

ROCKISLAND

Q4 Review and
2020 YE Company Report
March 2021

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Executive Summary

In March of 2020, the historic world-wide pandemic turned our business upside down. Unprecedented safety protocols were put in place, and demand for our remote services skyrocketed. Looking back on 2020, every aspect of Team Rock Island dynamically adjusted to overcome every obstacle put before us as highlighted by:

- Coming in better than plan by 57 Net subscribers
- Exceeding revenues for the year by over \$126k
- Breaking our fiber onboarding record with 711 gross fiber subs onboarded in 2020
- Coming in better than plan by over \$176k for Net Income (Loss)
- Executed on our plan to remain on track to cashflow positive by Q2 2022 with overall business profitability projected for 2022
- Continue to answer the overwhelming demand for internet services in our county

Efforts to slow the spread of COVID-19 have resulted in the dramatic disruption in many of our community members' lives, including social distancing measures to prevent person-to-person transmission that have required the closure of businesses and schools across the country for indefinite periods of times. These closures have also led people to turn to virtual learning, telemedicine, and telework to enable social distancing measures, increasing every household's need for access to broadband services. Rock Island continues to work hard to fulfill this need for San Juan County residents.

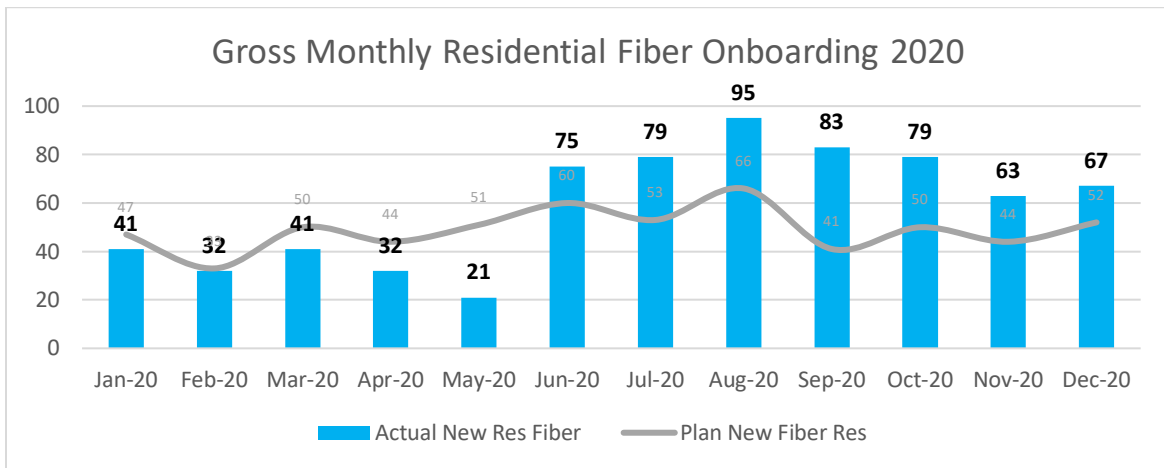
The operations of Rock Island as a company were completely transformed as we closed offices for public use and migrated all staff to remote work environments during periods of the pandemic. Rock Island's highest priority: keep our staff and community safe. While focusing on the health aspect of the pandemic, newly invigorated demand for connectivity drove our staff into our fiber onboarding process and the support of ancillary programs for our community like the Access Education program. As outlined in the 2021 Business Plan, our strategic focus on investing into fiber availability during this period of high demand ensures the business's long-term success and protection from future threats and changes in customers' habits.

Despite challenges, the team at Rock Island still finds ways to meet our goals while tackling complex and difficult projects to mature this company into a grounded staple of our community. We will continue to push for ways to expand fiber services to all in our county, whether through strategic investments in our plant, our construction incentive, grants, or any other local opportunities. This report will reveal the highlights of our Q4 performance and how the company did against its goals for 2020. It will also highlight the progress being made in many of our special projects and goals so far for 2021.

