

The logo for CTC, consisting of three horizontal white bars to the left of the letters "CTC" in a bold, white, sans-serif font.The text "2019 Annual Report" written in a white, cursive script font on a red diagonal background.

Executive Message

Typically this message is intended to be a reflection of the past year's events. However, it's nearly impossible to write this message a few months into 2020 without referencing the current situation that we're all facing.

As our personal and professional lives have been upheaved into a state of uncertainty due to COVID-19, we are presented with many unique challenges and an equal number of opportunities. "Necessity is the mother of Invention" has become a common phrase in our office.

Regardless of any change we've made or choices we'll be facing in the future, one thing remains constant. **More and more people are relying on reliable broadband internet.** Whether it's to video chat with their doctor, check in with their teacher, make reservations at their favorite restaurant, call their coworkers, or order hand sanitizer to be shipped to their home... the uses for internet are as varied as the days are long.

Then I wonder... did my predecessors ever imagine this type of demand and need for internet? Regardless of the answer, their foresight has put CTC in a unique position. As an essential service, we are blessed with the responsibility of providing critical internet and phone services.

We make decisions and create partnerships that allow us to reach as many under and unserved areas of the state as possible. In 2019 we were awarded grant funding from USDA's ReConnect program and DEED's Border to Border program, which will help us reach new areas this year. Over 900 more homes and businesses will have access to our fiber internet networks.

Dovetail that with financial support from USDA's Community Connect program and a ground breaking ceremony at the Sylvan Shores Country Club last May to signify the start of that project, we are making significant headway in new areas.

In true cooperative spirit, our continued partnerships with Mille Lacs Energy Cooperative and Arrowhead Electric Cooperative strengthen all of our member opportunities and allow our organizations to grow.

Last year we also moved into a newly remodeled Brainerd office. Now, we wait to move back in again. This time from our remote and sometimes makeshift offices.

As we demonstrate a level of patience and optimism that wouldn't otherwise be expected, we extend our best wishes of health and prosperity to you, our members.

THANK YOU for your continued support!



KRISTI WESTBROCK
CEO/General Manager

Board of Directors

In 2019, CTC continued to connect the community in so many ways. Through volunteer time and financial contributions, CTC has actively supported many local organizations like Smiles for Jake, the YMCA, Brainerd Public Schools, United Way, the Walk for Alzheimer's, and many more. (See page 11 for details.)

CTC has also continued its important mission of providing services to unserved homes and businesses through strategic expansion and securing numerous state and federal grants to help connect people to our fiber network. Today's health crisis and economic situation further underscores how critical it is for people to be connected to fast, reliable internet.

Much of this success is due to our loyal members.

So, we thank you for your continued support!



