,029	(181,968)
<b>Net cash provided by operating activities</b>	<b>4,440,843</b>	<b>8,315,218</b>
<b>Cash flows from investing activities</b>		
Extension and replacement of plant	(4,064,076)	(5,233,646)
Redemption of patronage capital credits	(51,155)	21,284
Interest on securities owned	35,436	35,277
Other nonoperating income	2,822	3,010
<b>Net cash used in investing activities</b>	<b>(4,076,973)</b>	<b>(5,174,075)</b>
<b>Cash flows from financing activities</b>		
Retirement of patronage capital credits	(900,251)	(1,204,173)
Proceeds from note payable	26,500,284	25,601,937
Payments of note payable	(23,980,000)	(25,837,232)
Repayments of finance lease obligations	(30,116)	-
Payments of long-term debt	(1,673,656)	(1,629,558)
<b>Net cash used in financing activities</b>	<b>(83,739)</b>	<b>(3,069,026)</b>
<b>Increase in cash and cash equivalents</b>	<b>280,131</b>	<b>72,117</b>
<b>Cash and restricted cash and cash equivalents at beginning of year</b>	<b>1,009,642</b>	<b>937,525</b>
<b>Cash and restricted cash and cash equivalents at end of year</b>	<b>\$ 1,289,773</b>	<b>\$ 1,009,642</b>
<b>Cash and cash equivalents</b>	<b>\$ 1,127,773</b>	<b>\$ 883,642</b>
<b>Restricted cash</b>	<b>162,000</b>	<b>126,000</b>
	<b>\$ 1,289,773</b>	<b>\$ 1,009,642</b>
<b>Cash paid during year for interest</b>	<b>\$ 1,480,130</b>	<b>\$ 1,441,957</b>

*The accompanying notes are an integral part of these statements.*

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

A summary of the Egyptian Electric Cooperative Association and Consolidated Subsidiary's (the Cooperative) and Egyptian Electric Trust's (the Trust) significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

*1. Organization*

The Cooperative is a non-profit corporation organized to provide electrical services to residential and business consumers located in Southern Illinois and extends unsecured credit to its customers/members. The Trust is a non-profit corporation organized to collect donations from Cooperative employees and members for the purpose of providing grants, scholarships and other donations to individuals and organizations in the area.

The Cooperative is a member of and purchases energy from Southern Illinois Power Cooperative (a related organization), a generation and transmission cooperative located in Southern Illinois.

*2. Principles of Consolidation*

The consolidated financial statements include the accounts of the Egyptian Electric Trust. The Cooperative has both an economic interest in the Trust and control of the Trust. The Cooperative has the ability to control the activities of the Trust through appointment of Trust board members by Cooperative board members. All significant/material intercompany accounts and transactions have been eliminated in consolidation.

*3. Basis of Accounting*

The Cooperative abides by the accounting and reporting rules and regulations of the Rural Utilities Services (RUS). The Cooperative follows the Federal Energy Regulatory Commission's Uniform System of Accounts as modified by RUS. The accounting policies conform to accounting principles generally accepted in the United States of America as applied in the case of regulated electric utilities. The Trust applies accounting principles generally accepted in the United States of America.

*4. Cash Equivalents*

The Cooperative considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, the Cooperative did not have any cash equivalents.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*5. Receivables*

Receivables are stated at the amount the Cooperative expects to collect from outstanding balances. The Cooperative provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Cooperative has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to the receivable accounts.

Because utility customer meters are billed on a cycle basis, unbilled revenues are estimated and recorded for services provided from the monthly meter-reading dates to month-end. The related power costs are recorded at month-end.