2020 - Q4 and Year End Performance

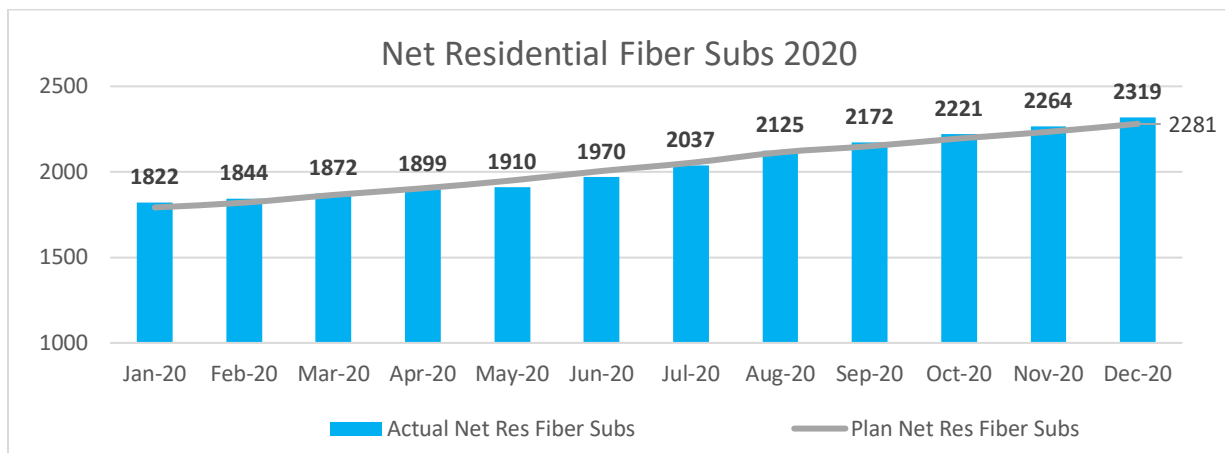
Gross Onboarding Fiber

Even though we had anticipated a relief in December for the crew while they focused on year-end activities, the demand was too great to fully commit to the scheduled reduction in onboarding.