Kathleen M Kobliska
KATHY KOBLISKA
Chairperson, District One

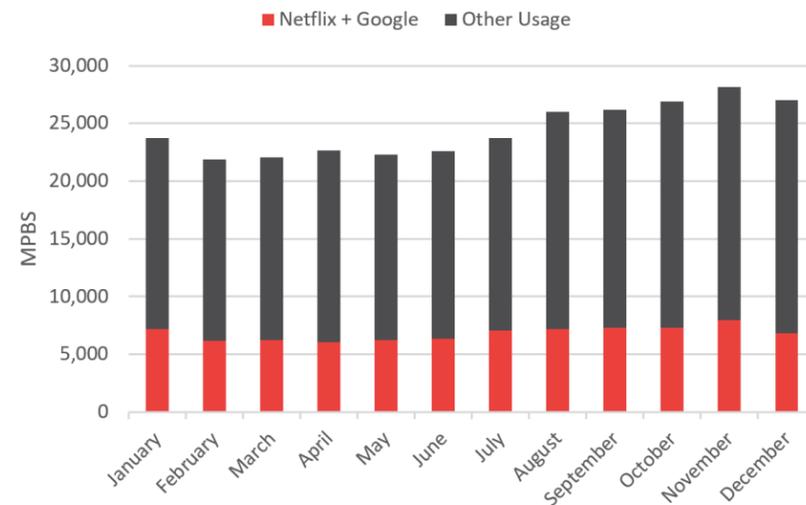


Data & Internet Usage

STATS SPECIFIC TO CTC

Internet Traffic

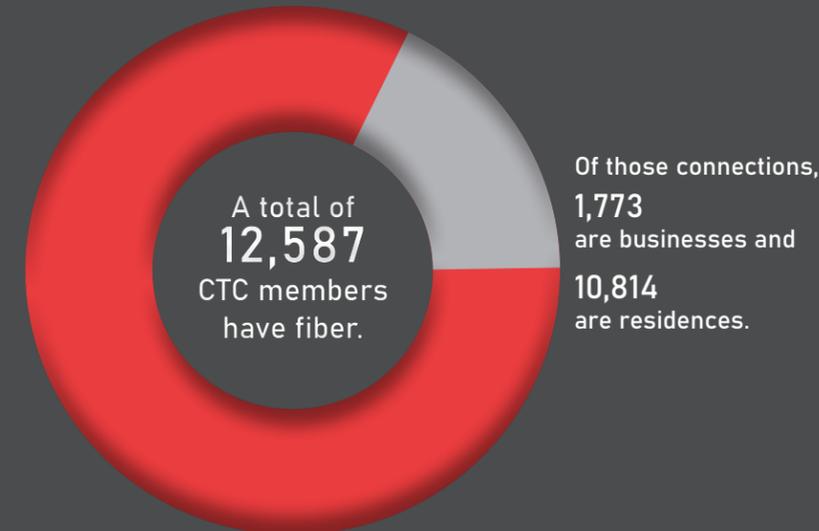
It's no surprise that internet usage has increased every year since its inception. 2019 followed suit as CTC saw a 23.4% increase in activity, as compared to 2018.



Digging a little deeper you'll see that Netflix and Google dominate when it comes to bandwidth usage. Last year, an average of 39% of our monthly internet traffic was derived from this demand (up 2% from 2018). That's why we installed servers that are dedicated to these two platforms.

Fiber is the Future

Residents and businesses rely on fast and reliable internet. Fiber optics – the best technology available – give our members the capacity and speed they need today and well into the future. As that demand continues to grow, CTC's investment and commitment to deliver fiber to our members will continue to grow as well.



200.84

route miles of fiber were constructed last year (bringing our grand total to 3,233 miles!)

815

fiber-to-the-home connections (aka "drops") were installed last year (up 16% from 2018)

INDUSTRY INFO

CTC's traffic mimics that of the national trends. In 2019, the top five most-visited websites in the United States included:

GOOGLE
YOUTUBE
FACEBOOK
AMAZON
YAHOO

51.5% internet use (worldwide) that occurs on a mobile phone

58 minutes time an average adult in the U.S. spends on Facebook every day

3.5 billion number of searches that Google processes every day

TOP 10 topics searched via Google in the U.S. in 2019:

1. Disney Plus
2. Cameron Boyce
3. Nipsey Hussle
4. Hurricane Dorian
5. Antonio Brown
6. Luke Perry
7. Avengers: Endgame
8. Game of Thrones
9. iPhone 11
10. Jussie Smollett

2019 Financial Statements

STATEMENT OF OPERATIONS

Operating Revenues	
Local Network	\$ 4,773,905
Network Access	11,968,576
Broadband Services	7,905,933
Video Services	5,053,903
Long Distance	662,433
Other Nonregulated	1,060,273
Miscellaneous	755,134
Uncollectibles, Net	(66,824)
Total Operating Revenues	\$ 32,113,333
Operating Expenses	
Plant and Maintenance	5,608,103
Depreciation and Amortization	6,659,976
Plant Support	1,558,838
Customer	3,075,863
Corporate	2,465,783
Internet	1,396,066
Video Services	5,008,829
Long Distance	313,058
Other Nonregulated	1,032,575
Operating Taxes	106,660
Total Operating Expenses	\$ 27,225,751
Operating Margins	\$ 4,887,582
Other Income (Expense)	
Dividend and Interest Income	44,570
Equity in Income of LLCs	327,164
Interest Expense	(542,473)
Allowance of Funds Used During Construction	21,804
Miscellaneous, Net	(41,293)
Net Other Income (Expense)	\$ (190,228)
Net Margins	\$ 4,697,354

