

2020



**Delivering
State-of-the-Art
Communication**

ANNUAL REPORT
for business conducted in 2019

Minutes

OF THE ANNUAL MEETING OF NORTHWEST COMMUNICATIONS COOPERATIVE

The 2019 Annual Meeting of the members of the **Northwest Communications Cooperative** was held in **Ray, ND** on Tuesday, June 18, 2019. The Annual Meeting was attended by 533 people, including 245 voting members. From time to time, prizes donated by merchants or the Cooperative were awarded to the members through drawings.

CALL TO ORDER

The meeting was called to order at 6:30 p.m. by President **AJ Cvancara**. President Cvancara declared that a quorum was present and proper notice of the annual meeting had been given in accordance with the by-laws of the Cooperative. He introduced **Stuart Dolan**, local Ray Co-Op member, who provided the invocation. He also welcomed **DMJ**, who sang the national anthem.

PRESENTATION OF MINUTES OF 2018 ANNUAL MEETING

President Cvancara drew attention to the 2018 Annual Meeting Minutes contained in the Annual Report booklet.

MOTION: Duly made, seconded and unanimously carried to dispense with the reading of the Minutes of the June 19, 2018 Annual Meeting, and approve the Minutes as printed in the 2019 Annual Report booklet pages 13 & 14.

ATTORNEY'S REPORT

Jennifer Gjovig, Legal Counsel, reported on By-Law Changes made in the last year. Printed copies of these changes were made available to the membership.

ELECTION OF DIRECTORS

Roger Manger, Secretary/Treasurer, reported on the Certificate of Director Nominations, verifying that the following members were nominated by

petition for three-year terms as directors:

District 5: Powers Lake, Columbus Exchange:
Leslie Grubb – Candidate

District 6: Tioga Exchange:
Lorena Lambrect – Incumbent Candidate

INTRODUCTION OF CANDIDATES AND ELECTION

President Cvancara indicated that the By-Laws of NCC require that candidates for election as directors must be nominated by petition. He noted that, as Secretary Roger Manger had reported, the following candidates had been nominated:

District 5: Powers Lake, Columbus Exchange:
Leslie Grubb – Candidate

District 6: Tioga Exchange:
Lorena Lambrect – Incumbent Candidate

President Cvancara referred the members to the biographical profile for each of the candidates in the Annual Report booklet. He explained that the by-laws of the Cooperative require that candidates for election as directors be nominated only by petition and that the parties identified by Secretary/Treasurer Roger Manger had been so nominated. Because there was no contest for District 5, or District 6 director positions, he entertained a motion to allow Secretary/Treasurer Manger to cast a unanimous ballot for the candidates:

MOTION: Duly made, seconded and unanimously carried that Secretary/Treasurer Manger cast a unanimous ballot for Leslie Grubb for Director of District 5 and Lorena Lambrecht for Director of District 6.

SERVICE AWARD

Former Director **Elda Titus** was then called forward and presented with a plaque in recognition of her loyal and dedicated 36 years of service on the NCC Board.

FINANCIAL REPORT

President Cvancara called on **Chris Skidmore**, Auditor from **Moss Adams**, to present his report on the financial status of NCC. Mr. Skidmore directed the members' attention to the report in the Annual Report booklet and presented regarding the same.

MOTION: Duly made, seconded and unanimously carried to accept and approve the financial report.

INTRODUCTIONS

President Cvancara introduced the Directors and their spouses and Attorney Gjovig. President Cvancara also introduced some of the Cooperative's past directors, retired employees and special guests who were present.

PRESIDENT'S REPORT AND GM/CEO INTRODUCTION

After thanking **Stuart Dolan** for the invocation, the attendees for attending the meeting, DMJ for providing the entertainment and National Anthem, **Chris Skidmore** of Moss Adams for providing the Auditor's Report, **Ray Fire Department** for helping with clean up efforts, Ray FFA students for providing childcare, **Ronda Rustad** and **Hazil Hobson** for assistance with Kidzone, **Amanda Magnuson** for acting as the event's photographer, Thoreson's for preparation of the meal and NCC's employees for all of their hard work for the annual meeting and throughout the year. President Cvancara called the members' attention to the combined President and General Manager's Report in the Annual Report booklet and introduced GM/CEO **Jeremy Becker**.