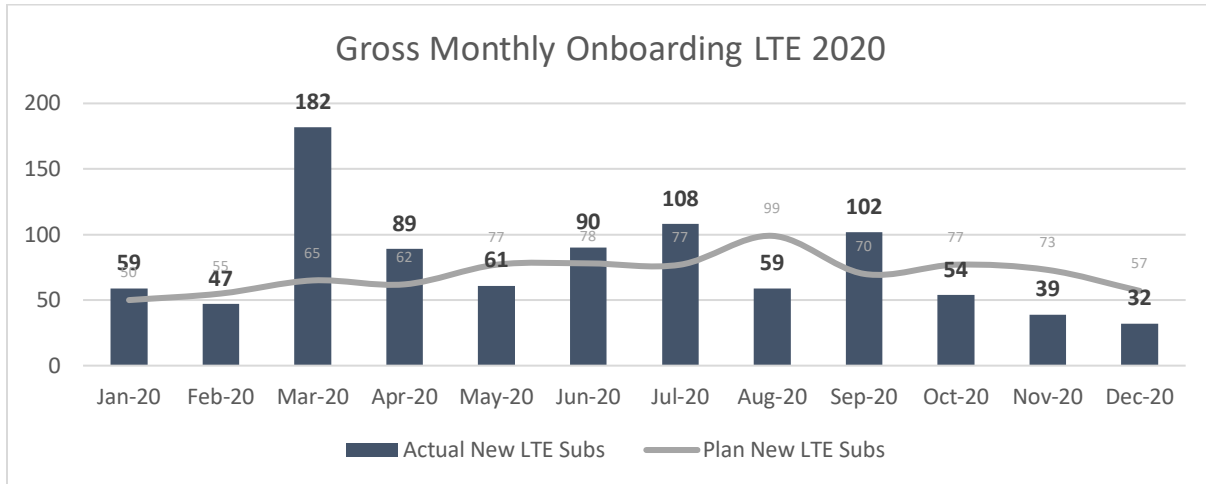
Goal for 2020: 591

Actual: 708



Gross Onboarding – LTE Wireless

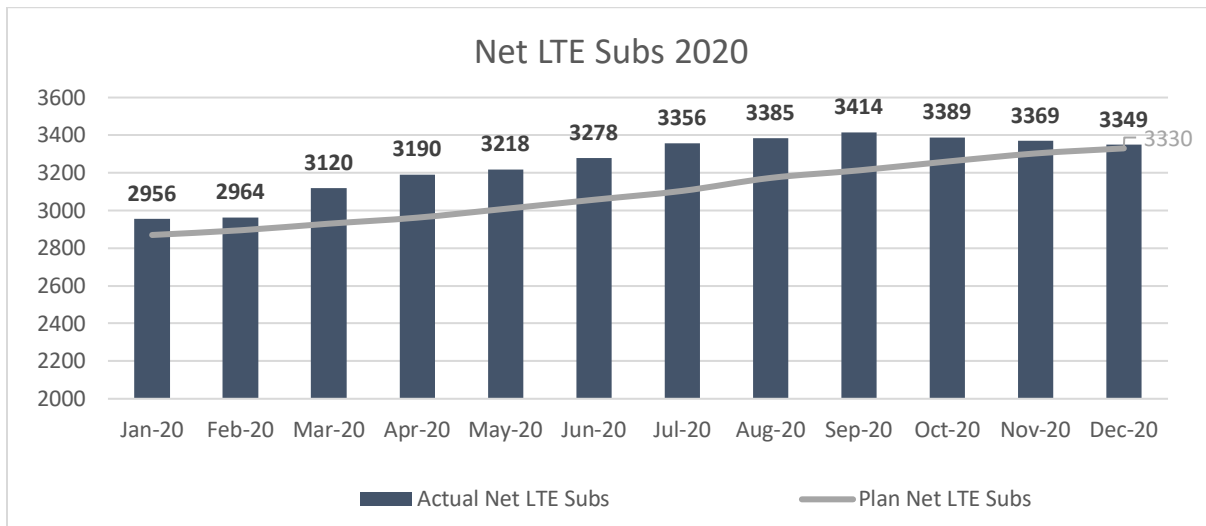
Overall, the business met its goal for gross onboarding including the staff effort to deploy Access EDU in March and April (124).



Goal for 2020: 840

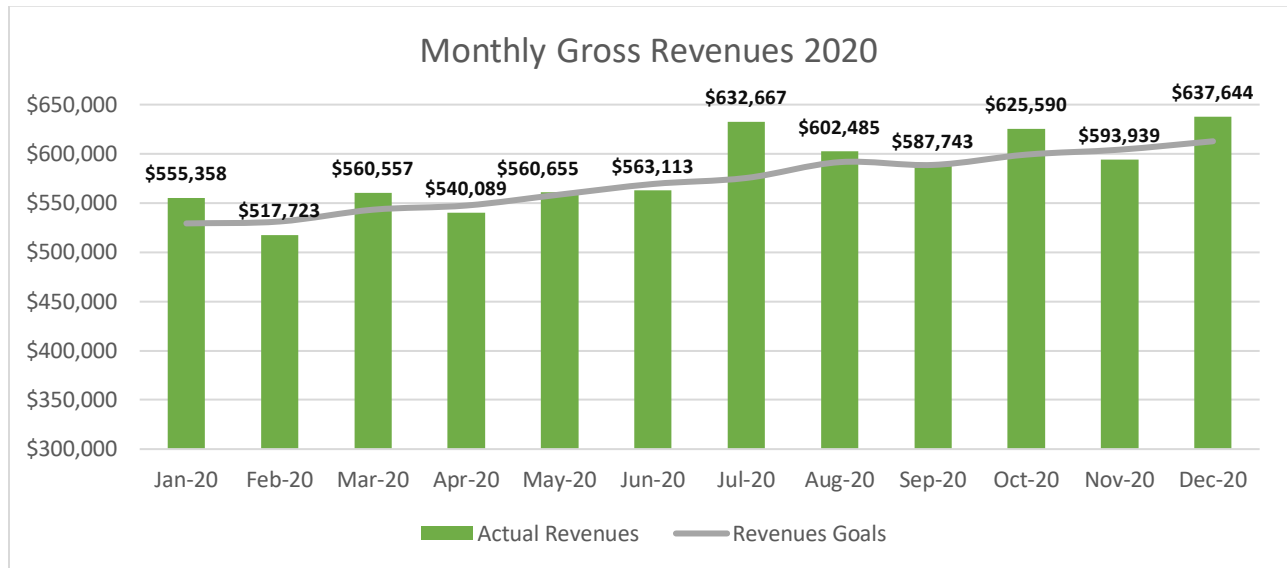
Actual: 922 (124 Access EDU)

Total net connections for wireless are right on track for 2020.



Revenues

Rock Island ended the year \$126K ahead of revenue targets for 2020.

