



ANNUAL REPORT

PREPARED FOR 2023



PROVIDING A BETTER

Connection.



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Schedule of Events

Doors Open 4:45 PM

Registration

Complimentary Meal - South Gym

Musical Entertainment - North Gym

Meeting Called to Order 6:00 PM

Welcome

Presentation of Colors & National Anthem

Invocation

Introduction of Guests

President's Report

GM/CEO Report

Service Awards

Secretary's Report

Financial Report

Unfinished & New Business

Election of Directors & Results

Drawing for Door Prizes

Adjournment

Assets & Information

2023 by the Numbers

Customer Counts

| | |
|--------------------|-------|
| Access Lines | 6,045 |
| Internet | 8,591 |
| Cable TV | 3,060 |

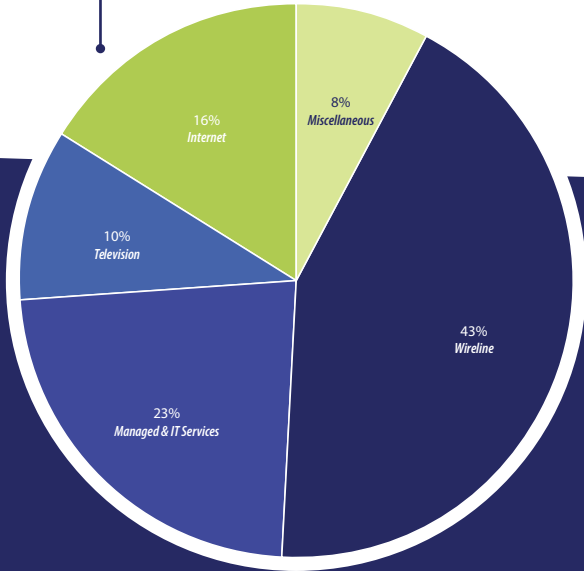
Access Line Data

| | |
|-----------------------------------|-------|
| Access Lines | 6,045 |
| Route Miles-Fiber | 4,918 |
| Access Lines per Route Mile | 1.23 |
| Square Miles Served | 5,667 |

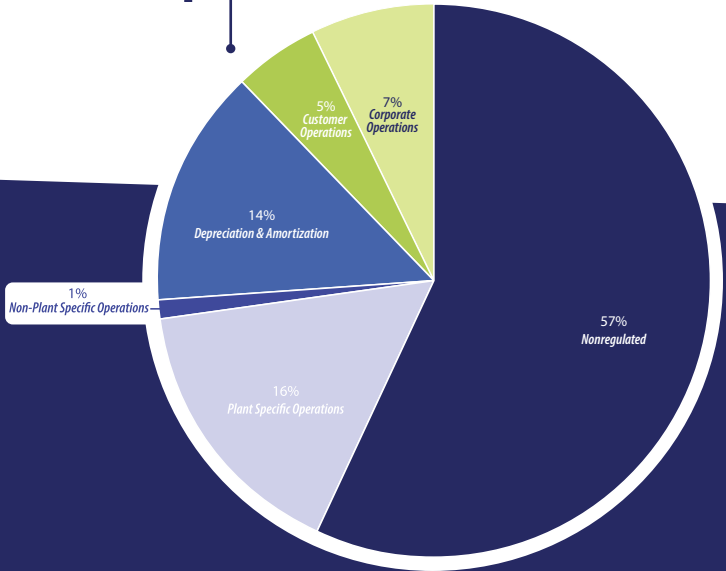
Plant Statistics

| | |
|---|---------------|
| Telecommunications plant in service (thousands) | \$103,416,853 |
| Investment per access | \$17,108 |

