

MAY 2023

Cooperative Report, as reported by CEO, Cheryl Rue

"Good evening and welcome to our 59th Annual Meeting. I want to extend a warm welcome to all members and thank our new members joining us and participating in the Annual Meeting for their first time. We have 478 registered members participating in the Annual Meeting either virtually or by the call-in option. The virtual Annual Meeting has given us the opportunity to reach a broader audience of our membership. As a reminder, those who have joined us virtually or have called in, will receive a \$25 bill credit for an attendance gift on their May 1st billing statement.

Our membership grew by 495 or nearly 6% ending the year 9,285 members strong. In 2022, we ended the year with 15,075 revenue generating units of which there were: 2,852 voice units, 3,582 CATV units and 8,641 Internet units. Due to the shift from traditional CATV to video streaming, we have seen over a 5% decline in CATV subscribers. As people migrate to other platforms to view their video content, the growth in Internet subscribers has grown by 621 or 7.7%. Over the years we have seen CATV programming prices continually rise more than the Consumer Price Index. CATV rates for 2023 increased accordingly at \$7 per month to cover the programming costs. Video programming continues to be one of the largest expenses of the cooperative and has grown to over \$4.2 million in fees for the year. These pass-through fees are turned over directly to the video programming companies. TCC is now moving into a streaming CATV platform offering. You will be hearing more on our video streaming through our website and future newsletters. This past year, the bandwidth usage on our Internet backbone increased by 30% with the additional Internet subscribers and streaming-only options of programming including some NFL games. The cooperative has worked hard to ensure all members are enjoying the highest broadband speeds through our fiber optic network. The services we provide are critical to the well-being of our members and their communities. We understand the advantages and opportunities that gigabit broadband speeds and a high-capacity fiber optic network brings to our rural communities.

TCC is expanding into underserved competitive territories with State grants, partnerships and TCC capital. In the spring of 2021, TCC was awarded WIS-PSC Broadband Expansion Grants for expansion into the Town of Drammen in Eau Claire County and Newcomb Valley, near Arcadia in Trempealeau County. Both areas have been completed and we are happy to be serving members in those areas. In the fall of 2021, TCC was awarded WI-PSC-ARPA Expansion Grants for the Town of Naples in Buffalo County and the Town of Alma in Jackson County. Services are currently being connected in the Town of Naples. In the Town of Alma, we are currently building out the network and look forward to providing services to that area as well. In July of 2022, TCC was awarded a WI-PSC Broadband Expansion Grant to connect subscribers in the Town of Pleasant Valley in Eau Claire County. Construction in this area will start in this construction year.

On Friday, December 30th, TCC sold the TCC Business office building to Central Builders Supply of Independence. This was the office on the east side of the original TCC customer service office. Our customer service team has moved back to the west side of the building at the same location. When we originally purchased that portion of the building from Independence State Bank, we had envisioned having a retail presence for computers, televisions, monitoring etc. in addition to being a Verizon Wireless agent. Over time, with the growth of ecommerce, we simply didn't have the scope and scale to be competitive in that retail area and decided to sell the building. We look forward to continuing to serve you in Independence.

Network security is a complicated but important subject. TCC's management has a well-trained staff that takes every preventative measure available to protect the integrity of our network and data. We continue to develop a comprehensive, company-wide plan to manage our cyber risks and ensure our network is resistant to and resilient from cyber attacks. Continuing education of our staff is key in our risk management to guard against new threats. It is imperative that we keep the very lifeline of our business and your services secure.

Reports of scamming and cyber attacks circulate daily. Protect yourself by setting strong passwords and changing them often, keeping your operating system, browser, and anti-virus software up to date to help in guarding yourself against fraudulent activity. Always verify the authenticity of requests from companies or individuals by contacting them directly. Earlier in the video before the meeting, you were given a peek at the new look of our TCC logo. Please stay tuned as we begin to share our Purpose, Mission, and Vision Statement in the upcoming days. On behalf of the board of directors and employees it's an honor and a privilege to serve our membership. If you should have any questions regarding my report or any of our products and services, please do not hesitate to contact me. THANK YOU."