The Cooperative has taken out loans through the U.S. Department of Agriculture, Rural Development, in order to help finance projects within the Southern Illinois region. In 2018, the Cooperative received proceeds of \$750,000 and loaned them to the Southern Illinois Airport Authority for the construction of hangers. In 2018, the Cooperative also loaned \$360,000 to the Degognia and Fountain Bluff townships for the installation of water pumps. In 2020, the Cooperative received proceeds of \$1,000,000 and loaned them to the Murphysboro Community Unit School District for the replacement of air conditioning units. This loan is also for 10 years at 0% interest. In 2020, the Cooperative received proceeds of \$268,000 and loaned them to the Kincaid-Reed Conservancy District to make energy efficient improvements to the water system. In 2020, the Cooperative received proceeds of \$1,000,000 and loaned them to the Pinckneyville Community Hospital to make improvements to the current facility. All of the loans are under the same repayment terms, 10 year notes with 0% interest. Notes receivable related to the U.S. Department of Agriculture, Rural Development had a balance of \$2,353,917 and \$2,691,717 at December 31, 2022 and 2021, respectively.

*6. Inventories*

Material and supplies inventories are stated at average cost, not in excess of net realizable value.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*7. Investments*

Investments in associated organizations include patronage capital and term certificates. The Cooperative's investment reflects the original cost and recognition of the Cooperative's share of undistributed earnings or losses of the organizations. The Cooperative periodically evaluates whether non-temporary decreases in values of the investments have occurred, and if so, they are adjusted for those price changes and other impairments.

The Cooperative has acquired a 17% interest in Southern Services, LLC. Southern Services was formed to pursue business interests of its members. As of December 31, 2022, Southern Services was not involved in a significant business interest.

*8. Electric Utility Plant*

Electric Utility Plant is recorded at cost. The cost of additions to plant includes contracted work, direct labor and materials and allocable overheads. When utility units of property are retired, sold or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement and renewal of items determined to be less than units of property are charged to maintenance. Any gains or losses on non-utility property and equipment retirements are reflected in current year operations.

Distribution plant is being depreciated using the straight-line composite basis at various rates ranging from 3.50% to 10.00%.

General plant is being depreciated over the estimated useful life of the assets using the straight-line method, at various rates ranging from 2.40% to 25.00%.

*9. Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*10. Revenue Recognition*

*Energy Sales*

Energy sales to members are the Cooperative's primary source of revenue. Energy sales revenues are recognized upon delivery of electricity. Electric customer meters are read and billed on a cycle basis, based on billing rates authorized by the Cooperative's Board of Directors, which are applied to member's usage of electricity. The Cooperative's services extend to a geographical area of Southern Illinois and caters to the following member classes: residential, single phase commercial, three phase commercial and major industrial members.

Residential, single phase commercial and three phase commercial members can have up to five components of monthly billing included in revenue - service availability charge, energy charge, outdoor lighting, fixed fees related to a utility power pack and purchase power cost adjustment (PPCA). The energy charge is applied by kilowatt hour (kWh) usage. The service availability charge is a monthly charge per meter. Outdoor lighting charges are applied based on the size and type of light chosen and if the member chooses to add additional lighting. Utility power pack charges comprise of three flat fee rates if the member chooses to add one to their utility pole. The PPCA can be assessed when the Cooperative experiences fluctuations in the cost of purchasing demand, energy or related transmission service from its power supplier and can be a charge or bill credit depending on costs related to purchase power.

Major industrial members can also have up to five components of monthly billing included in revenue - service availability charge, energy charge, demand charges, customer related charges and purchase power cost adjustment (PPCA). The energy charge is applied by kilowatt hour (kWh) usage. The service availability charge is a monthly charge per meter. The demand charge and customer related charge is applied by kilowatt (kW) usage. The PPCA can be assessed when the Cooperative experiences fluctuations in the cost of purchasing demand, energy or related transmission service from its power supplier and can be a charge or bill credit depending on costs related to purchase power.

*Other Miscellaneous Revenue*

Other miscellaneous revenues are made up of various agreements with customers such as: pole rentals, public street and highway lighting, and other public services. Revenue from these services is recognized monthly when billed.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*10. Revenue Recognition*

*Other Miscellaneous Revenue*

The Cooperative accrues revenue and a related receivable for services provided but not yet billed to customers based on an estimate of average usage. The components of this unbilled revenue can fluctuate based on factors including rate structure, weather, period of use, cost of purchased power and other factors. The Cooperative accrues contract liabilities for consideration received from customers before the Cooperative has transferred a good or service to the customer. No revenue is recognized from performance obligations satisfied in prior periods. Any material performance obligations that remain unsatisfied as of the end of the reporting period are recorded within contract liabilities.

