

PEOPLE, PROGRESS AND PROMISE

2022 ANNUAL MEMBER REPORT



Blackfoot
Communications.



A LETTER FROM

Tom Eggensperger

BOARD PRESIDENT

Greetings,

Welcome to this year's Annual Member Meeting!

We are reminded once again how important it is to meet in person with our families, friends and neighbors. Thank you for joining us.

2022 was a year full of excitement and progress as more of your Cooperative experienced the speed and reliability of fiber internet services. More homes and businesses were connected to fiber in 2022 and with the support of the State of Montana, we are focused on connecting more Cooperative communities to our growing fiber network in the months and years to come.

The team at Blackfoot Communications continued its commitment of support with financial donations and volunteer efforts in your communities. It is an honor to help our local organizations and to provide educational assistance with student scholarships.

I want to express my deep gratitude to Jim Newberg, your District 4 Board Trustee for more than 19 years of service to Blackfoot, who retired in 2023. Jim has been a true advocate for the people of Arlee and Dixon. At the same time, we are thrilled to have Candy Noland-Faroni join the Blackfoot Board of Trustees, to complete Jim's remaining term. Thank you Jim, and welcome Candy!

We are focused more than ever on our mission: Connecting people, businesses and communities. We can't wait to see you in 2023!

Tom Eggensperger
Board President

A LETTER FROM

Jason Williams

CHIEF EXECUTIVE OFFICER

Dear Cooperative Members,

I am delighted to report that Blackfoot Communications had a wonderfully successful year in 2022.

For many of you, our trucks and construction crews were visible in your neighborhoods. These crews are working long hours to complete our fiber network upgrade in your communities. With more than 500 miles of fiber constructed and more than 1,500 connections added in 2022, we are making terrific progress towards our vision of connecting as many Cooperative members as possible to fiber-based broadband internet.

We introduced new services specifically created for small businesses. Ninety-nine percent of businesses in Montana as well as the vast majority of businesses in the Cooperative are small businesses. In 2022, we rolled-out new small business products that deliver reliable broadband internet and voice services that small businesses need to succeed.

We supported our communities like never before in 2022 with more than \$400,000 in donations to local, praiseworthy organizations that benefited our communities in numerous ways. Blackfoot is honored to give back to the communities we serve.

Your Cooperative continues to work for you. As we expand our network and expand our product and service offerings, the number of Cooperative members continues to grow, ensuring Blackfoot will be able to meet your communications needs whatever the future may bring.

It is with your support that we become better every day. Thank you for being a member-owner of Blackfoot Communications.



Jason Williams
CEO





FINANCIAL PERFORMANCE

Summary of Financial Results

Blackfoot Telephone Cooperative, Inc. produced solid financial results in 2022. The Cooperative assets increased by \$19.2M, liabilities grew by \$8.7M and member equity grew to \$127.3M. The Cooperative produced \$12.4M in net income, increased investments in plant assets by \$26.2M and paid \$1.4M in capital credit distributions, \$2.3M in debt payments and increased member equity by \$10.4M.

Blackfoot Financial Performance <i>(in millions)</i>	2021	2022
Assets	\$165.3	\$184.5
Liabilities	\$48.5	\$57.2
Member Equity	\$116.9	\$127.3
Net Income	\$13.7	\$12.4
Plant Assets	\$230.0	\$256.2
Capital Credit Distributions	\$1.3	\$1.4

Letter from the Auditor

We are pleased to inform the members of Blackfoot Telephone Cooperative, Inc. that we have completed the 2022 audit of the cooperative and its subsidiaries. We have issued an unmodified opinion dated February 28, 2023, that states that the audited consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, members’ equity and cash flows for the years then ended, present fairly, in all material respects, the consolidated financial position of the cooperative in conformity with accounting principles generally accepted in the United States of America. The audited financial statements are available at the cooperative office in Missoula for inspection by members of the cooperative.

We also have the responsibility to report on various matters to the Board of Trustees that include any discovery of material errors, irregularities or possible illegal acts. We did not have any such findings in the course of our 2022 audit.