GIG-CAPABLE PROVIDER

TCC Board, Officers, and Staff

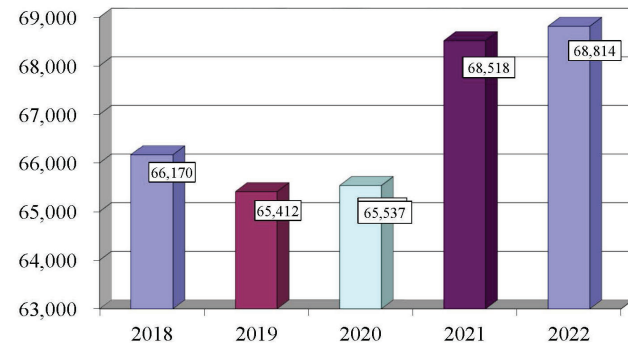
Russ Carlisle, President
Lynn Nelson, Vice President
Robert Baecker, Sec/Treasurer
Tom Goller, Director
Kathy Sieg, Director
Aaron Kidd, Director
Christine Howard, Director

Cheryl Rue, CEO
Buck Webb, COO
Kristen Carroll, CFO
Jon Higley, Business Acct Mgr
Kevin Schroeder, Network Mgr
Matt Sluga, Video Mgr

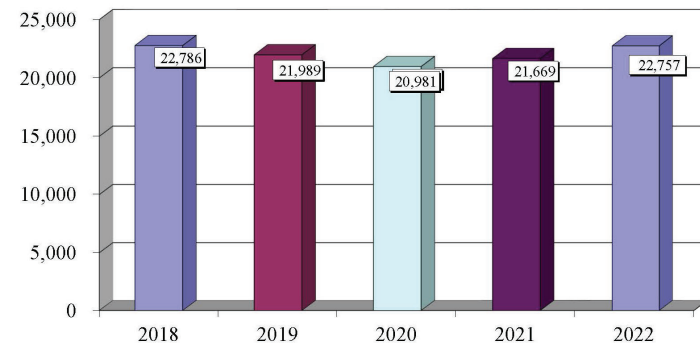
Jeremy Allemann
Gavin Bistodeau
Tess Caturia
Riley Cegielski
Dan Feuling
Chad Fjelstad
Johanna Flores
Ben Gumz
Andrew Hanson
Adam Kohnert
Jay Konsler
Rich Kostner
Cody Moen
Stephanie Monson
Matt Nelson
Jeff Norby
Jennifer Perry
Mary Peterson
Ben Ritter
Jake Runkel
Nick Semingson
Sarah Skoyen
Dan Sluga
Jeff Van Pelt
Kandi Weltzien
Mike Yapp