Revenues



Expenses



8,209

CO-OP MEMBERS



6,045

ACCESS LINES



32

EXCHANGES



4,918

FIBER MILES



61

FULL-TIME EMPLOYEES



8,591

INTERNET CUSTOMERS



5,667

SQUARE MILES SERVED



3,060

CABLE TV CUSTOMERS

Board of Directors



Ralph Neu
President | District 7
Nelvik & Ventura



Ralph Greer
V. President | District 2
Dickey, Litchville, & Marion



Arden Falk
Sec./Treas. | District 3
Kathryn, Verona, & Fort Ransom



Sid Meidinger
District 4
Fredonia & Jud



Myron Yagow
District 6
Crete & Milnor



Paul Olson
District 8
Forbes & Merricourt



Dan Barton
District 9
Fullerton & Guelph



Dan Girard
District 10
Ellendale, Ashley, Kulm, Edgeley, & LaMoure



Rod Buck
District 11
Oakes, Forman, Gwinner, & Lisbon



Fallon Kelly
Attorney



Kent Schimke
CEO/GM

2023 MEETING MINUTES

October 19, 2023

The Seventy Third Annual Meeting of the Members of Dickey Rural Telephone Cooperative was held October 19, 2023 at 6:00 p.m. pursuant to notice of meeting sent to all cooperative members, and a copy of the Notice with the Affidavit of Mailing is attached to these Minutes.

President Ralph Neu then called the meeting to order with Arden Falk acting as Secretary of the meeting. President Ralph Neu then gave his welcome and introduced special guests.

The secretary reported the number of members present.

The members present constituted a quorum, and in accordance with the Bylaws, the meeting was duly opened.

Prior to the meeting, each member was presented with a copy of the Notice of the Meeting, and a copy of the Minutes of the October 20, 2022 annual meeting of the members. Upon motion duly made and seconded, the Minutes were approved. President Neu then directed the Secretary to annex these to the Minutes of the meeting, which are to be duly filed.

DRN President Ralph Neu and General Manager Kent Schimke presented the president's report and the manager's/CEO's reports, which were duly read, received, and placed on file. The Financial Report was then presented by Financial Manager Troy Radermacher.

There was no unfinished business.

Election

The cooperative's attorney, Fallon Kelly, next conducted the election of directors, stating that three (3) directors were up for re-election for a term of three (3) years each. The directors up for re-election and who were all nominated by the nominating committee, were introduced as Ralph Greer for District 2, Myron Yagow for District 6, and Dan Barton for District 9. There having been no nominations by petition for District 2, Ralph Greer was unanimously re-elected as director for three (3) years. There having been no nominations by petition for District 6, Myron Yagow was unanimously re-elected as director for three (3) years. There having been no nominations by petition for District 9, Dan Barton was unanimously re-elected as director for three (3) years.

There being nothing further to come before the cooperative, President Neu declared the meeting adjourned.

Arden Falk
Secretary/Treasurer

President/GM REPORT

Welcome to your Annual Meeting for your broadband cooperative, Dickey Rural Telecommunications Cooperative! As we prepare to celebrate our 75th Anniversary next year, we look back to reminisce and ponder all the changes the cooperative has endured to provide its members with the ability to communicate with family, friends, and businesses.



It was 1950 when a group of people interested in organizing a telephone cooperative gathered at the Dickey County Courthouse. Articles of Incorporation were filed in November 1950 to make Dickey Rural Telephone Mutual Aid Corporation the first organization of its kind in the state.

Seventy-four years later and setbacks due to ice storms, fire damage to headquarters, and supply shortages, we are preparing to celebrate next year all the accomplishments your cooperative has made. We are planning events throughout the service territory to celebrate this milestone.

The longevity of this cooperative can be credited to the fact we continue to use our assets to capitalize our organization and network. We continue to make Network upgrades to improve the reliability of service

provided to our members. Over the past year, we continued to upgrade our 100 Gig network to 400 Gig which will reduce operating expenses and provide the necessary bandwidth demands well into the future. Our goal is always to provide the best connection whether you are working from home, a student studying for a test or trying to order parts online or bidding on equipment, land, or livestock.

As a cooperative, we are proud to operate for the benefit of our members. **This year, we are pleased to announce a significant allocation of capital credits of over \$9.9 million.** We have worked diligently to ensure the financial health of our cooperative, and as a result, we are able to distribute these credits back to you, our valued members.



In addition to capital credits, we are also pleased to declare dividend payouts of \$3.4 million, reflecting our strong financial performance and commitment to returning value to our members.