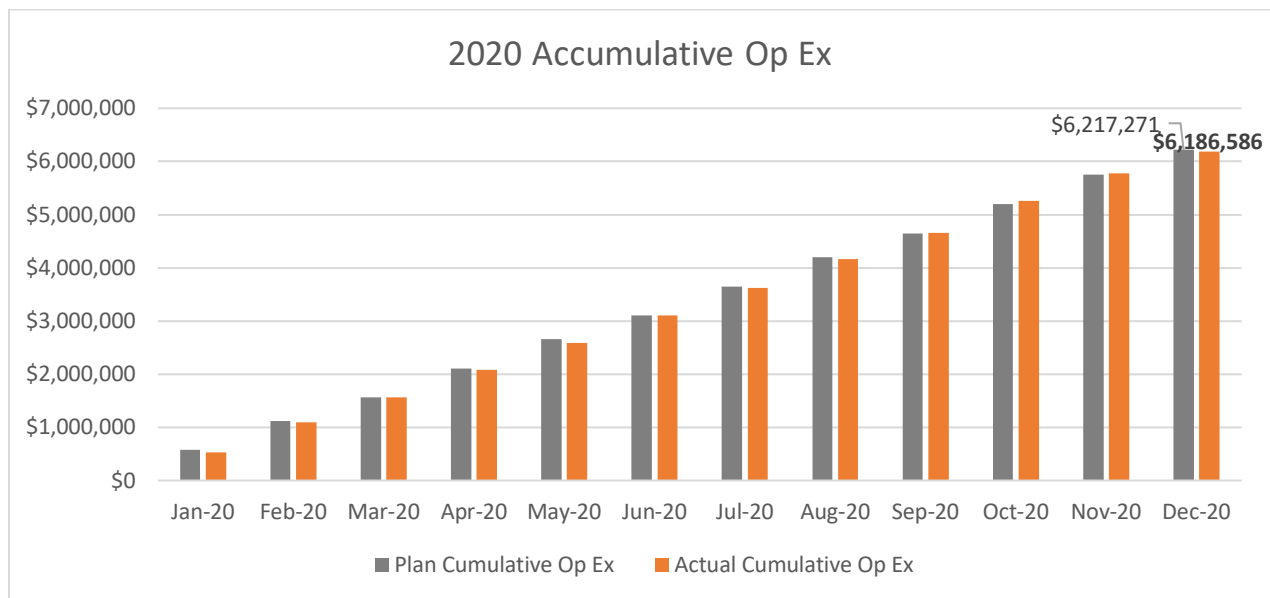
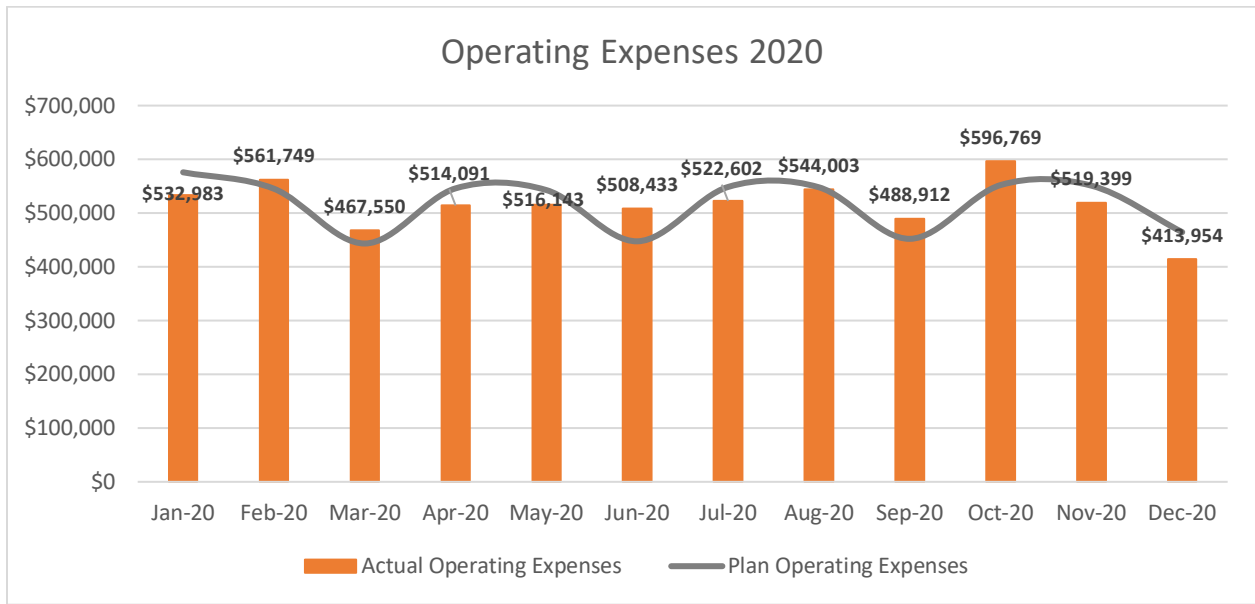


Fluctuations in the monthly revenue are due to how many recognized revenue days there are in the month, as well as the timing of special projects revenue recognition on a quarterly basis.