*11. Income Taxes*

The Cooperative is exempt from payment of federal and Illinois income taxes under Section 501(c)(12) of the Internal Revenue Code.

The Trust is exempt from payment of federal and Illinois income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Cooperative and Trust have recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Cooperative and Trust are not aware of any significant circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the balance sheet date. Penalties and interest assessed by taxing authorities are included in general and administrative expenses, if applicable. There were no interest or penalties paid during fiscal years 2022 and 2021.

*12. Recent Accounting Pronouncements*

Effective January 1, 2022, the Cooperative adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842), as amended (Lease Update). The Cooperative has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Cooperative accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustment (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The Cooperative elected the reporting at adoption transition method. Accordingly, the Lease Update is effective January 1, 2022.



**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE B | ELECTRIC UTILITY PLANT**

The electric utility plant is stated at historical cost. The cost of additions to the electric utility plant includes contractual work, direct labor, materials, allocable overhead, and equipment. Listed below are the major classes of the utility plant as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Distribution plant	\$ 90,242,031	\$ 87,477,479
Transmission plant	235,160	235,160
General plant		
Land and land rights	282,832	282,832
Structures and improvements	10,453,683	10,453,683
Office furniture and fixtures	343,096	328,534
Computer equipment	248,257	244,755
Transportation equipment	5,201,426	4,469,912
Power operated equipment	393,579	344,445
Communications equipment	183,549	183,549
Other	235,529	218,743
	<u>107,819,142</u>	<u>104,239,092</u>
Construction work in progress	<u>(314,986)</u>	563,924
	<u>\$ 107,504,156</u>	<u>\$ 104,803,016</u>

Construction work in progress at December 31, 2022 and 2021, consists of various small projects. At the end of 2022, two large projects that have invoiced but work has been delayed resulted in a negative balance.

All assets are pledged as security for long-term debt to CFC. The cost of units of property retired, replaced, or renewed are removed from electric utility plant. These costs, plus removal costs, less salvage value, are charged to accumulated depreciation. Maintenance and repairs of property and the replacement and removal of items that are considered to be less than a complete unit of plant are charged to operating expenses.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE C | INVESTMENTS IN ASSOCIATED ORGANIZATIONS**

	<u>2022</u>	<u>2021</u>
National Rural Utilities Cooperative		
Capital term certificates (CTC)	\$ 925,554	\$ 927,281
Patronage capital - CFC	731,785	678,602
Patronage capital - SIPC	25,211,163	24,098,495
Other Investments	530,508	449,452
	<u>\$ 27,399,010</u>	<u>\$ 26,153,830</u>

**NOTE D | RETIREMENT OF PATRONAGE CAPITAL CREDITS**

The Cooperative has adopted a policy on general retirement of capital credits on a 30 year cycle. The amount retired is a result of dividing the outstanding balance by 30 years. Estates are currently refunded on a discounted basis upon the request of the executor of deceased members.

**NOTE E | LONG-TERM DEBT**

	<u>2022</u>	<u>2021</u>
Notes payable - CFC (a)	\$ 18,795,640	\$ 19,585,858
Notes payable - CFC (b)	3,029,195	3,462,593
Notes payable - CFC (c)	11,281,607	11,446,664
Notes payable - USDA (d)	450,000	518,750
Notes payable - USDA (e)	300,000	300,000
Notes payable - USDA (f)	708,333	808,333
Notes payable - USDA (g)	214,401	238,967
Notes payable - USDA (h)	800,000	891,667
	<u>35,579,176</u>	<u>37,252,832</u>
Less current maturities	<u>1,604,902</u>	<u>1,687,009</u>
	<u>\$ 33,974,274</u>	<u>\$ 35,565,823</u>

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE E | LONG-TERM DEBT**

Maturities of long-term debt as of December 31, 2022 were as follows:

2022	1,604,902
2023	1,486,220
2024	1,524,880
2025	1,512,180
2026	1,487,108
Thereafter	<u>27,963,886</u>
	<u>\$ 35,579,176</u>

