

A cluster of light blue decorative icons is located in the upper right area. These icons include a smartphone with a heart on its screen, a Wi-Fi signal symbol, and a video game controller, all surrounded by small starburst shapes.

**COOPERATIVE.**  
**COMMUNITIES. CONNECTIONS. NETWORK.**

# **ANNUAL REPORT**

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Prepared for:  
**2022**





# Hello

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Welcome to your annual meeting for your cooperative,  
Dickey Rural Telecommunications Cooperative!

## Our Mission

To furnish high-quality communications to consumers at competitive prices which will ensure long-term viability.

## Our Vision

Provide technology solutions to customers as a link to the world.

## Our Values

Respect  
Accountability  
Dedication  
Stellar Service  
Teamwork



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# Schedule of Events

4:45 PM

### Doors Open

- Registration ●
- Complimentary Meal - South Gym ●
- Musical Entertainment - North Gym ●

6:00 PM

### Meeting Called to Order

- Welcome ●
- Presentation of Colors & Pledge of Allegiance ●
- Invocation ●
- Introduction of Guests ●
- President's Report ●
- GM/CEO Report ●
- Service Awards ●
- Secretary's Report ●
- Financial Report ●
- Unfinished & New Business ●
- Election of Directors & Results ●
- Adjournment ●
- Drawing for Door Prizes ●

# Board of Directors //



**Ralph Neu**  
President | District 7  
*Nelvik & Venturia*



**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



# 2022 Meeting Minutes



**October 20, 2022**

The Seventy Second Annual Meeting of the Members of Dickey Rural Telephone Cooperative was held October 20, 2022 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 21, 2021 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 Neu for District 7, Paul Olson for District 8, and Rod Buck for District 11.

There having been no nominations by petition for District 7, Ralph Neu was unanimously re-elected as director for three (3) years. There having been no nominations by petition for District 8, Paul Olson was unanimously re-elected as director for three (3) years. There having been no nominations by petition for District 11, Rod Buck 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

## ● Your network, your connections, your community...your DRN.

Welcome to your annual meeting for your cooperative, Dickey Rural Telecommunications Cooperative! For 73 years, members have been gathering in October to celebrate National Cooperative Month and to learn more about their local telecommunications company. According to a report by Fortune magazine, in the United States 62% of American companies have an average lifespan of less than five years. In an article titled “A Life Cycle Explanation of Cooperative Longevity published in May 2018, Michael L. Cook indicated the average age of cooperatives in North America is 75 to 90 years old. And here we are knocking on the door of being a 75-year-old cooperative, which will be celebrated in 2025.

The longevity of a cooperative can be credited to the fact cooperatives use their assets to capitalize their organization.

### Your Network

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We continue to make network upgrades to improve the reliability of service provided to our members. We added transport fiber from Kulm to Nelvik for greater redundancy and are currently in the process of adding fiber from Lisbon to Horace for greater redundancy. We have invested in our power systems as upgrades happened in Nelvik, Forbes, Fullerton, Verona, Litchville, Dickey, Kathryn, and Ft. Ransom. The exchanges

of Ellendale, Ashley, Guelph, Fredonia, Forbes, Nelvik, Marion Junction, Jud, Marion, Fullerton, Dickey, Cogswell, and Verona received an upgrade to our subscriber distribution network to enhance speed and quality. Ellendale and Lisbon have been upgraded to allow 10 gig synchronous broadband speed. Plans include upgrading our 100 gig network to 400 gig and beyond in the next 18 months which will reduce operating expenses and provide the necessary bandwidth demands well into the future.

## Your Connections

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We value the importance of connections. It is your cooperative providing the essential connections to keep you connected to current events, family, friends, school, work, games, and entertainment. The better the connection the better the quality of life. DRN connections are second to none and always a step above all the rest. DRN fiber broadband connections are very valuable and important but so are team DRN and DRN member/customer relation connections.

Earlier this year, we initiated a customer satisfaction survey known as Net Promoter Score (NPS). The two-question survey asks customers to rank their experience with DRN on a scale of 1-10 and to provide comments. The NPS survey is emailed to customers after they connect to a new service or initiate a trouble report. The responses will help DRN improve and sustain a viable Cooperative for you, our members. So far, we have had over 300 responses with an NPS of 9.4. According to a web article, “Telecom NPS Benchmarks and CX Treads in 2023” by Cvetilena Gocheva, the median Net Promoter Score for telecommunications companies was 3.1. I’m extremely proud of DRN’s 9.4 ranking but realize there is always room for improvement.

