

# ROCKISLAND

Q3 Review and  
2021-2026

Rock Island Business Plan

November 2020

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# Executive Summary

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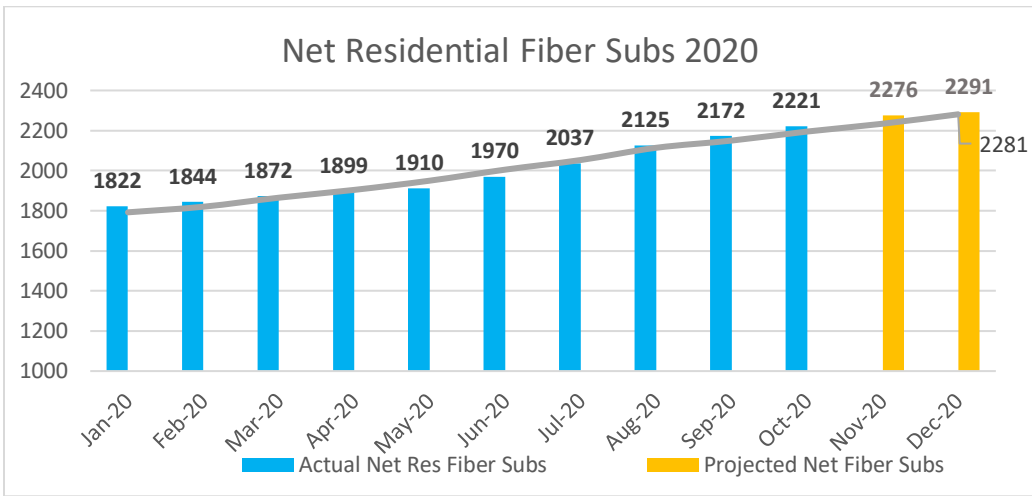
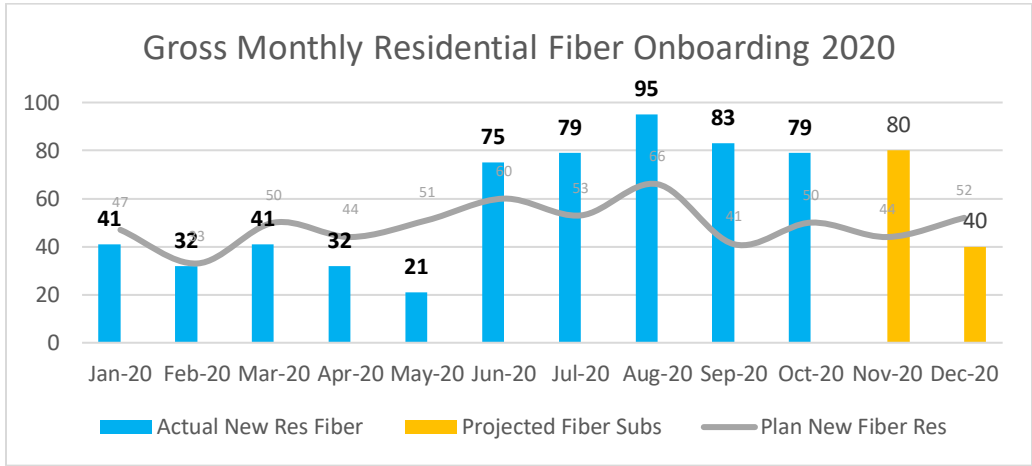
## Key Business Takeaways