GENERAL MANAGER'S REPORT

GM/CEO Becker drew attention to the joint General Manager and Board President's Report in the Annual Report booklet and offered comments regarding the following points: (1) operating under budget; (2) updates on the fiber to the home project; (3) updates on NCC's products and services; (3) a political update; (4) BAND, Broadband Association of North Dakota (previously known as NDATC, North Dakota Association of Telecommunication Cooperatives); and (5) thanks to employees, directors and members.

UNFINISHED BUSINESS

President Cvancara called for unfinished business.

NEW BUSINESS

President Cvancara called for new business.

ADJOURNMENT

President Cvancara then announced that an organizational meeting of the Directors would follow the annual meeting. Following the completion of the Agenda, President Cvancara called for a motion to adjourn the meeting. President Cvancara announced that the Directors, General Manager, attorney and employees would be available after the meeting to answer any questions.

MOTION: Duly made, seconded and unanimously carried that the meeting adjourn.

Respectfully submitted,
ROGER MANGER, Secretary

ATTEST:
AJ CVANCARA, President

Board of Directors



ROGER MANGER
Secretary/Treasurer, District 1
Marmon, Round Prairie & Grenora



TROY DONNELLY
District 2
Ray & Epping



AJ CVANCARA
President, District 3
Wildrose, McGregor, Noonan, & Alamo



NATHAN JEPSEN
District 4
Bowbells, Flaxton, & Lignite



LESLIE GRUBB
District 5
Powers Lake & Columbus



LORENA LAMBRECHT
Vice President, District 6
Tioga



JIM SIMONSON
District 7
Crosby



JENNIFER GJOVIG
Attorney

President and Manager's Report



Jeremy Becker
General Manager/CEO



AJ Cvancara
President

NCC's Annual Meeting is one of the highlights of every year as we enjoy interacting with the NCC membership and providing reports on the state of your communications cooperative. With the health and safety of our membership and employees in mind we were forced to make a hard decision in postponing our 69th Annual Meeting until 2021. During this time NCC has been busy behind the scenes ensuring our businesses, students and families have access to the communication services necessary to your everyday lives and the new normal brought on by COVID-19. We remain hopeful and look forward to a traditional Annual Meeting on June 15th, 2021.

MAKING CONNECTIONS

NCC has long-lived the theme of "Making Connections". We find the theme to be simple and precise, yet somewhat fluid in its definition. NCC

was formed in 1951 to bring reliable and affordable telephone services to northwest North Dakota that otherwise wouldn't be here. Since then we have been focused on keeping our members connected while they operate businesses or communicate with friends and family. As the years have come and gone our commitment has never changed. However, the definition of making connections has continuously changed from telephone to TV, internet, and email; and through many different media such as copper cable, coax cable, wireless and more recently fiber optic cable. The year 2019 was no exception to our commitment in keeping our members connected.

A YEAR TO CELEBRATE

In 2019 NCC completed the underground fiber placement of our 10-year fiber to the premise plan. We also completed all member cutovers in August of 2020 becoming a 100% fiber optic telecommunications cooperative. This is an unprecedented milestone in NCC's history and one that will serve our members well into the future. We continue to work on retiring and removing the copper assets, such as aerial cable and pedestals as the seasons allow.

NCC recorded revenues from operations of over \$20 million with a total Net Margin of over \$4.3 million. We remain good stewards of our RUS loan, ending 2019 approximately \$10 million below budget on funds drawn from our \$40 million RUS loan approval. NCC's total plant investments over the past 6 years total approximately \$61 million.