## Your Community

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Not only is DRN making a difference by offering the best broadband services available in the country, but we are also proud to support our communities with donations to non-profit organizations, volunteering, youth programs and being active participants in local community events and celebrations.

In 2022, DRN continued to make financial donations to several community development efforts to build and sustain a high quality of life in rural North Dakota. Over \$93,000 was donated to non-profit organizations, including community clubs, Park Boards, Fire Departments and community daycares.

DRN partnered with the Rural Development Finance Corporation (RDFC) to give back to the communities---In addition to the monetary donations, your DRN staff volunteered to deliver Meals on Wheels to area senior citizens and volunteered as a team to “Paint the Park” in Oakes.

Employees also spend countless hours volunteering at their local churches, school boards, city councils, coaching youth sporting teams and fine art activities along with other community organizations. You have 60 DRN employees involved in community activities in some way, shape or form throughout DRN’s 26 exchanges!

Our cooperative continues supporting our youth with the annual scholarship program to assist high school graduates with the cost of higher education. In addition to scholarships, we also offer internship opportunities for young people to gain valuable experience and skills as they enter the workforce. Twenty-four scholarships were awarded, and staff mentored 5 interns in various departments.

As we work together for the betterment of our communities, I am humbled and inspired by our cooperative members who are dedicated volunteers, firefighters, medical professionals, teachers, and those in the armed forces who go above and beyond in giving their time and talents to help others. These community members are a living example of the cooperative principle of “Commitment to Community”.

## Your Cooperative

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Purchasing service from a cooperative means that you are an invested owner, and you have a voice through a Board that you elect. Tonight, you are here to 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 based on the future goals and directives of the Cooperative, decide to pay out dividends. In 2022, the board retired capital credits paying out over \$5 million to its members.

Thank you to our employees for their commitment to serving the needs of 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



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.

## Net Margins



**\$9,186,147**

a decrease of \$4,907,670 from 2021.

**In 2022, the company invested \$9,856,681 in various plant upgrades throughout the service area.**



**\$39,308,970** **Total Revenues**  
for 2022

### Increase in Revenue

came from higher sales from managed services, engineering, and an increase in Internet subscribers.



**\$3,058,794** increase from previous year.

Despite these gains we had a decrease in net margins from 2021 which is attributed to the sale of our USConnect investment which resulted in a gain on sale of \$7,386,593 in 2021.

**\$5,890,788** **Capital Credits**  
paid out in 2022

General retirements paid in 2022=\$5,499,797 • Estate retirements in 2022=\$390,991

**\$42,881,200** Total refunded in capital credits since 1995.



We are pleased to report yet another year of solid financial performance. We thank you, the members for your patronage and attending our 73rd Annual Meeting.

In the past, DRTC has invested in several businesses that have shown to be profitable to the company which continued in 2022.

- Dakota Carrier Network (DCN) realized a profit of \$692,754 for our share and returned \$363,107 of our original capital investment.
- Verizon Wireless Partnership paid a dividend of \$1,534,450 for our share of the distribution.
- Our share of North Dakota Long Distance (NDLD) paid a distribution of \$50,000.

**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, 2022 and 2021, 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, 2022 and 2021, 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.



**Moss Adams LLP**  
**Spokane, Washington**  
**April 18, 2023**

### Management's Responsibility 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 Responsibility**—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.