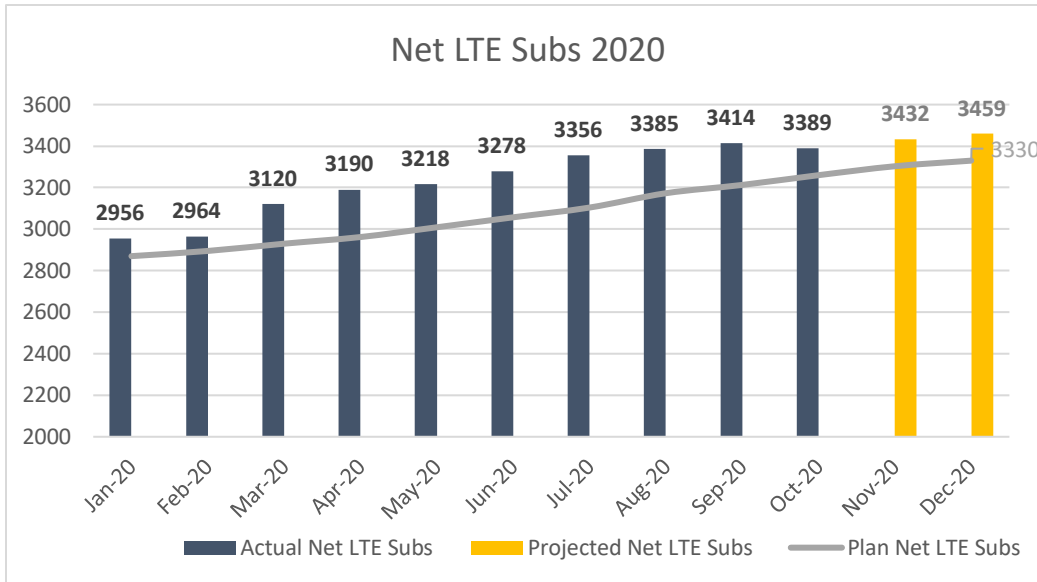
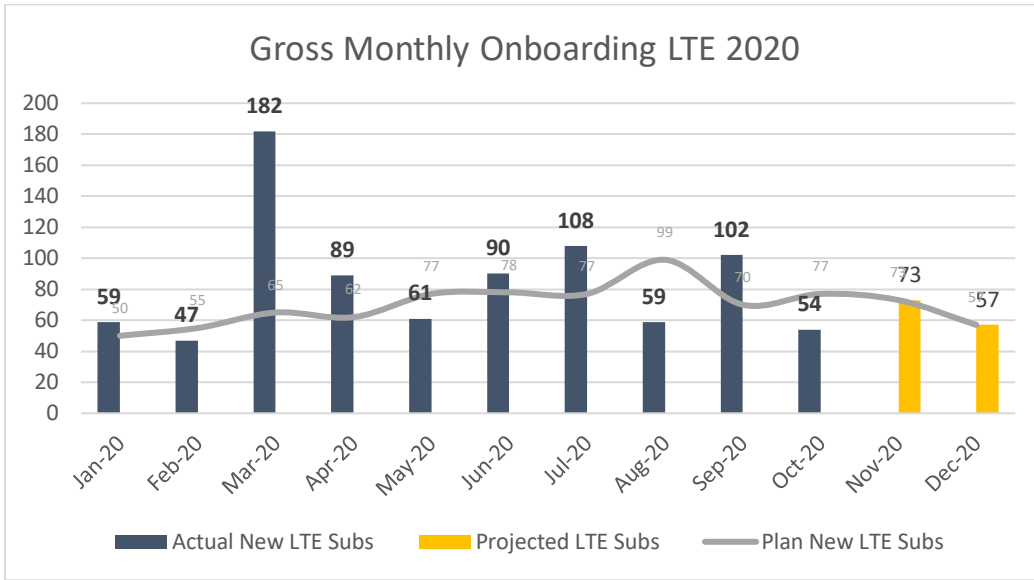
The original objective of Rock Island in 2015 was to ensure broadband availability to 30% of the membership while establishing a break-even business. Through partnerships, strategic directives and demand we have expanded the reachable scope to include many more members. At 47% market share to date, Rock Island is now experiencing its highest demand ever for more service availability. A major strength the team has proven to possess throughout the years is the dynamic ability to solve whatever the next day presents. The current worldwide pandemic has presented a strategic moment for this business, which puts us at a strategic crossroads. We have an opportunity in front of us to deliver critical broadband services to most of our community (~90% or greater). Rock Island has established the basis for solving this critical need in our county, but it is abundantly clear by the overwhelming demand for services that there is still much to be done. Within the primary venues of our business, here are some of the key notes driving strategy for our 2021 business plan:

The following business plan will review the first three quarters of closed business for Rock Island in 2020 as well as a projected Q4. We will then outline the years to follow for our 2021-2026 Business Plan.