Internet demand continued its year-over-year trend with a 31% increase in 2019. This steady surge in internet demand further supports the investments made in NCC's network. For the first time in NCC history the number of internet subscribers surpassed the number of telephone subscribers.

REGULATIONS

Providing reliable and affordable communications services to Rural America is our purpose and is made possible by our membership and the Universal Service Fund, which is administered by the Federal Communication Commission (FCC). We are directly impacted by the decision of the Commission and communication with the FCC is vital to our continued success. We remain committed to staying involved on a local, state and national level by supporting our state and national delegates, The Broadband Association of North Dakota (BAND) and NTCA.

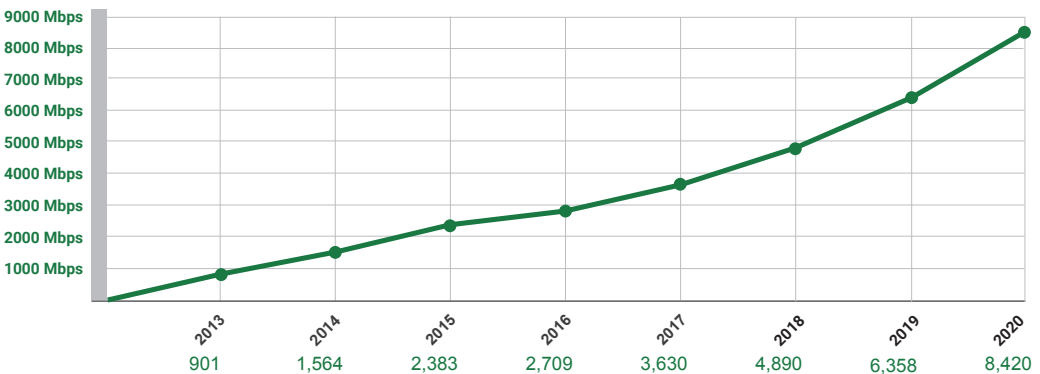
We continuously search for ways to control our TV costs as content costs increase. Contracts with local and national content providers will expire at the end of 2020 and we anticipate the per subscriber fee in the renewal contract to increase considerably forcing another price increase in 2021. Please know that we are doing everything possible to negotiate favorable pricing to help control these annual increases.

CLOSING

One of NCC's proudest accomplishments as a cooperative is being able to give back to the communities we serve. I'm pleased to report that NCC was able to commit nearly \$55,000 worth of donations, sponsorships and scholarships in 2019.

Keeping our members "connected" and being the premiere communications provider of NW ND has always been our purpose and it always will be. We would like to thank all of our members for making this possible with your investments in your local cooperative. I would also like to thank the NCC Board of Directors and our fine employees for their dedication to our success.