# Consolidated Balance Sheet //

## Assets

	YEARS ENDED DECEMBER 31,	
	2022	2021
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$22,996,649	\$18,499,450
Investments in certificates of deposit	6,817,737	9,737,257
Subscriber accounts receivable, net of allowance for doubtful accounts of \$12,110 in '22 and \$3,021 in '21	542,066	506,077
Settlement and access accounts receivable	983,188	957,295
Note receivable, current portion	55,076	53,720
Income tax receivable	522,938	1,715,757
Other accounts receivable	193,738	149,905
Materials and supplies	3,003,389	1,890,721
Other current assets	959,435	1,372,661
Total current assets	<u>36,074,216</u>	<u>34,882,843</u>
<b>NON-CURRENT ASSETS</b>		
Investment in affiliates	6,450,692	6,170,914
Investment in non-affiliates	1,938,304	1,912,800
Goodwill, net	535,030	745,340
Note receivable, less current portion	1,201,864	1,256,941
Other non-current assets	<u>774,497</u>	<u>1,163,950</u>
	<u>10,900,387</u>	<u>11,249,945</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Regulated telecommunications plant in service	100,382,556	98,617,781
Regulated telecommunications plant under construction	1,386,982	1,843,455
Non-regulated plant in service	26,751,768	12,132,232
Non-regulated plant under construction	<u>1,719,002</u>	<u>7,790,159</u>
	130,240,308	120,383,627
Less accumulated depreciation and amortization	<u>77,325,761</u>	<u>70,532,770</u>
	<u>52,914,547</u>	<u>49,850,857</u>
	<u>\$99,889,150</u>	<u>\$95,983,645</u>

## Liabilities & Member Equity

	YEARS ENDED DECEMBER 31,	
	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts payable, general	\$1,351,636	\$862,042
Other accrued liabilities	856,519	880,395
Total current liabilities	2,208,155	1,742,437
<b>NON-CURRENT LIABILITIES</b>		
Other deferred credits	268,004	272,845
Deferred income tax	3,627,214	3,643,157
Total non-current liabilities	3,895,218	3,916,002
<b>MEMBERS' EQUITY</b>	93,785,777	90,325,206
	<u>99,889,150</u>	<u>95,983,645</u>



# Consolidated Statement of Income //

Care for community - a pillar of our cooperative principles. DRN ReditTech continues to support territory organizations such as Service Dogs of America.



	YEARS ENDED DECEMBER 31,	
	2022	2021
<b>OPERATING REVENUES</b>		
Wireline	\$17,822,260	\$17,719,029
Internet	5,826,817	5,220,470
Television	4,330,759	4,269,936
Managed and IT Solutions Services	8,377,844	6,019,309
Miscellaneous	2,951,290	3,021,432
<b>TOTAL OPERATING REVENUES</b>	<u>39,308,970</u>	<u>36,250,176</u>
<b>OPERATING EXPENSES</b>		
Plant specific operations	5,421,020	4,908,657
Plant nonspecific operations	380,752	404,855
Depreciation and amortization	6,044,573	6,541,198
Customer operations	1,543,050	1,567,814
Corporate operations	2,315,503	2,155,604
Other operating taxes	70,422	78,860
Non-regulated	<u>17,882,198</u>	<u>15,995,192</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>33,657,518</u>	<u>31,652,180</u>
<b>NET OPERATING MARGINS</b>	<u>5,651,452</u>	<u>4,597,996</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest and dividend income	1,764,926	2,551,241
Investment income	1,394,150	256,578
Gain on sale of investment	-	7,386,593
Other non-operating income (expense)	(112,512)	(26,041)
Gain on disposal of assets	(4,494)	31,238
Amortization of goodwill	(210,310)	(211,144)
Income from affiliates	<u>692,883</u>	<u>1,009,128</u>
Total other income	<u>3,524,643</u>	<u>10,997,593</u>
Margins before income taxes	9,176,095	15,595,589
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<u>(10,052)</u>	<u>1,501,772</u>
Net margins	<u>\$9,186,147</u>	<u>\$14,093,817</u>

# Our Team //



**Travis Anliker**  
Technical Solutions Supervisor



**David Belegarde**  
Sales Account Associate



**Sonja Bommersbach**  
Human Resource Manager



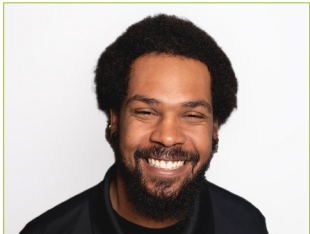
**Kaylee Brummund**  
Customer Care Specialist



**Chad Chapin**  
Outside Network Operations  
Specialist



**Kayce Deering**  
Technical Support Analyst



**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





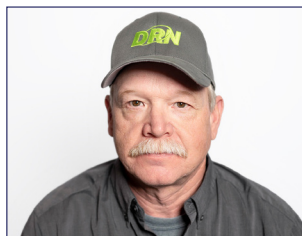
**Brandon Huber**  
Managed Security Analyst