As we look to the future, diversification remains a key part of our strategy. We have seen significant growth in our non-regulated revenue streams. Our Engineering services, Competitive Local Exchange Carrier (CLEC) operations, and Managed Service Provider (MSP) offerings have all contributed to our financial strength.

These non-regulated revenues are vital in supporting our core mission while also allowing us to explore new opportunities and mitigate risks. By expanding our services beyond traditional broadband, we are creating a more resilient and dynamic cooperative, one that is well-positioned to thrive in an increasingly competitive environment and uncertain regulatory environment.

As we work together for the betterment of your broadband cooperative, we also work for progress in our communities. We are proud to support our communities with donations to non-profit organizations, volunteering, youth programs and by being active participants in local events and organizations.

Purchasing service from a cooperative means that you are an invested owner, and you have a voice through a Board that you elect. By participating in the Annual Meeting, you can exercise your right to elect the board members who set the direction for the Cooperative. These Board members review the financial health of the cooperative and set the future goals and directives of the Cooperative. We encourage all members to attend the Annual Meeting.

**Thank you to our employees
for their commitment to our
cooperative members. We
appreciate our Board of Directors
for their vision and guidance. Most
importantly, we thank you for your
patronage in this cooperative that
values the connections the network
provides, the community we serve
and you the members.**

Kent Schimke
CEO/GM

Ralph Neu
President

Financial REPORT

Welcome to the 74th Annual Meeting of Dickey Rural Telephone Cooperative. It is our pleasure and duty to provide you with the financial statements for 2023.

The Board of Directors met at 12 regular meetings and one special meeting during the past year. In addition to the regularly scheduled monthly meetings, various directors attended state, regional and national meetings vital to the cooperative and rural telecommunication services. All action taken by the Board at their meetings is recorded in the minutes book, which is up to date and open for inspection by cooperative members at the headquarters location in Ellendale, ND.

The balance sheet and operating statement contained in this annual report were prepared from our audited books and recorded by Moss Adams, LLP. These reports, along with our statistical information and data, will give you a detailed presentation of the present financial condition of the company as well as how it did during the past year.



\$41,068,327 Total Revenues
From 2023

Net Margins



\$9,121,811 a decrease
of \$64,336 from 2022.

Increase in Revenue came from higher sales from security, engineering, and an increase in Internet subscribers.



\$1,759,357 from the
previous year.

In 2023, the company invested **\$11,057,494** in various plant upgrades throughout the service area.

Decrease in Net Margins came from higher operating expenses and \$972,393 less in realized investment income.



\$3,451,060 Capital Credits
Paid Out in 2023

General retirements paid in 2023=\$2,999,643.59 • Estate retirements in 2023=\$451,417.38

\$46,332,260

Total refunded capital credits since 1995.

In the past, DRTC has invested in several businesses that have shown to be profitable to the company which continued in 2023.

- Dakota Carrier Network (DCN) realized a profit of \$615,971 for our share and returned \$242,464 of our original capital investment.
- Verizon Wireless Partnership paid a dividend of \$1,292,732 for our share of the distribution.
- Our share of North Dakota Long Distance (NOLD) paid a distribution of \$40,000.

We are pleased to report yet another year of solid financial performance. In closing, we thank you, the members, for your patronage and for attending our 74th Annual Meeting.

Arden Falk
Secretary/Treasurer

Troy Radermacher
CFO

Independent Auditor's REPORT

Report on the Financial Statements

We have audited the consolidated financial statements of Dickey Rural Telephone Cooperative and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dickey Rural Telephone Cooperative and Subsidiaries as of December 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.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dickey Rural Telephone Cooperative and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the 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 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.