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OUR BOARD OF TRUSTEES REPRESENTS OUR MEMBER-OWNERS

The Board of Trustees is legally responsible to the members of Blackfoot Telephone Cooperative for the organization’s management. Blackfoot’s Board typically meets monthly and employs a CEO who is responsible for the day-to-day management of the organization. All Trustees serve a three-year term. Nomination and election of Trustees occurs at Blackfoot’s Annual Member Meeting. Each Trustee represents one of nine districts that encompass all of Blackfoot’s Cooperative communities.

Welcome Candy Noland-Faroni!

Candy Noland-Faroni was appointed as District 4 Trustee in March 2023, filling a vacancy after longtime Trustee Jim Newberg announced his retirement late last year. District 4 includes Arlee and Dixon.

Blackfoot is excited to welcome Ms. Noland-Faroni to our Board of Trustees. Candy embodies the spirit of the Cooperative with a demonstrated commitment to the community. She is a leader who is team-oriented, seeks solutions, and finds creative ways to meet challenges and get things done. Furthermore, her expertise in finance and cybersecurity makes Candy an asset to Blackfoot.

Ms. Noland-Faroni lives, and raised her family, in Dixon and is the Chief Operation Officer at Valley Banks of Ronan, serving in that role for the past 15 years. She holds a B.S. in Business Administration and a Master of Business Administration with an emphasis on cybersecurity from the University of Montana in Missoula.

Ms. Noland-Faroni was born and raised in Western Montana and is an avid outdoorsman who enjoys fishing, hiking and riding horses. Candy is also committed to service and is active in supporting community events and conservation organizations.

TOM EGGENSBERGER Board President District 8: Noxon, Heron, Thompson Falls, Trout Creek	ROSS ‘BUTCH’ FRIEDE District 2: Drummond, Gold Creek, Hall, Philipsburg
GEOF WILSON Board Vice President District 9: Haugan, De Borgia, Saltese, St. Regis, Superior	LES IVERSON District 3: Avon, Elliston, Potomac, Greenough, Ovando
CINDY LEWIS Board Secretary/Treasurer District 1: Condon, Seeley Lake	STUART MORTON District 5: St. Ignatius, Ravalli
JIM BLUSH District 7: Charlo, Moiese, Plains, Paradise	CANDY NOLAND-FARONI District 4: Arlee, Dixon
	JOHN TEAGUE District 6: Alberton, Alberton South, Alta, Clinton, Powell (ID)

Jim Newberg

OUR EXTENDED GRATITUDE

After more than 19 years, Jim Newberg has stepped down from his role as Board Trustee.

During Jim's tenure, Blackfoot was transformed from a telephone company that offered broadband internet as an "add on" service to being a "fiber first" broadband company. When Jim joined Blackfoot in 2003, DSL was a popular technology that ran over phone lines (at much slower speeds) connecting homes, businesses and communities to the internet. And the number of Blackfoot customers using the internet was around 1,000 users.

Today, Blackfoot has more than 12,000 internet customers and is five years into an ambitious network upgrade project to build fiber to as many locations as possible in the Cooperative. In addition, Blackfoot grew from being solely based in Western Montana to a regional provider under Jim and Blackfoot's other Trustees' leadership. In 2013, Blackfoot acquired a rural broadband provider in Eastern Idaho as well as a Bozeman-based competitive communications provider. These acquisitions were hugely successful in helping propel Blackfoot into the company it is today.

Over the years, Jim sculpted bronzes and sold pieces at the Arlee-based Hanging Art Gallery: The same town he lived in and within the district he represented on behalf of Blackfoot. He also published a book of cartoons he drew, celebrating the lighter side of Missoula Electric Cooperative's challenges with being a lineman in all types of weather. And much like an artist, Jim helped shape the past, present and future of Blackfoot, creating a lasting impact on Arlee, Dixon and throughout the Cooperative.

"On behalf of our Trustees and 15,000 cooperative members, I want to thank Jim for his over 19 years of service to Blackfoot Communications," said Tom Eggersperger, Board President of Blackfoot Telephone Cooperative. "Jim has been a tireless advocate for his neighbors and for the communities within the Cooperative, and he is a respected friend to us all. It has been a great honor working with him and we will continue his legacy into a new and exciting chapter for Blackfoot."





WE ARE YOUR PROUD COMMUNITY PARTNER.