- (a) Seven to thirty year mortgage notes payable; equal quarterly installments of principal and interest at rates varying from 3.56% to 7.45% at December 31, 2022. The notes mature from 2025 to 2049.
- (b) Thirty year mortgage notes payable with semiannual installments of principal and interest at rates of 2.49% to 2.88% at December 31, 2022. The notes mature from 2023 to 2044.
- (c) Thirty-five year mortgage note payable with quarterly installments of principal and interest. Interest rate is fixed at 4.80%. The note matures in 2052.
- All of the CFC notes are secured by all assets of the Cooperative.
- (d) U.S. Department of Agriculture, Rural Development dated November 28, 2018. Original amount of \$750,000 payable in monthly installments of principal which includes 0% interest; the note matures November 28, 2028 and is secured by a promissory note.
- (e) U.S. Department of Agriculture, Rural Development dated January 28, 2018. Original amount of \$300,000 payable in full once the grant program has been terminated with 0% interest. This loan is secured by a promissory note. The Cooperative has collected \$162,000 which is disclosed as restricted cash at December 31, 2021.
- (f) U.S. Department of Agriculture, Rural Development dated January 21, 2020. Original amount of \$1,000,000 payable in monthly installments of principal which includes 0% interest; the note matures January 21, 2030 and is secured by a promissory note.
- (g) U.S. Department of Agriculture, Rural Development dated November 9, 2020. Original amount of \$268,000 payable in monthly installments of principal which includes 0% interest; the note matures December 15, 2030 and is secured by a promissory note.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE E | LONG-TERM DEBT**

(h) U.S. Department of Agriculture, Rural Development dated November 9, 2020. Original amount of \$1,000,000 payable in monthly installments of principal which includes 0% interest; the note matures December 15, 2030 and is secured by a promissory note.

**NOTE F | NOTE PAYABLE**

The Cooperative has renewed a \$10,000,000 line of credit with CFC with interest rates assigned upon advances made to the Cooperative. The Cooperative draws down on the line of credit when funds are needed to cover overhead and operating costs. The line of credit is secured by assets of the Cooperative. Outstanding advances were \$3,599,035 and \$1,078,751 at December 31, 2022 and 2021, respectively.

**NOTE G | REVENUE**

See note A for the Cooperative's policy on how they recognize revenue for contracts with customers.

The following table presents the Cooperative's operating revenues by major source and customer class:

	<u>2022</u>	<u>2021</u>
Residential	\$ 28,658,512	\$ 27,405,771
Commercial	13,626,245	12,915,937
Other	<u>229,232</u>	<u>220,940</u>
Total revenues from contracts with customers	42,513,989	40,542,648
Forfeited discounts	218,527	251,887
License agreements	12,322	12,595
Other electric	<u>25,823</u>	<u>27,516</u>
Total operating revenue	<u>\$ 42,770,661</u>	<u>\$ 40,834,646</u>

Economic factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows include the type of member/contract and the weather.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE G | REVENUE**

Amounts in accounts receivable considered to be contract receivables at December 31, 2022, 2021, and 2020 is comprised of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Consumer Accounts Receivable	\$ 5,455,619	\$ 4,061,125	\$ 1,768,954
Unbilled Revenue	-	-	3,215,972
Less: Allowance for Doubtful Accounts	<u>(53,026)</u>	<u>(57,016)</u>	<u>(42,507)</u>
Total Contract Receivables	<u>\$ 5,402,593</u>	<u>\$ 4,004,109</u>	<u>\$ 4,942,419</u>

Amounts considered to be contract liabilities at December 31, 2022, 2021, and 2020 is comprised of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Consumer Deposits	\$ 903,175	\$ 872,213	\$ 820,725
Consumer Prepayments	<u>211,308</u>	<u>205,279</u>	<u>387,247</u>
Total Contract Liabilities	<u>\$ 1,114,483</u>	<u>\$ 1,077,492</u>	<u>\$ 1,207,972</u>

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE H | PENSION PLAN**

The Retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multi-employer 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 Cooperative's contributions to the RS Plan in 2022 and in 2021 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Cooperative made contributions to the plan of \$1,178,047 in 2022 and \$1,084,131 in 2021.