Moss Adams LLP

Spokane, Washington

April 18, 2024

Consolidated BALANCE SHEET

| | 2023 | 2022 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 16,077,792 | \$ 22,996,649 |
| Investments in certificates of deposit | 17,503,880 | 6,817,737 |
| Subscriber accounts receivable, net of allowance for doubtful accounts of \$23,377 in 2023 and \$12,110 in 2022 | 526,842 | 542,066 |
| Settlement and access accounts receivable | 990,802 | 983,188 |
| Note receivable, current portion | 56,466 | 55,076 |
| Income tax receivable | 528,048 | 522,938 |
| Other accounts receivable | 886,285 | 193,738 |
| Materials and supplies | 2,435,697 | 3,003,389 |
| Other current assets | 634,816 | 959,435 |
| Total current assets | <u>39,640,628</u> | <u>36,074,216</u> |
| NONCURRENT ASSETS | | |
| Investment in affiliates | 6,815,024 | 6,450,692 |
| Investment in nonaffiliates | 1,825,527 | 1,938,304 |
| Investments in certificates of deposit | 1,500,000 | - |
| Goodwill, net | 325,655 | 535,030 |
| Note receivable, less current portion | 1,145,316 | 1,201,864 |
| Other noncurrent assets | 602,888 | 774,497 |
| Total noncurrent assets | <u>12,214,410</u> | <u>10,900,387</u> |
| PROPERTY, PLANT, AND EQUIPMENT | | |
| Regulated telecommunications plant in service | 103,416,853 | 100,382,556 |
| Regulated telecommunications plant under construction | 6,409,890 | 1,386,982 |
| Nonregulated plant in service | 30,194,478 | 26,751,768 |
| Nonregulated plant under construction | 1,276,581 | 1,719,002 |
| Total property, plant, and equipment | 141,297,802 | 130,240,308 |
| Less accumulated depreciation and amortization | <u>83,124,338</u> | <u>77,325,761</u> |
| Property, plant, and equipment, net | <u>58,173,464</u> | <u>52,914,547</u> |
| Total assets | <u>\$ 110,028,502</u> | <u>\$ 99,889,150</u> |

| | 2023 | 2022 |
|--|----------------|---------------|
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable, general | \$ 1,944,560 | \$ 1,351,636 |
| Other accrued liabilities | 881,732 | 856,519 |
| Total current liabilities | 2,826,292 | 2,208,155 |
| NONCURRENT LIABILITIES | | |
| Other deferred credits | 3,795,691 | 268,004 |
| Deferred income tax | 3,607,409 | 3,627,214 |
| Total noncurrent liabilities | 7,403,100 | 3,895,218 |
| MEMBERS' EQUITY | | |
| Total liabilities and members' equity | \$ 110,028,502 | \$ 99,889,150 |



Consolidated STATEMENT OF INCOME

| | 2023 | 2022 |
|-----------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| Wireline | \$ 17,522,806 | \$ 17,822,260 |
| Internet | 6,424,516 | 5,826,817 |
| Television | 4,256,569 | 4,330,759 |
| Managed and IT solutions services | 9,682,387 | 8,377,844 |
| Miscellaneous | 3,182,049 | 2,951,290 |
| | <u>41,068,327</u> | <u>39,308,970</u> |
| Total operating revenues | | |
| OPERATING EXPENSES | | |
| Plant specific operations | 5,496,051 | 5,421,020 |
| Plant nonspecific operations | 448,760 | 380,752 |
| Depreciation and amortization | 4,918,508 | 6,044,573 |
| Customer operations | 1,583,064 | 1,543,050 |
| Corporate operations | 2,453,341 | 2,315,503 |
| Other operating taxes | 80,609 | 70,422 |
| Nonregulated | 19,921,205 | 17,882,198 |
| | <u>34,901,538</u> | <u>33,657,518</u> |
| Total operating expenses | | |
| Net operating margins | <u>6,166,789</u> | <u>5,651,452</u> |
| OTHER INCOME (EXPENSE) | | |
| Interest and dividend income | 2,148,061 | 1,764,926 |
| Investment income | 421,757 | 1,394,150 |
| Other nonoperating expense | (257,556) | (322,822) |
| Loss on disposal of assets | (23,792) | (4,494) |
| Income from affiliates | 646,796 | 692,883 |
| | <u>2,935,266</u> | <u>3,524,643</u> |
| Total other income | | |
| Margins before income taxes | 9,102,055 | 9,176,095 |
| INCOME TAX BENEFIT | <u>(19,756)</u> | <u>(10,052)</u> |
| Net margins | <u>\$ 9,121,811</u> | <u>\$ 9,186,147</u> |