TRI-COUNTY COMMUNICATIONS COOPERATIVE, INC.
STRUM, WISCONSIN

Gross Plant

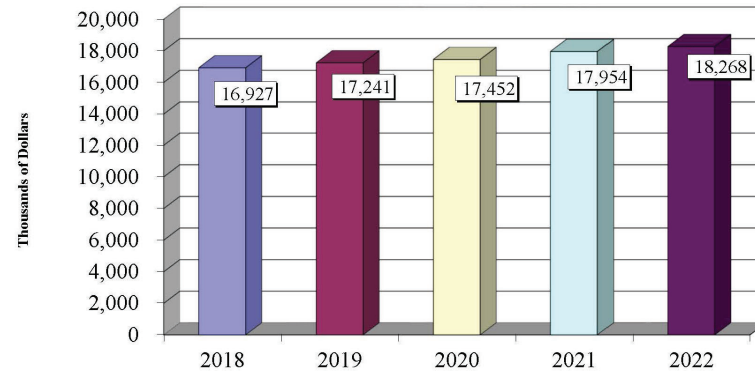


Net Plant

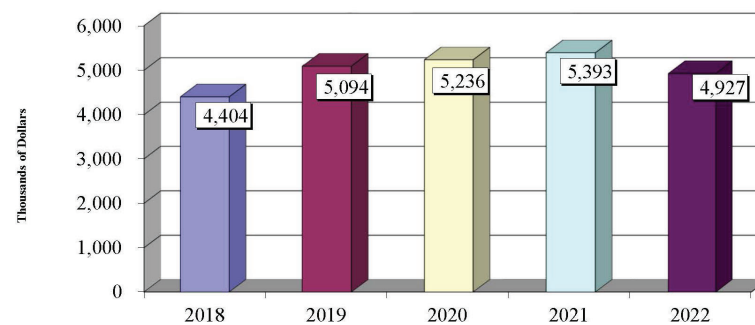


TRI-COUNTY COMMUNICATIONS COOPERATIVE, INC.
STRUM, WISCONSIN

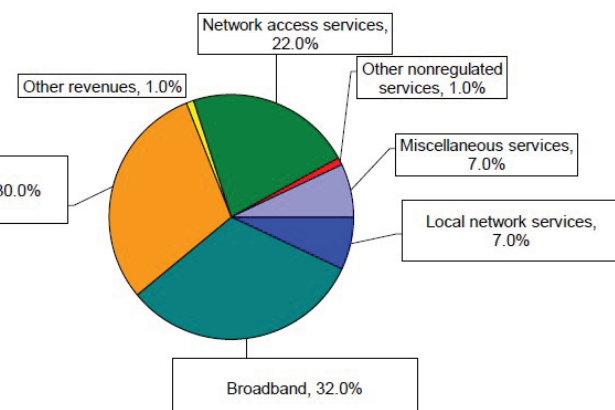
Operating Revenues



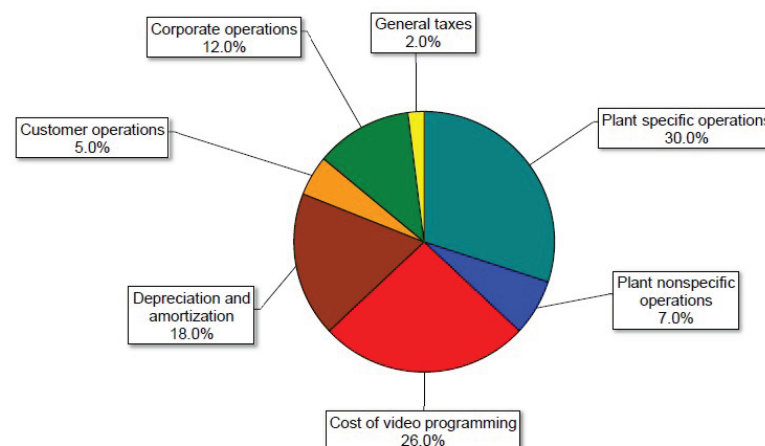
Net Margins



Operating Revenues



Operating Expenses



Office Hours & Locations:

Strum & Independence
Monday - Friday
8:00 a.m. - 4:30 p.m.

tccpro.net 800-831-0610

Strum Office
417 5th Ave North
PO Box 578
Strum, WI 54770

Independence Office
23669 Washington St
Independence, WI 54747

GIG-CAPABLE PROVIDER

SMART RURAL COMMUNITY

TRI-COUNTY COMMUNICATIONS COOPERATIVE, INC.
MINUTES OF THE ANNUAL MEMBERSHIP MEETING

The 58th Annual Membership Meeting of Tri-County Communications Cooperative, Inc. was held on Tuesday, March 29, 2022. The annual member meeting was held electronically via a Perigon webcast platform.

President Russell Carlisle called the meeting to order at 7:00 p.m. and welcomed those in attendance. He declared a quorum had been established, with more than 50 members registered and attending. President Carlisle and Chief Executive Officer Cheryl Rue introduced the directors and candidates for director. The candidates nominated by the Nominating Committee for the (i) Blair/Taylor/Alma Center/Hixton/Merrillan District was Aaron Kidd; and (ii) Galesville/Ettrick/Trempealeau/Centerville District were Carolyn Pederson and Thomas Goller.

President Carlisle called upon Chief Executive Officer Cheryl Rue to present the Meeting Notice and Proof of Mailing. Ms. Rue presented the Meeting Notice and Proof of Mailing Notice. President Carlisle then called for a vote to accept the minutes from the 2021 Annual Meeting. A vote was held lectronically.

Motion carried.

President Carlisle called upon Chief Financial Officer Kristen Carroll for her financial report. Ms. Carroll reviewed the 2021 consolidated financial information for the Cooperative. President Carlisle then called for a vote to accept the financial report. A vote was held electronically. Motion carried.