Average Total Internet Demand by All Subscribers



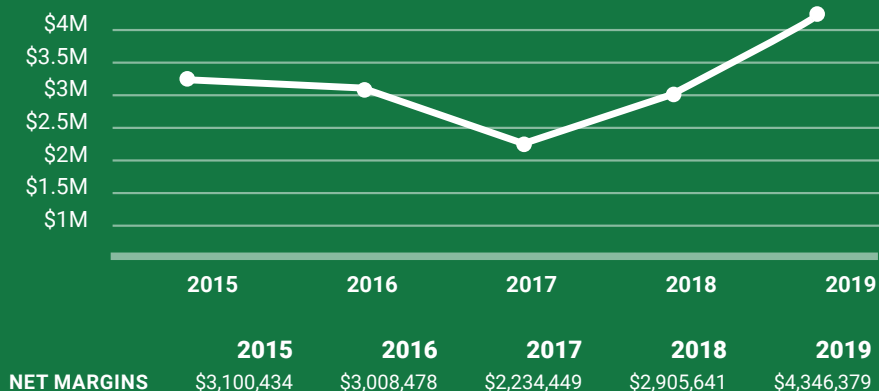
Balance Sheet

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$7,106,904	\$3,741,986
Subscriber Accounts Receivable (net of allowance for doubtful accounts of \$42,195 in 2019 and \$63,354 in 2018)	\$126,559	\$90,559
Settlement and access Accounts Receivable (net of allowance for doubtful accounts of \$131,107 in both 2019 and 2018)	\$997,832	\$922,243
Other Accounts Receivable	\$35,821	\$734,948
Notes Receivable, Current Portion	\$45,903	\$50,000
Income Tax Receivable	\$6,615	\$774
Materials and Supplies	\$574,878	\$934,939
Other Current Assets	\$186,580	\$161,922
Total Current Assets	\$9,081,092	\$6,637,371
NON-CURRENT ASSETS:		
Investment in Affiliates	\$5,563,483	\$5,308,559
Investments in Nonaffiliates	\$676,814	\$670,694
Notes Receivable, Long-Term Portion	\$58,167	\$104,277
Intangible Assets	\$35,994	-
Total Investments and Non-Current Assets	\$6,334,458	\$6,083,530
PROPERTY, PLANT & EQUIPMENT:		
Regulated Telecommunications Plant in Service	\$85,601,204	\$78,720,715
Regulated Telecommunications Plant under construction	\$4,239,844	\$8,210,435
Nonregulated Plant in Service	\$12,811,774	\$12,689,999
Less Accumulated Depreciation and Amortization	\$102,652,822 \$43,171,726	\$99,621,149 \$41,654,331
Net property, Plant, and Equipment	\$59,481,096	\$57,966,818
Total Assets:	\$74,896,646	\$70,687,719
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES:		
Accounts Payable, General	\$533,674	\$1,286,373
Advance Billing and Customer Deposits	\$24,927	\$25,473
Current Maturities of Long-Term Debt	\$1,755,627	\$1,451,397
Current Maturities of Capital Lease Obligations	\$94,513	\$159,886
Other Accrued Liabilities	\$246,325	\$226,683
Total Current Liabilities	\$2,655,066	\$3,149,812
NONCURRENT LIABILITIES:		
Obligations under Capital Leases, net of Current Maturities	\$11,647	\$106,159
LONG-TERM DEBT, net of current maturities	\$31,165,599	\$30,453,561
Total Non Current Liabilities	\$31,177,246	\$30,559,720
Member's Equity	\$ 41,064,334	\$ 36,978,187
Total Liabilities & Equity:	\$74,896,646	\$70,687,719