# 2020 YTD and Projections for Year End

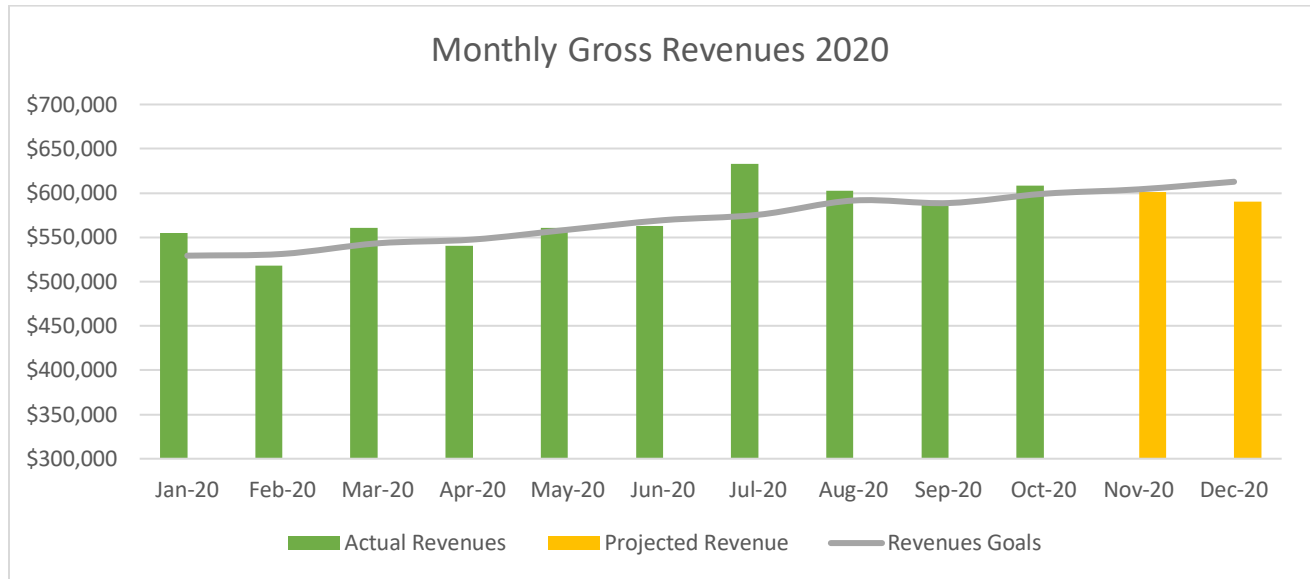
## Gross Onboarding





# Revenues

Through Q3, we are coming in ahead of plan overall on revenues by over \$85,000.