Meet our Team



Kaden Anderson
Technical Support Analyst



Travis Anliker
Technical Solutions Supervisor



David Belegarde
Sales Account Associate



Sonja Bommersbach
Human Resource Manager



Kaylee Brummund
Customer Care Specialist



Garrett Byerley
Network Analyst



Chad Chapin
Outside Network Operations Specialist



Kevin Ellis
Managed Security Analyst



Samuel Engel
Technical Support Analyst



Terry Engel
Accountant



Kelly Fischer
Network Analyst



Jeff Goehring
Inside Network Operations Specialist



Brent Grueneich
Facilities Maintenance Technician



Crystal Grueneich
Accountant



Janell Hauck
Marketing Manager



Brent Haugen
Network Analyst



JoDel Henningsen
Customer Care Specialist



Pamela Henningsen
Sales Account Associate



Jacob Herman
Technical Support Analyst Supervisor



Brandon Huber
Managed Security Analyst



James Jenkins
Outside Network Operations Specialist



Taydem Johnson
Technical Support Analyst



Tyson Johnson
Outside Network Operations Specialist



Charles Kingzett
Inside Network Operations Specialist



Jon Langeliers
Outside Network Operations Specialist



Bill Lewis
Network Assistant



David Malsam
Network Analyst



Andrew Meyer
Managed IT Solutions Supervisor



Robert Meyer
Network Services Assistant



Nathan Michaelson
Network Analyst



Donnah Mosley
Inside Network Operations Specialist



Mason Molan
Technical Support Analyst



Kari Nishek
Business Intelligence Manager



Haylee O'Brien
Business Development Specialist



Maya Orwig
Customer Care Specialist



Mike Ost
Safety/Facilities/Transportation Supervisor



Jennifer Peterson
Executive Assistant



Michele Peterson
Integrated Systems Specialist



Troy Radermacher
CFO



Jason Rall
Outside Network Operations Specialist



Richard Reis
Network Analyst



Dean Rithmiller
Outside Network Operations Specialist



Bobbi Jo Salberg
Technical Support Analyst



Jaden Santjer
IT Administrative Assistant



Cole Saylor
Outside Network Operations Specialist



Kent Schimke
CEO/General Manager



Michelle Schroeder
Marketing Specialist



Beth Stephenson
Customer Care Specialist



Darwin Swartz
Outside Network Operations Specialist



Vernon Swartz
Outside Network Operations Specialist



Kimberly Taylor
Accountant



Matthew Thorpe
Outside Network Operations Specialist



Sue Urlacher
Accountant



Elizabeth Watson
Inside Network Operations Specialist



Michael Wegehaupt
Network Analyst



Jake Wiebe
Marketing Specialist



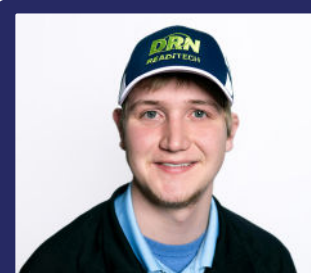
Lori Young
Accountant



Patrick Young
Outside Network Operations Specialist



Scott Young
Managed Security Analyst Supervisor



Tyler Zahn
Network Assistant



Russ Zinter
Inside Network Operations Specialist

EMPLOYEE SERVICE AWARDS

25 YEARS

JoDel Henningsen

20 YEARS

Vernon Swartz
Darwin Swartz
Jason Rall
Patrick Young
Lori Young

10 YEARS

Jacob Herman

5 YEARS

Bobbi Jo Salberg
Kelly Fischer
Bob Meyer
Maya Orwig
Terry Engel
James Jenkins
David Belgarde
Tyler Zahn



74TH DRN ANNUAL MEETING

Ellendale School Gym

Thursday, October 17

4:45 p.m. Registration & Meal

6 p.m. Meeting

PROVIDING A BETTER *Connection.*