**James Jenkins**  
Outside Network Operations  
Specialist



**Taydem Johnson**  
Technical Support Analyst



**Tyson Johnson**  
Outside Network Operations  
Specialist



**Carter King**  
Marketing Specialist



**Charles Kingzett**  
Inside Network Operations  
Specialist



**Jon Langeliers**  
Outside Network Operations  
Specialist



**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



**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



**Brenda Sand**  
Customer Care Supervisor





**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



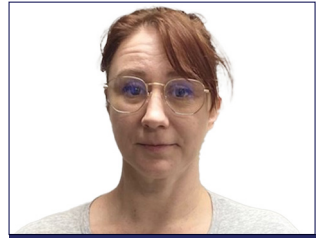
**Matthew Thorpe**  
Outside Network Operations  
Specialist



**Samantha Toyne**  
Customer Care Specialist



**Sue Urlacher**  
Accountant



**Elizabeth Watson**  
Inside Network Operations  
Specialist



**Michael Wegehaupt**  
Network Analyst



**April Weight**  
Technical Support Analyst



**Lori Young**  
Accountant



**Patrick Young**  
Outside Network Operations  
Specialist



**Tyler Zahn**  
Network Assistant



**Scott Young**  
Managed Security Analyst  
Supervisor



**Russ Zinter**  
Inside Network Operations  
Specialist



**25 YEARS**  
Kari Nishek

## EMPLOYEE SERVICE AWARDS

**10 YEARS**  
Crystal Grueneich  
Russ Zinter  
Mike Ost

**5 YEARS**  
Brandon Huber  
Chad Chapin  
Samantha Toyne  
Jennifer Peterson

April Weight  
Haylee O'Brien  
Samuel Engel



# Assets & Information

 **8,241**  
CO-OP  
MEMBERS

 **32** EXCHANGES

 **60**  
FULL-TIME EMPLOYEES

 **5,667**  
SQUARE MILES SERVED

 **6,489**  
ACCESS LINES

 **4,738**  
FIBER MILES

 **8,258**  
INTERNET CUSTOMERS

 **3,215**  
CABLE TV CUSTOMERS

## 2022 BY THE NUMBERS

### CUSTOMER COUNTS

Access Lines	6,489
Internet	8,258
Cable TV	3,215

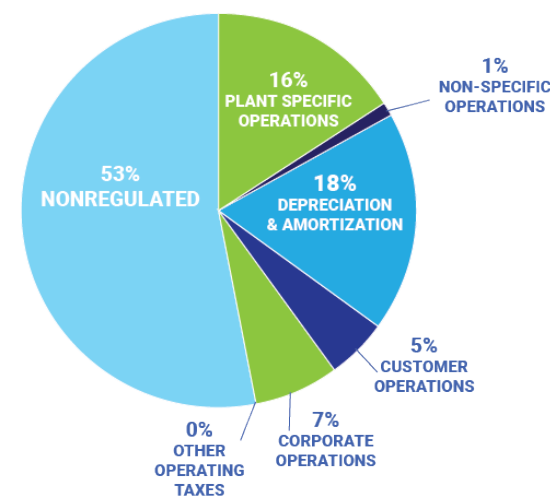
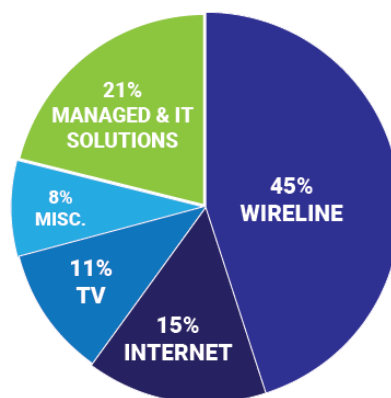
### ACCESS LINE DATA

Access Lines	6,489
Route Miles - Fiber	4,738
Access Lines per route mile	1.37
Square Miles Served	5,667

### PLANT STATISTICS

Telecommunications plant in service (thousands)	\$100,382,556
Investment per access	\$15,198

## REVENUES



## EXPENSES

## **73rd DRN ANNUAL MEETING**

Ellendale School Gym

Thursday, October 19

4:45 pm Registration & Meal

6 pm Meeting

 701.344.5000

 [drn.coop](http://drn.coop)

 9628 Hwy 281, Ellendale, ND 58436