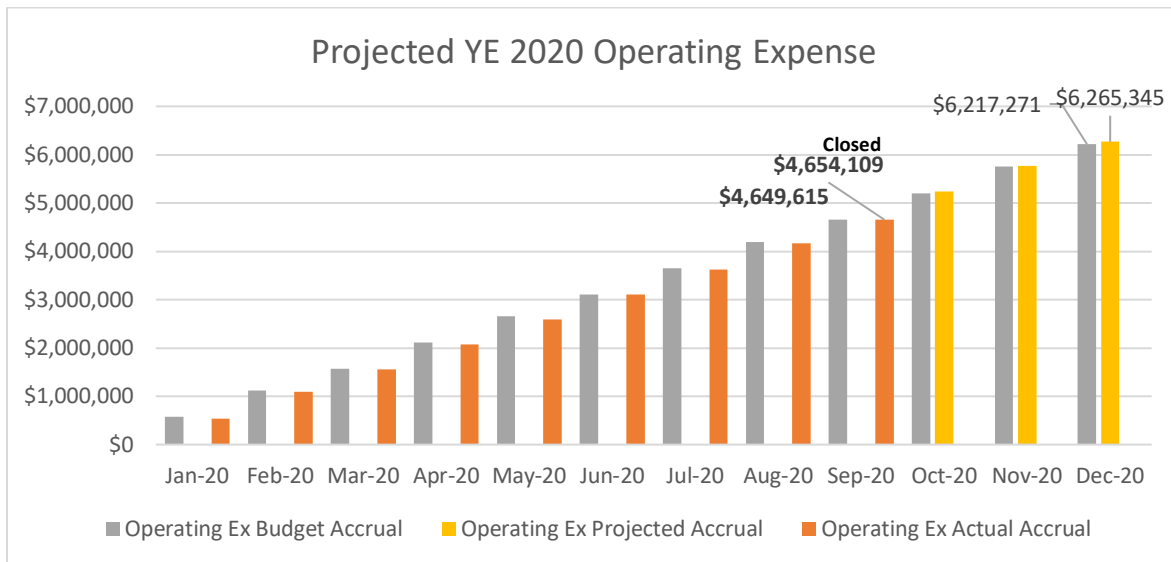
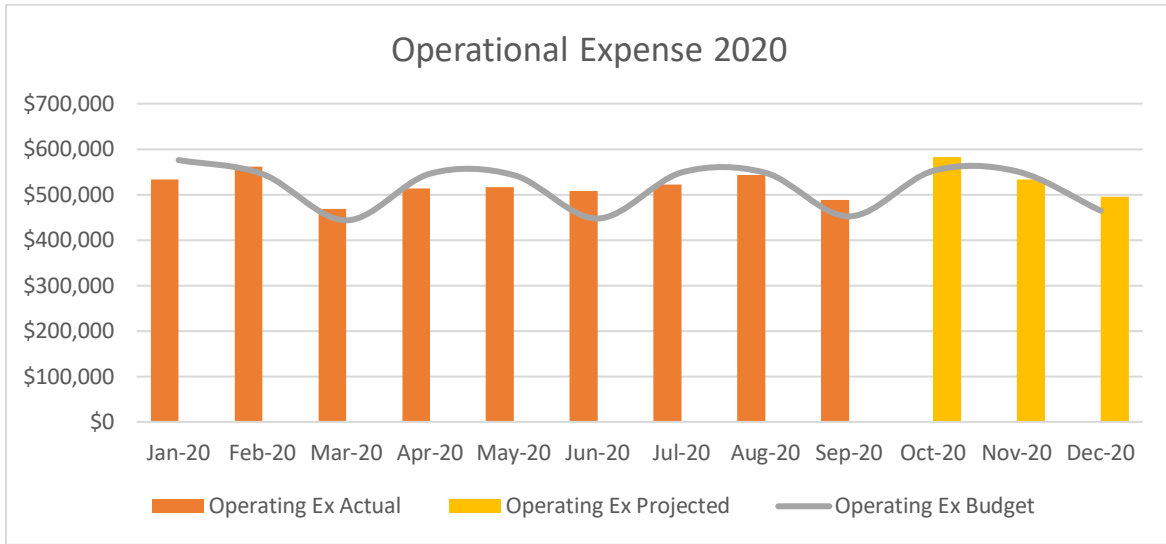


Fluctuations in the monthly revenue are due to how many recognized revenue days there are in the month, as well as the timing of special projects relating to revenue.



# Expenses

Rock Island has been able to maintain close adherence to the budgeted expenses for the year, despite the large increases in safety equipment and items relating to the pandemic.