BALANCE SHEET

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 5,662,705
Cash - RUS Construction Fund	1,249,755
Temporary Cash Investments	507,617
Due from Customers, Net	277,958
Other Accounts Receivable, Net	2,845,968
Current Portion of Notes Receivable	116,767
Materials and Supplies, Net	1,237,585
Prepayments and Other Assets	425,067
Total Current Assets	\$ 12,323,422
Investments and Other Assets	
Investments in Unconsolidated Affiliates	1,152,752
Other Investments	194,984
Deferred Compensation Investments	369,582
Real Estate Investment	894,583
Prefunded Pension Deposit	2,638,392
Notes Receivable	448,470
Prepayments and Other Assets	375,968
Total Investments and Other Assets	\$ 6,074,731
Property, Plant and Equipment	
In Service	119,012,969
Under Construction	580,080
Total	119,593,049
Less Accumulated Depreciation	53,292,177
Net Property, Plant and Equipment	\$ 66,300,872
Total Assets	\$ 84,699,025

LIABILITIES & MEMBER'S EQUITY

Current Liabilities	
Current Portion of Long-Term Debt	\$ 4,897,300
Accounts Payable	2,498,021
Other Accrued Taxes	84,044
Income Taxes Payable	50,441
Deferred Revenue	503,264
Other Accrued Liabilities	911,045
Customer Deposits	39,416
Total Current Liabilities	8,983,531
Long-Term Debt	29,150,959
Other Liabilities	
Accrued Compensated Absences	56,219
Deferred Compensation	369,582
Post Retirement Benefits Other Than Pension	299,613
Deferred Revenue	210,906
Other Credits	300,000
Total Other Liabilities	1,236,320
Members' Equity:	
Memberships	41,150
Patronage Capital	41,828,085
Nonpatronage Capital	3,291,841
Accumulated Deficit of Subsidiary	(448,687)
Accumulated Other Comprehensive Income	615,826
Total Members' Equity	45,328,215
Total Liabilities and Members' Equity	\$ 84,699,025

Community Involvement

Last year, CTC participated in more than 40 events in and around the Brainerd Lakes area. From annual dinners and awards events to parades and golf scrambles, CTC displayed their commitment to the area and industry in a variety of ways. Here are snippets and scenes from a few of those events:

COOPS CONNECT IN LONG PRAIRIE:

In honor of National Cooperatives Month, we partnered with our friends at the Todd-Wadena Electric Coop to host a community gathering at the Lake Charlotte Park in Long Prairie on October 10th. Although the weather wasn't cooperative, our attitudes and visitors were. We also participated in Long Prairie's National Night Out and hosted *Ralph Breaks the Internet* at the Long Prairie Drive-In in August, while celebrating National Coffee Day at Hats Off Coffee in late September.

MID-MINNESOTA BUILDERS ASSOCIATION

CTC, along with other area businesses, were invited to participate in a "fashion show", hosted by the MMBA. As a fundraiser for Lakes Area Habitat for Humanity, our team created a dress, complete with fiber, phone cords, cable signs, and engineering flagging.

CTC AT THE THEATRE

On December 7th, CTC treated area families and staff to a special screening of *Frozen 2*. Everyone was encouraged to bring hats and mittens for the Mid-Minnesota Women's Center. Totes were brimming over and smiles were abundant.

LAURENTIAN CHAMBER

Located in Virginia, the Laurentian Chamber of Commerce hosts a fundraiser each December by inviting area businesses to decorate trees and donate items for their silent auction. The CTC team put on their best elf hats and channeled ample holiday spirit into decorating their six-foot tall blank canvas.

PUMPED UP FOR PARADES

In 2019 our employees and their families were invited to participate in area parades. Candy and waves were plentiful in Nisswa, Crosby-Ironton, Motley, and a few other local communities.

SMILES FOR JAKE

Smiles for Jake is an effort that is near and dear to our hearts. Working to eliminate suicide and provide hope to all that suffer from darkness and despair, this movement spreads positivity through life-affirming actions, listening ears, and the message that everyone should have hope. Learn more at www.smilesforjake.org
#wearealljake #imahighfiver





Connecting the Community

218-454-1234



goctc.com

OUR MISSION:

To empower our members, employees, and communities through exceptional service and life changing technology solutions for a sustainable future.