For 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 over 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.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE H | PENSION PLAN**

The Cooperative supplements this plan with an NRECA sponsored defined contribution plan. The Cooperative made monthly contributions equal to 3% of the employees' salary. In addition to the base rate, the Cooperative will match employee contributions up to 4% of the employees' salary. Employees may also contribute. Employer contributions to the plan were \$315,677 in 2022 and \$289,643 in 2021.

In February of 2014, the Board of Directors approved a voluntary retirement plan prepayment option offered by the NRECA. The plan was funded by a long-term loan from the Cooperative Finance Corporation. By prefunding the retirement security plan, the Cooperative will experience lower on-going contribution rates. The prepayment amount is being amortized over 10 years. Management has estimated that the savings in reduced RS Plan contributions as compared to the cost of financing will begin to payback in approximately eleven years.

**NOTE I | OTHER POSTRETIREMENT BENEFITS**

In addition to providing pension benefits, the Cooperative sponsors a postretirement medical plan that covers its employees and directors. This plan covers seventy-five percent of the medical insurance cost, including prescription drug coverage, to retired employees (normal retirement age is 60), and retired directors who have attained the age of 60 with nine years of service. The plan is unfunded.

Effective July 1, 2010, the plan was amended to exclude employees hired on or after July 1, 2010. For these employees, the Cooperative will contribute 2% of gross wages to an established fund. Upon retirement, the employee will receive payment from the fund for the purchase of post retirement health care benefits. In addition, amendments effective January 1, 2011 are expected to decrease health insurance premiums.

The Cooperative has determined the actuarially computed expense associated with these benefits and the components of net periodic postretirement benefit costs are as follows:

	<u>2022</u>	<u>2021</u>
Service cost - benefit earned during the period	\$ 128,258	\$ 145,838
Interest cost on accumulated benefit obligation	299,269	340,289
	<hr/>	<hr/>
Net Periodic postretirement benefit cost	<u>\$ 427,527</u>	<u>\$ 486,127</u>

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE I | OTHER POSTRETIREMENT BENEFITS**

The following assumptions were used in determining the accumulated postretirement benefit obligation and related expense:

1. The discount rate used in determining the benefit obligation was 5.0% for 2022 and 2021.
2. The health care cost trend rate for NRECA benefits will be 5.5% for those under the age of 65 and 5.5% for those 65 and older in 2016 and 2017. For 2018 and later years, the indexing rate will move to 7.0% per year.
3. The health care cost trend rate for LINECO benefits will be 5.5% for those under the age of 65 and 5.5% for those 65 and older in 2017. For 2018 and later years, the indexing rate will move to 7.0% per year.

Change in benefit obligation for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Benefit obligation at beginning of year	\$ 9,086,762	\$ 8,874,530
Service cost	128,258	145,838
Interest cost	299,269	340,289
Benefits paid	(228,440)	(273,895)
	<u>\$ 9,285,849</u>	<u>\$ 9,086,762</u>

In 2022, an updated actuarial valuation was performed. The report dated January 1, 2022, resulted in a \$208,813 decrease in the accumulated post retirement benefit obligation at January 1, 2022. The Cooperative did not adjust the liability to record a gain based on the new estimate. During the fiscal year the liability was increased based on the estimated service and interest cost and decreased for actual benefits paid as outlined above.



**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE J | RELATED PARTIES**

The Cooperative, along with other electric distribution cooperatives, is a member of (and, therefore, part owner of) the Southern Illinois Power Cooperative (SIPC). SIPC is a generation and transmission cooperative. The Cooperative purchases its power from SIPC. For the years ended December 31, 2022 and 2021 investments in SIPC amounted to \$25,211,163 and \$24,098,495 respectively. In addition, amounts owed to SIPC for purchased power at December 31, 2022 and 2021 were \$3,122,299 and \$2,075,751, respectively. Transactions with SIPC are considered by management to be on an arms-length basis.

**NOTE K | CONCENTRATION OF CREDIT RISK**

The Cooperative is located in Murphysboro, Illinois. Cooperative accounts receivable are due from local consumers.