## 2020 Q3 Financials

### Quarterly Income Statement

	Quarter To Date			Year To Date		
	09/30/2020			09/30/2020		
	FY 2019 Actual	Budget	QTD Budget Variance	FY 2019 Actual	Budget	YTD Budget Variance
▶ Operating Revenues	1,822,895.96	1,755,757.00	67,138.96	5,120,393.17	5,034,992.00	85,401.17
▶ Cost of Services	241,823.83	219,079.86	22,743.97	741,038.97	673,610.62	67,428.35
Total gross profit	1,581,072.13	1,536,677.14	44,394.99	4,379,354.20	4,361,381.38	17,972.82
▶ Operating Expense	1,555,516.98	1,548,724.65	6,792.33	4,656,465.43	4,649,615.89	6,849.54
▶ Non-Operating Expense	314,567.48	348,243.00	(33,675.52)	861,518.51	974,046.00	(112,527.49)
Net Income (loss)	<b>(289,012.33)</b>	<b>(360,290.51)</b>	<b>71,278.18</b>	<b>(1,138,629.74)</b>	<b>(1,262,280.51)</b>	<b>123,650.77</b>

### Quarterly Balance Sheet

	Quarter Ending	Quarter Ending	Quarter To Date
	03/31/2020	06/30/2020	09/30/2020
	Actual	Actual	Actual
▶ Current assets	1,452,933.43	1,562,132.00	2,458,949.06
▶ Property, Plant, & Equipment	16,655,317.96	16,722,114.64	16,796,666.34
▶ Other Non-Current Assets	212,480.43	204,711.90	196,943.37
<b>Total assets</b>	<b>18,320,731.82</b>	<b>18,488,958.54</b>	<b>19,452,558.77</b>
▶ Current liabilities	864,471.98	940,721.88	1,362,100.95
▶ Non-current liabilities	29,266,339.02	29,810,533.88	30,641,767.37
Total liabilities	30,130,811.00	30,751,255.76	32,003,868.32
▶ Equities & Margins	(11,810,079.18)	(12,262,297.22)	(12,551,309.55)
<b>Total liabilities &amp; equity</b>	<b>18,320,731.82</b>	<b>18,488,958.54</b>	<b>19,452,558.77</b>