Operating Statement

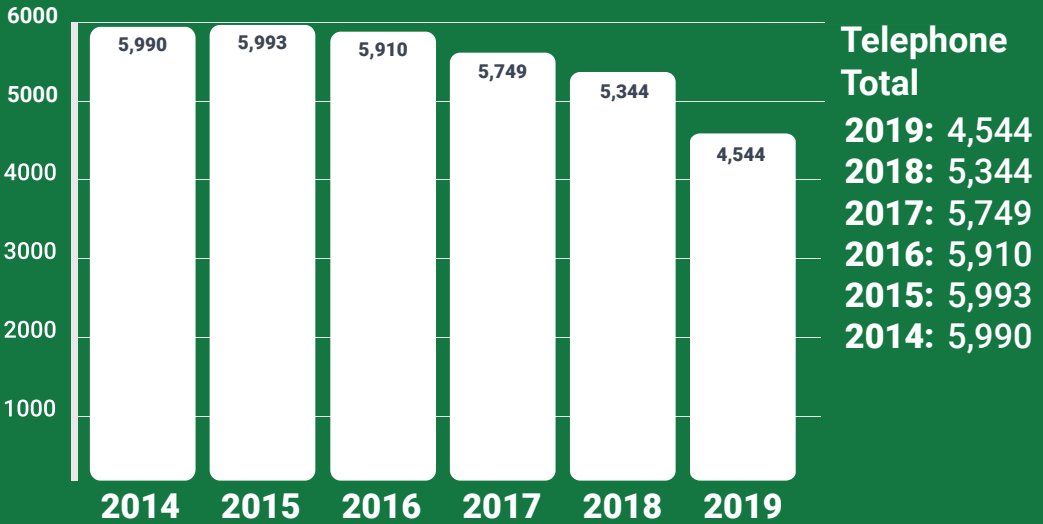
	2019	2018
OPERATING REVENUES:		
Wireline	\$12,147,904	\$9,646,433
Internet	\$3,655,999	\$3,042,829
Video	\$2,207,479	\$2,056,368
Miscellaneous	\$2,252,866	\$2,159,007
Total Operating Revenues	\$20,264,248	\$16,904,647
OPERATING EXPENSES:		
Plant-Specific Operations	\$2,200,546	\$2,207,295
Plant-Nonspecific Operations	\$925,914	\$628,710
Depreciation and Amortization	\$4,979,836	\$4,040,337
Customer Operations	\$589,395	\$647,405
Corporate Operations	\$1,971,346	\$1,974,882
Other Operating Taxes	\$52,719	\$52,979
Nonregulated	\$5,925,387	\$5,351,139
Total Operating Expenses	\$16,645,143	\$14,902,747
Net Operating Margins:	\$3,619,105	2,001,900
Non Operating Revenue (Expense):		
Interest and Dividend Income	\$527,034	\$450,924
Interest Expense	\$(834,700)	\$(696,724)
Allowance for funds used during construction (AFUDC)	\$119,111	\$171,354
Income from Affiliates	\$950,342	\$984,925
Other Nonoperating Expense	\$(20,771)	\$(1,463)
Total Non Operating Revenue	\$741,016	\$909,016
Income Tax (Expense):	\$13,742	\$5,275
Net Margins	\$4,346,379	\$2,905,641