At December 31, 2022 the Cooperative had deposits in local financial institutions which exceeded Federal Depository Insurance limits by approximately \$602,000. Management believes that credit risk related to these deposits is minimal.

**NOTE L | LEASE COMMITMENTS**

The Cooperative leases an electric vehicle charging station from ChargePoint. As of August 1, 2022, the lease requires 5 annual payments through August 2026 of \$30,116. As a result of the adoption of the Lease Update, the Cooperative recognized on August 1, 2022, (a) an increase in the lease liability of \$137,128, which represents the present value of the remaining lease payments of \$30,116, discounted using the lessee's incremental borrowing rate of 5.00%, and (b) a right-of-use asset of \$137,128. Amortization of this right-of-use asset and interest expense totaled \$11,427 and \$0, respectively, for the year ended December 31, 2022.

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE L | LEASE COMMITMENTS**

The components of lease expenses during the year ended December 31, 2022, are as follows:

Finance lease costs		
Amortization of right-of-use assets	\$	11,427
Interest on lease liabilities		<u>-</u>
Total lease costs	\$	<u>11,427</u>
Other Information		
Right-of-use assets obtained in exchange for new finance lease liabilities	\$	137,128
Weighted average remaining lease term (in years)		
Finance leases		3.7
Weighted average discount rates		
Finance leases		5.00%

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities as of December 31, 2022:

2023	\$	30,116
2024		30,116
2025		30,116
2026		<u>30,116</u>
Total lease payments		120,464
Less: Amounts representing interest		13,452
Total lease liabilities	\$	<u>107,012</u>

**NOTE M | SUBSEQUENT EVENTS**

Management evaluated all events and transactions that occurred after December 31, 2022 through March 21, 2023, the issue date of these financial statements.

## Supplementary Information

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATING BALANCE SHEETS**  
**December 31, 2022**

	<b>Egyptian Electric Cooperative Association</b>	<b>Egyptian Electric Trust</b>	<b>Reclassifications and Eliminations</b>	<b>Consolidated</b>
<b>ASSETS</b>				
<b>ELECTRIC UTILITY PLANT</b>				
In service	\$ 107,819,142	\$ -	\$ -	\$ 107,819,142
Construction work in progress	(314,986)	-	-	(314,986)
	107,504,156	-	-	107,504,156
Less accumulated depreciation	38,208,173	-	-	38,208,173
	69,295,983	-	-	69,295,983
<b>RIGHT-OF-USE ASSET - FINANCE</b>	125,701	-	-	125,701
<b>RESTRICTED CASH</b>	162,000	-	-	162,000
<b>OTHER RECEIVABLES</b>	1,999,301	-	-	1,999,301
<b>PREPAID RETIREMENT SECURITY PLAN</b>	84,207	-	-	84,207
<b>INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>	27,399,010	-	-	27,399,010
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,121,774	5,999	-	1,127,773
Current maturities of other receivables	354,616	-	-	354,616
Accounts receivable - consumers	5,402,593	1,719	(1,719)	5,402,593
Inventories	1,352,111	-	-	1,352,111
Other	371,262	-	-	371,262
Total current assets	8,602,356	7,718	(1,719)	8,608,355
	<u>\$ 107,668,558</u>	<u>\$ 7,718</u>	<u>\$ (1,719)</u>	<u>\$ 107,674,557</u>
<b>EQUITIES AND LIABILITIES</b>				
<b>EQUITIES AND MARGINS</b>				
Memberships	\$ 6,625	\$ -	\$ -	\$ 6,625
Patronage capital	53,294,673	-	-	53,294,673
Net assets with donor restrictions	162,000	-	-	162,000
Egyptian Trust				
Net assets without donor restrictions	-	7,718	-	7,718
Net assets with donor restrictions	-	-	-	-
	53,463,298	7,718	-	53,471,016
<b>LONG-TERM DEBT, less current maturities</b>	33,974,274	-	-	33,974,274
<b>FINANCE LEASE LIABILITY, less current maturities</b>	82,151	-	-	82,151
<b>ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION</b>	9,285,849	-	-	9,285,849
<b>CONTRACT LIABILITIES</b>	1,114,483	-	-	1,114,483
<b>CURRENT LIABILITIES</b>				
Current maturities of long-term debt	1,604,902	-	-	1,604,902
Current maturities of finance lease liability	24,861	-	-	24,861
Note payable	3,599,035	-	-	3,599,035
Accounts payable	3,601,859	-	(1,719)	3,600,140
Other accrued liabilities	917,846	-	-	917,846
Total current liabilities	9,748,503	-	(1,719)	9,746,784
	<u>\$ 107,668,558</u>	<u>\$ 7,718</u>	<u>\$ (1,719)</u>	<u>\$ 107,674,557</u>