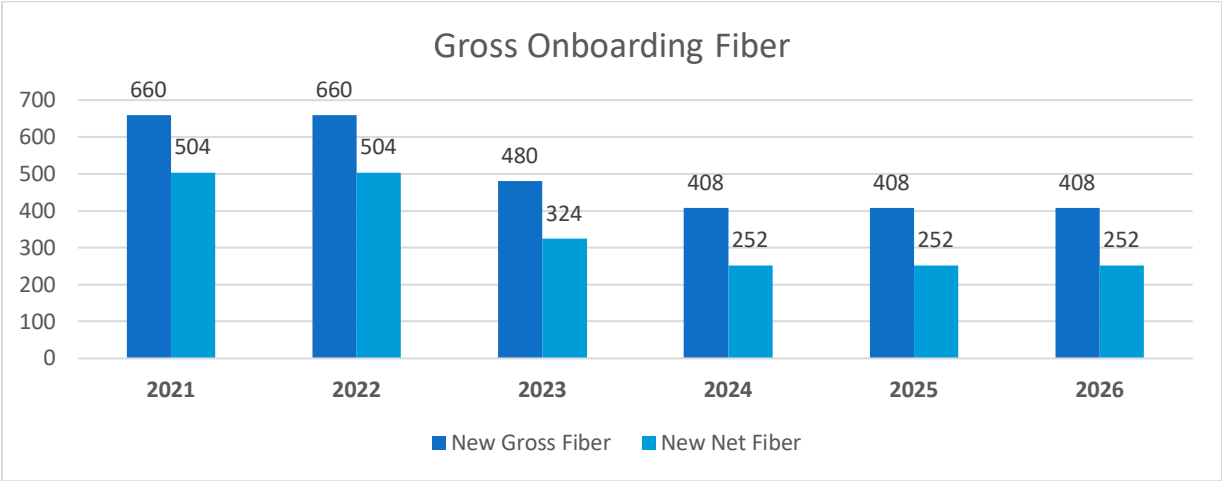


## 2020 YE Projections

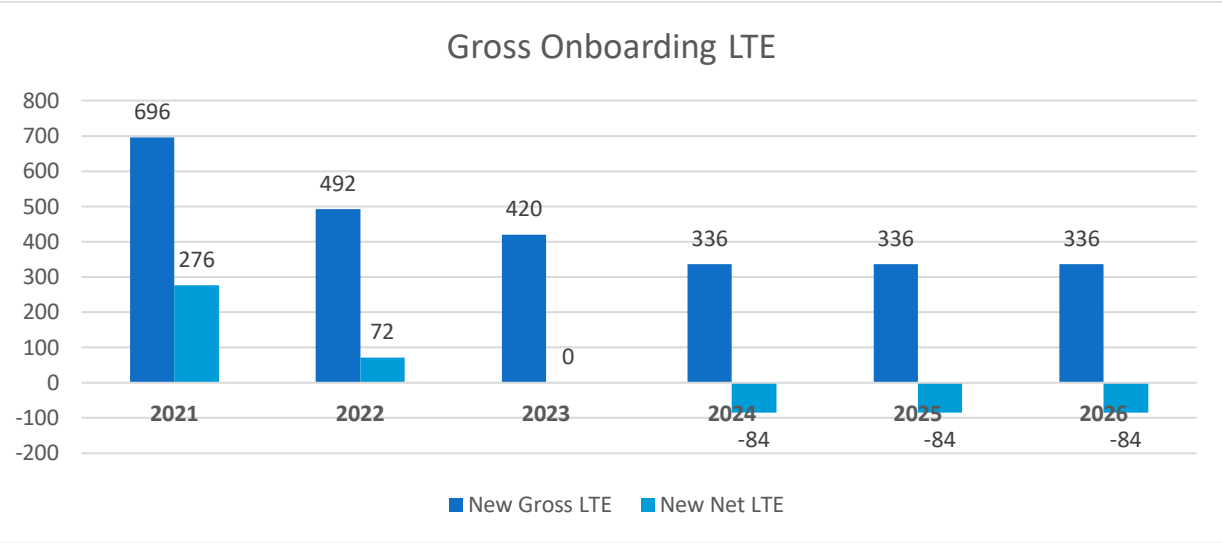
	Q4 (Projected)			YTD (Projected)		
	Projected	Budget		YTD Projected	YTD Budget	Variance
<b>Operating Revenues</b>						
Broadband Services						
Fiber	813,455.47	823,764.00	(10,308.53)	3,005,133.92	3,061,221.00	(56,087.08)
Wireless	663,435.00	695,310.00	(31,875.00)	2,556,064.92	2,614,476.00	(58,411.08)
DSL	44,434.38	44,434.00	0.38	185,884.65	195,101.00	(9,216.35)
IT Services	160,260.00	143,760.00	16,500.00	684,729.64	546,960.00	137,769.64
Hosting (Domains, Web Storage,	6,600.00		6,600.00	27,607.60		27,607.60
Other Revenues	108,881.54	108,882.00	(0.46)	479,046.43	433,384.00	45,662.43
<b>Total Operating Revenues</b>	<b>1,790,466.39</b>	<b>1,816,150.00</b>	<b>(25,683.61)</b>	<b>6,910,859.56</b>	<b>6,851,142.00</b>	<b>59,717.56</b>
<b>Cost of Services</b>						
<b>Total Cost of Services</b>	<b>245,444.73</b>	<b>218,421.00</b>	<b>27,023.73</b>	<b>986,483.70</b>	<b>892,032.48</b>	<b>94,451.22</b>