Net Margins

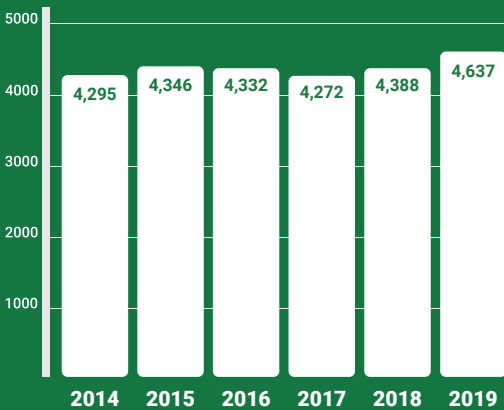


Subscribers

Telephone Access Lines



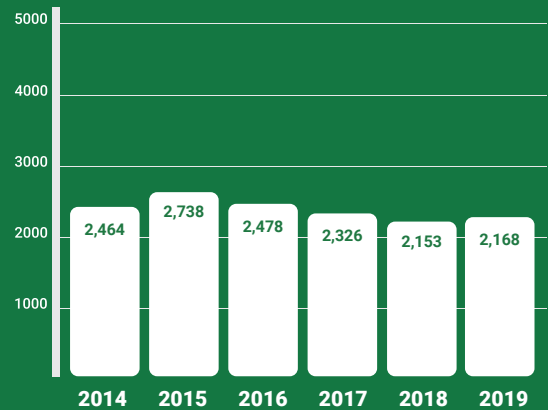
Internet



Internet Totals

2019: 4,637 2016: 4,332
 2018: 4,388 2015: 4,346
 2017: 4,272 2014: 4,295

Video



Video Totals

2019: 2,168 2016: 2,478
 2018: 2,153 2015: 2,738
 2017: 2,326 2014: 2,464

*Numbers are taken from December of each respective year

Our Team

MAGGIE ALBRECHT
Customer Sales & Service Rep



JEREMY BECKER
GM/CEO



BRYAN BENSON
Communication Specialist



TARYN BERGSTROM
HR Manager



JEN BINGMAN
CFO



SAM BONTRAGER
Construction Utility Tech



BRYAN DAVIS
Communication Specialist



DINA EDWARDS
Operations Assistant



ZACH ESSLER
Communication Specialist



TONY FOWLER
Communication Specialist



JOHN HALSETH
Construction Utility Tech



JAYME HEIER
Customer Sales & Service Rep



KELLY HEIER
Network Supervisor



JASON HILL
Construction Supervisor



STEVE HOBSON
Communication Specialist



STEPHANIE HODENFIELD
Office Support



JAMIE HOLMEN
Network Specialis



RICHEY HOPKINS
Construction Utility Tech



SHELDON JOHNSON
Communication Specialist



SARAH KNOX
Accountant



ANGIE KUPPER
Customer Sales & Service Rep



LINDA MAGNUSON
Custodian/Part-time Office



JON MOBERG
Construction Utility Tech



COURTNEY OLSON
Customer Service Supervisor



KORY OLSON
Network Specialist



RYAN OLSON
Outside Plant Supervisor



CLINT PERDUE
Communications Specialist



AXCEL PRINE
Construction Utility Tech



BOB REOPELLE
Communications Specialist



JEFF ROBILLARD
Network Specialist



DEAN RUSTAD
COO



ANGELA SCHEPP
CMO



Our Team

GLEN SEVERSON
Construction Utility Tech



SHERI TORGERSON
Customer Sales & Service Rep



GARTH VAAGENE
Engineer



KAYTLIN VEJTASA
Internet Technician



TERRANCE VETTLESON
Communications Specialist



LACEY VIALI
Assistant Engineer



TODD WATTERUD
Engineering Manager



TANYA WEFLER
Accountant



BLANE ZELENY
Communications Specialist



JILENE ZERR
Executive Assistant



TRAVIS ZIEBARTH
Network Specialist



It is the mission of Northwest Communications Cooperative to be the premier provider of communications services in northwest North Dakota.

Home grown.
Locally committed.

2020 Arthur S. Johnson Scholarship Winners

DANIKA KNOX

Ray High School



ADDYSON ERIKSMOEN

Divide County High School



BRITTNEY KUKLIS

Burke Central High School



SAMANTHA LEDAHL

Grenora Public School



2020 Kenneth Lund Jr. Scholarship Winners

(Due to no applicants for the 2020 Kenneth Lund Jr. Scholarships, both scholarships went to Arthur S. Johnson Scholarship applicants.)

KADEN PEDERSON

Tioga High School



ETHAN BAKKEN

Burke Central High School



Thank You

At NCC, we believe that community is all about making your home a better place.

Whether it's by volunteering at local events or providing families with high-speed Internet in the midst of a pandemic, we are proud to invest in the communities that invest in us.

"When you have organizations within the community, such as NCC, that are willing to put some of their resources back into the community, it just helps sustain the current numbers and helps with growth as well," said NCC General Manager Jeremy Becker. *"Without communities, there would be no NCC."*

Thank you for being part of the NCC community



IT'S HERE—NCC VIDEO STREAMING TV

SAY HELLO TO

- Streaming LOCAL channels
- No more worries about the “input” button
- FREE features like HD, DVR and Restart/Replay TV
- Thousands of programs on Video-on-Demand



FREE internet upgrade when you sign up today at: nccray.com/NCC-VIDEO

Some restrictions apply, call for details. Limited time offer. Free internet upgrade applicable to existing 25 Mbps internet subscribers only and requires a subscription to NCC Video Streaming TV service. *Each network has policy rights regarding where content can be viewed and any additional features available.



111 Railroad Avenue | PO Box 38
Ray, ND 58849

Home grown. **Locally committed.**

Alamo	Marmon
Bowbells	McGregor
Columbus	Noonan
Crosby	Powers Lake
Epping	Ray
Flaxton	Round Prairie
Grenora	Tioga
Lignite	Wildrose