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATING BALANCE SHEETS**  
**December 31, 2021**

	<u>Egyptian Electric Cooperative Association</u>	<u>Egyptian Electric Trust</u>	<u>Reclassifications and Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
<b>ELECTRIC UTILITY PLANT</b>				
In service	\$ 104,239,092	\$ -	\$ -	\$ 104,239,092
Construction work in progress	563,924	-	-	563,924
	104,803,016	-	-	104,803,016
Less accumulated depreciation	36,403,886	-	-	36,403,886
	68,399,130	-	-	68,399,130
<b>RIGHT-OF-USE ASSET - FINANCE</b>	-	-	-	-
<b>RESTRICTED CASH</b>	126,000	-	-	126,000
<b>OTHER RECEIVABLES</b>	2,353,917	-	-	2,353,917
<b>PREPAID RETIREMENT SECURITY PLAN</b>	334,376	-	-	334,376
<b>INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>	26,153,830	-	-	26,153,830
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	878,320	5,322	-	883,642
Current maturities of other receivables	337,800	-	-	337,800
Accounts receivable - consumers	4,004,109	-	-	4,004,109
Inventories	1,052,604	-	-	1,052,604
Other	353,028	-	-	353,028
Total current assets	6,625,861	5,322	-	6,631,183
	\$ 103,993,114	\$ 5,322	\$ -	\$ 103,998,436
<b>EQUITIES AND LIABILITIES</b>				
<b>EQUITIES AND MARGINS</b>				
Memberships	\$ 6,625	\$ -	\$ -	\$ 6,625
Patronage capital	51,950,415	-	-	51,950,415
Net assets with donor restrictions Egyptian Trust	126,000	-	-	126,000
Net assets without donor restrictions	-	5,322	-	5,322
Net assets with donor restrictions	-	-	-	-
	52,083,040	5,322	-	52,088,362
<b>LONG-TERM DEBT, less current maturities</b>	35,565,823	-	-	35,565,823
<b>FINANCE LEASE LIABILITY, less current maturities</b>	-	-	-	-
<b>ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION</b>	9,086,762	-	-	9,086,762
<b>CONTRACT LIABILITIES</b>	1,077,492	-	-	1,077,492
<b>CURRENT LIABILITIES</b>				
Current maturities of long-term debt	1,687,009	-	-	1,687,009
Current maturities of finance lease liability	-	-	-	-
Note payable	1,078,751	-	-	1,078,751
Accounts payable	2,533,039	-	-	2,533,039
Other accrued liabilities	881,198	-	-	881,198
Total current liabilities	6,179,997	-	-	6,179,997
	\$ 103,993,114	\$ 5,322	\$ -	\$ 103,998,436

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATING STATEMENTS OF EARNINGS**  
**For the years ended December 31, 2022**