Blackfoot Communications supports our local communities in ways that enrich the lives of our customers, owners and employees. That's why we annually invest in countless programs and initiatives to give back to our communities in ways that matter.

Plus, we empower our employee ambassadors to actively engage in events and causes that make a difference.



AMBASSADOR OF THE YEAR:

Ketty Monzon

CULTURE OF CARING

“As a proud military veteran and a graduate of the University of Montana it was important for me to find a career that aligns with my values of doing meaningful work and giving back to community. Blackfoot hit all the marks for me with their strong stewardship of many important causes including the Montana Repertory Theatre who are producing plays to honor veterans lives and inform audiences.”

Dusty St John
Enterprise Sales Manager since 2012



CULTURE OF CARING

“Growing up, my family supported many non-profits. I'm proud to continue that legacy of giving back at Blackfoot, and I am especially fond of the Foundation for Community Health. They provide many important services including health care grants, scholarships, skin cancer awareness and other educational programs. Plus, I love working at their Annual Safe Kids Fair, it's a great experience for families!”

Allison Varner
Operations Support Assistant since 2017



CULTURE OF CARING

“I'm grateful to have an amazing network of family and friends that I can count on, and I wish that for everybody! I am proud to support the Boys and Girls Club of Missoula County because they help young people and families connect to services, build life skills and make great connections. Plus, the Annual Tutu Trot is a lot of fun.”

Reese Mettler
Customer Operations Supervisor since 2015



CULTURE OF CARING

“I am thrilled to serve as a board member of the Watson Children's Shelter. Blackfoot encourages team members to give our time and talents to organizations that do meaningful work in the communities we serve. It is gratifying to support the Shelter in their mission to provide safety and stability to children and families year round.”

Ann Seltzer
Financial Accountant since 2011



Blackfoot provided **\$408,000** to support community programs including community donations, Board donations and student scholarships, and we contributed to projects and events that enhanced the civic, educational and economic culture of our unique service areas including the August Institute, library grants, the Montana Teacher of the Year award and our rural school programs.

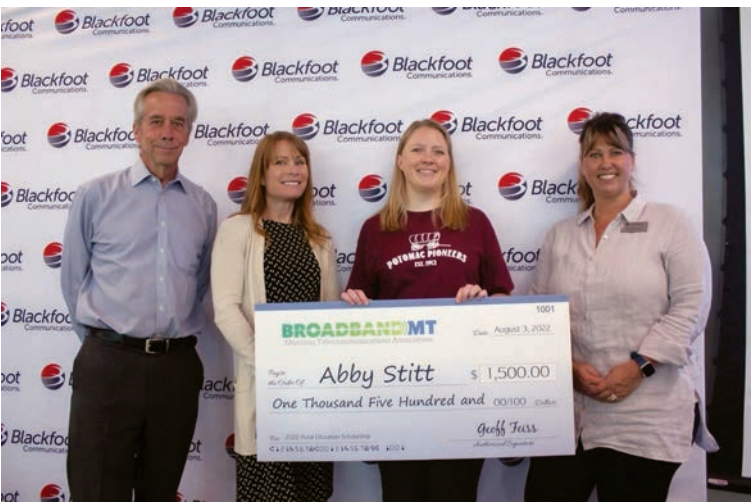


BroadbandMT 2022 Teacher of the Year Scholarship

BroadbandMT and Blackfoot Communications awarded the first ever Rural Teacher Scholarship to Abby Stitt from Potomac Elementary School. The new scholarship is aimed at recruiting and retaining good, quality educators in rural schools.

To help draw educators to schools struggling to hire and retain teachers, each year the members of BroadbandMT (formerly Montana Telecommunications Association) will award one \$1,500 scholarship to a current or incoming educator who commits to teaching for three consecutive years in eligible schools in Montana. The scholarship will renew for two additional years - for a total of \$4,500 over three years for each winning educator.

Blackfoot was also thrilled to match BroadbandMT's scholarship to Abby with another \$1,500 for three years, for a total scholarship value of \$9,000.



Pictured (left to right): Geoffrey Feiss and Charlotte Lauerma, BroadbandMT; Abby Stitt, Teacher of the Year; Kina Kuhn, Blackfoot Communications



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