President Carlisle called upon Chief Executive Officer Cheryl Rue to present the Cooperative Report. Ms. Rue reported on developments at the Cooperative during the past year and provided an update on Cooperative operations and member services. President Carlisle then called for a vote to accept the Cooperative Report. A vote was held electronically. Motion carried.

President Carlisle called upon the Cooperative's legal counsel, Attorney Dustin Von Ruden, to report the results for the director elections. Attorney Von Ruden reported that Aaron Kidd was elected director for the Blair/Taylor/Alma Center/Hixton/Merrillan District, and that Thomas Goller was elected director for the Galesville/Ettrick/Trempealeau/Centerville District. President Carlisle then called for a vote to accept the director election results. A vote was held electronically. Motion carried.

There was no old business.
There was no new business.

Chief Financial Officer Kristen Carroll congratulated the winners of the Cooperative scholarship awards and advised that a roster of the winners would be announced in the Cooperative newsletter.

President Carlisle adjourned the meeting at 7:25 p.m.

Robert Baecker, Secretary

TRI-COUNTY COMMUNICATIONS COOPERATIVE, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$8,109,946	\$11,940,166
Temporary investments	19,044,433	9,793,316
Accounts receivable	1,179,501	584,753
Prepaid income taxes	6,695	7,914
Materials and supplies	982,202	477,136
Prepayments	429,355	416,748
	<u>29,752,132</u>	<u>23,220,033</u>
NONCURRENT ASSETS		
Investments	3,371,093	4,689,492
Deferred income taxes	373,760	273,197
Prepayments	964,412	1,297,822
Right of Use Asset	164,503	0
	<u>4,873,768</u>	<u>6,260,511</u>
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	68,724,318	68,385,131
Less accumulated depreciation	46,056,550	46,848,985
	<u>22,667,768</u>	<u>21,536,146</u>
Plant under construction	89,518	132,608
	<u>22,757,286</u>	<u>21,668,754</u>
TOTAL ASSETS	<u>\$57,383,186</u>	<u>\$51,149,298</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	1,057,782	727,093
Other	382,916	336,528
Deferred revenue	68,849	0
	<u>1,509,547</u>	<u>1,063,621</u>
LONG-TERM DEBT, LESS CURRENT PORTION	0	0
OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS		
Deferred revenue	2,187,617	0
Lease liability	164,503	0
Other	261,894	443,311
	<u>2,614,014</u>	<u>443,311</u>
MEMBERS' EQUITY		
Patronage capital	18,578,534	17,469,490
Accumulated other comprehensive income	(30,354)	(33,114)
Retained earnings	34,711,445	32,205,990
	<u>53,259,625</u>	<u>49,642,366</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$57,383,186</u>	<u>\$51,149,298</u>

TRI-COUNTY COMMUNICATIONS COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Local communication services	\$13,014,718	\$12,627,924
Network access services	3,975,099	4,108,325
Other nonregulated services	165,476	187,819
Miscellaneous services	<u>1,112,418</u>	<u>1,030,323</u>
	<u>18,267,711</u>	<u>17,954,391</u>
OPERATING EXPENSES		
Plant specific operations	4,851,234	4,294,759
Plant nonspecific operations	1,037,268	1,081,244
Cost of video programming and copyrights	4,227,331	4,142,771
Depreciation	2,861,073	2,674,090
Customer operations	752,493	763,490
Corporate operations	1,899,696	1,785,599
General taxes	<u>259,611</u>	<u>292,057</u>
	<u>15,888,706</u>	<u>15,034,010</u>
OPERATING MARGINS	<u>2,379,005</u>	<u>2,920,381</u>
OTHER INCOME (EXPENSE)		
Investment income	240,523	223,379
Cellular partnership distribution	3,514,282	3,014,283
Equity income (loss) in LLC investments	(21,043)	15,397
Interest expense	0	(41,678)
Gain on sale of equipment	14,606	0
Other, net	<u>(246,399)</u>	<u>109,067</u>
	<u>3,501,969</u>	<u>3,320,448</u>
MARGINS BEFORE INCOME TAXES	5,880,974	6,240,829
INCOME TAX EXPENSE	<u>954,256</u>	<u>847,759</u>
NET MARGINS	<u>\$4,926,718</u>	<u>\$5,393,070</u>