	<b>Egyptian Electric Cooperative Association</b>	<b>Egyptian Electric Trust</b>	<b>Reclassifications and Eliminations</b>	<b>Consolidated</b>
<b>Net assets without donor restrictions</b>				
<b>Operating revenue</b>				
Operating revenues from sales	\$ 42,770,661	\$ -	\$ -	\$ 42,770,661
Net assets released from restriction	-	7,713	-	7,713
Contributions and grants received	-	3,396	-	3,396
	<u>42,770,661</u>	<u>11,109</u>	<u>-</u>	<u>42,781,770</u>
<b>Operating expenses</b>				
Cost of power	27,546,832	-	-	27,546,832
Distribution, operation	1,120,965	-	-	1,120,965
Distribution, maintenance	4,530,805	-	-	4,530,805
Consumer accounts	779,955	-	-	779,955
Consumer service and information	43,192	-	-	43,192
Administrative and general	3,122,959	-	-	3,122,959
Depreciation and amortization	3,388,928	-	-	3,388,928
Taxes	64,629	-	-	64,629
Grants and scholarships	-	8,713	-	8,713
Interest	1,480,130	-	-	1,480,130
	<u>42,078,395</u>	<u>8,713</u>	<u>-</u>	<u>42,087,108</u>
	692,266	2,396	-	694,662
<b>Operating margin before capital credits</b>				
Capital credits and patronage dividends	1,339,707	-	-	1,339,707
	2,031,973	2,396	-	2,034,369
<b>Operating margin</b>				
<b>Nonoperating revenue</b>				
Gain on sale of property	210,278	-	-	210,278
Interest income	35,436	-	-	35,436
Other nonoperating revenue	2,822	-	-	2,822
	<u>2,280,509</u>	<u>2,396</u>	<u>-</u>	<u>2,282,905</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>Net assets with donor restrictions</b>				
Contributions	-	7,713	-	7,713
Net assets released from restriction	-	(7,713)	-	(7,713)
	-	-	-	-
Increase (decrease) in net assets with donor restrictions	-	-	-	-
	2,280,509	2,396	-	2,282,905
<b>INCREASE IN NET ASSETS</b>				
Increase in net assets attributable to Egyptian Electric Trust	-	(2,396)	-	(2,396)
	<u>\$ 2,280,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,509</u>
<b>NET MARGINS ATTRIBUTABLE TO EGYPTIAN ELECTRIC COOPERATIVE</b>				

**Egyptian Electric Cooperative Association and Consolidated Subsidiary**  
**CONSOLIDATING STATEMENTS OF EARNINGS**  
**For the years ended December 31, 2021**

	<b>Egyptian Electric Cooperative Association</b>	<b>Egyptian Electric Trust</b>	<b>Reclassifications and Eliminations</b>	<b>Consolidated</b>
<b>Net assets without donor restrictions</b>				
<b>Operating revenue</b>				
Operating revenues from sales	\$ 40,834,646	\$ -	\$ -	\$ 40,834,646
Net assets released from restriction	-	35,664	-	35,664
Contributions and grants received	-	20,516	-	20,516
Total operating revenue	40,834,646	56,180	-	40,890,826
<b>Operating expenses</b>				
Cost of power	25,138,524	-	-	25,138,524
Distribution, operation	1,105,707	-	-	1,105,707
Distribution, maintenance	3,669,976	-	-	3,669,976
Consumer accounts	827,887	-	-	827,887
Consumer service and information	39,089	-	-	39,089
Administrative and general	2,667,809	44,000	-	2,667,853
Depreciation and amortization	3,232,013	-	-	3,232,013
Taxes	71,742	-	-	71,742
Grants and scholarships	-	50,814	-	50,814
Interest	1,441,957	-	-	1,441,957
Total operating expense	38,194,704	50,858	-	38,245,562
<b>Operating margin before capital credits</b>	2,639,942	5,322	-	2,645,264
Capital credits and patronage dividends	1,234,957	-	-	1,234,957
<b>Operating margin</b>	3,874,899	5,322	-	3,880,221
<b>Nonoperating revenue</b>				
Gain on sale of property	62,318	-	-	62,318
Interest income	35,277	-	-	35,277
Other nonoperating revenue	3,010	-	-	3,010
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	3,975,504	5,322	-	3,980,826
<b>Net assets with donor restrictions</b>				
Contributions	-	35,664	-	35,664
Net assets released from restriction	-	(35,664)	-	(35,664)
Increase (decrease) in net assets with donor restrictions	-	-	-	-
<b>INCREASE IN NET ASSETS</b>	3,975,504	5,322	-	3,980,826
Increase in net assets attributable to Egyptian Electric Trust	-	(5,322)	-	(5,322)
<b>NET MARGINS ATTRIBUTABLE TO EGYPTIAN ELECTRIC COOPERATIVE</b>	<u>\$ 3,975,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,975,504</u>