<b>Total gross profit</b>	<b>1,545,021.66</b>	<b>1,597,728.14</b>	<b>(52,706.48)</b>	<b>5,924,375.86</b>	<b>5,959,109.52</b>	<b>(34,733.66)</b>
<b>Operating Expense</b>						
Labor	881,775.00	843,260.00	38,515.00	3,461,314.60	3,407,342.08	53,972.52
Total General & Administrative	713,210.00	708,145.58	5,064.42	2,762,113.13	2,744,929.88	17,183.25
Selling & Marketing	16,250.01	16,250.01	0.00	44,272.71	65,000.04	(20,727.33)
<b>Total Operating Expense</b>	<b>1,611,235.01</b>	<b>1,567,655.59</b>	<b>43,579.42</b>	<b>6,267,700.44</b>	<b>6,217,271.48</b>	<b>50,428.96</b>
<b>Non-Operating Expense</b>						
Interest	286,071.00	286,071.00	0.00	1,066,499.74	1,116,036.00	(49,536.26)
Taxes	61,908.00	61,908.00	0.00	241,417.45	244,889.00	(3,471.55)
Other	1,350.00	(18,650.00)	20,000.00	(97,069.68)	(57,550.00)	(39,519.68)
<b>Total Non-Operating Expense</b>	<b>349,329.00</b>	<b>329,329.00</b>	<b>20,000.00</b>	<b>1,210,847.51</b>	<b>1,303,375.00</b>	<b>(92,527.49)</b>
<b>Net Income (loss)</b>	<b>(415,542.35)</b>	<b>(299,256.45)</b>	<b>(116,285.90)</b>	<b>(1,554,172.09)</b>	<b>(1,561,536.96)</b>	<b>7,364.87</b>

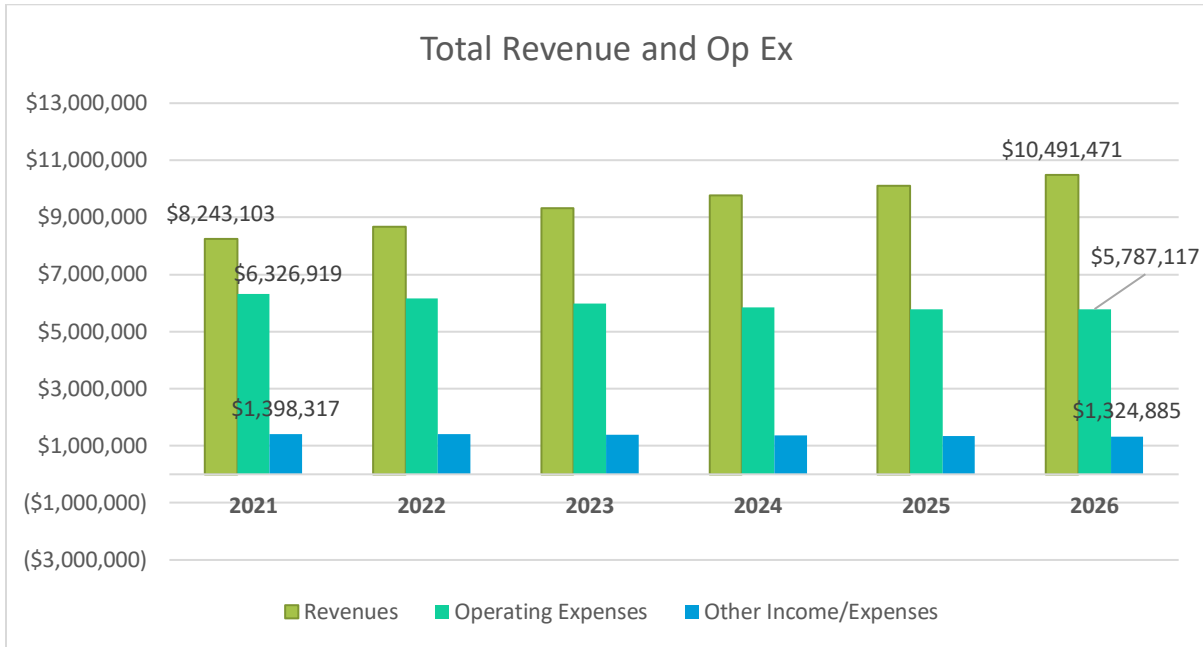
# 2021-2026 Business Plan

## Onboarding Goals 2021-2026

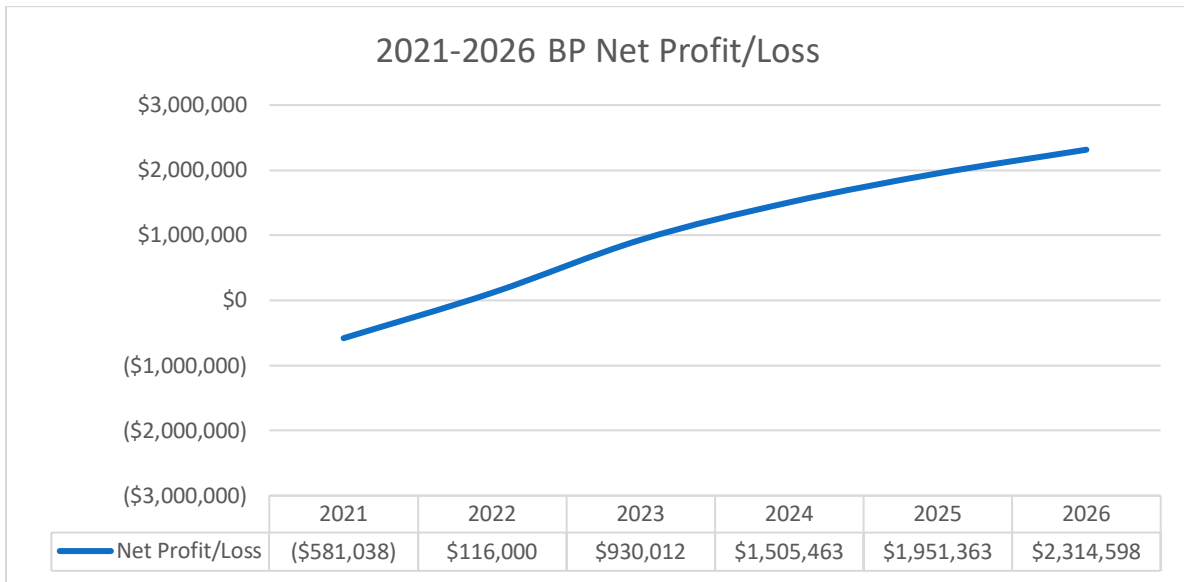


The new Gross and Net numbers on fiber onboarding are increased to align with our current demand trends.





Lowering depreciation expense is the overall driving factor in the reduced Operational Expense through 2026.



## 2021-2026 Income Statement

RIC FY '21 - '26 Final Budget - Profit & Loss (Budget)						
	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Revenues	\$8,243,103	\$8,680,075	\$9,314,317	\$9,760,458	\$10,113,744	\$10,491,471
Cost of Revenues	\$1,098,904	\$1,002,729	\$1,014,999	\$1,035,442	\$1,049,202	\$1,064,871
Gross profit	\$7,144,199	\$7,677,346	\$8,299,318	\$8,725,016	\$9,064,542	\$9,426,600
Gross profit %	86.67%	88.45%	89.10%	89.39%	89.63%	89.85%
Operating Expenses	\$6,326,919	\$6,152,792	\$5,977,574	\$5,848,170	\$5,777,355	\$5,787,117
Operating Profit/loss	\$817,280	\$1,524,553	\$2,321,745	\$2,876,847	\$3,287,187	\$3,639,483
Other Income/Expenses	\$1,398,317	\$1,408,553	\$1,391,732	\$1,371,384	\$1,335,824	\$1,324,885
Net Profit/Loss	(\$581,038)	\$116,000	\$930,012	\$1,505,463	\$1,951,363	\$2,314,598