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 transplanting office staff safely into their homes during the pandemic. At year end, we were under our expense budget by \$30K.



2020 Q4 and YTD Statements

Quarterly Income Statement

	Quarter To Date 12/31/2020			Year To Date 12/31/2020		
	FY 2019 Actual	Budget	QTD Budget Variance	FY 2019 Actual	Budget	YTD Budget Variance
▼ Operating Revenues						
▶ Broadband Services	1,539,585.06	1,563,508.00	(23,922.94)	5,765,343.70	5,870,798.00	(105,454.30)
▶ IT Services	190,163.68	143,760.00	46,403.68	714,633.32	546,960.00	167,673.32
▶ Other Revenues	127,425.50	108,882.00	18,543.50	497,590.39	433,384.00	64,206.39
Total Operating Revenues	1,857,174.24	1,816,150.00	41,024.24	6,977,567.41	6,851,142.00	126,425.41
▶ Cost of Services	270,049.72	218,421.88	51,627.86	1,011,088.69	892,032.48	119,056.21
Total gross profit	1,587,124.52	1,597,728.14	(10,603.62)	5,966,478.72	5,959,109.52	7,369.20
▶ Operating Expense	1,530,121.78	1,567,656.11	(37,534.33)	6,186,587.21	6,217,272.00	(30,684.79)
▶ Non-Operating Expense	303,283.14	329,329.00	(26,045.86)	1,164,801.65	1,303,375.00	(138,573.35)
Net Income (loss)	(246,280.40)	(299,256.97)	52,976.57	(1,384,910.14)	(1,561,537.48)	176,627.34

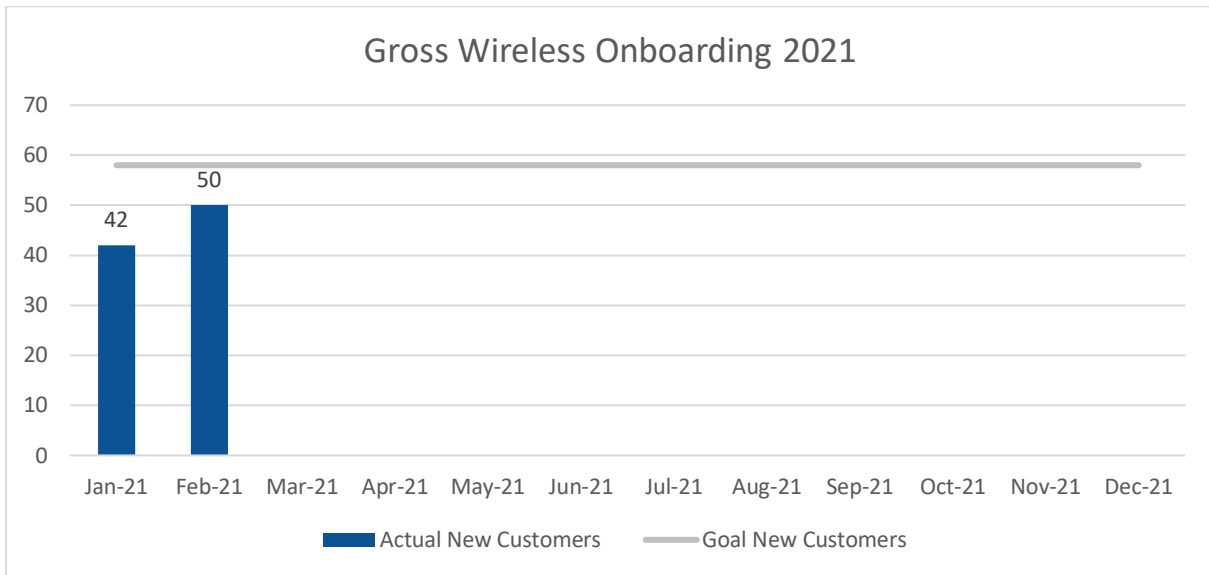
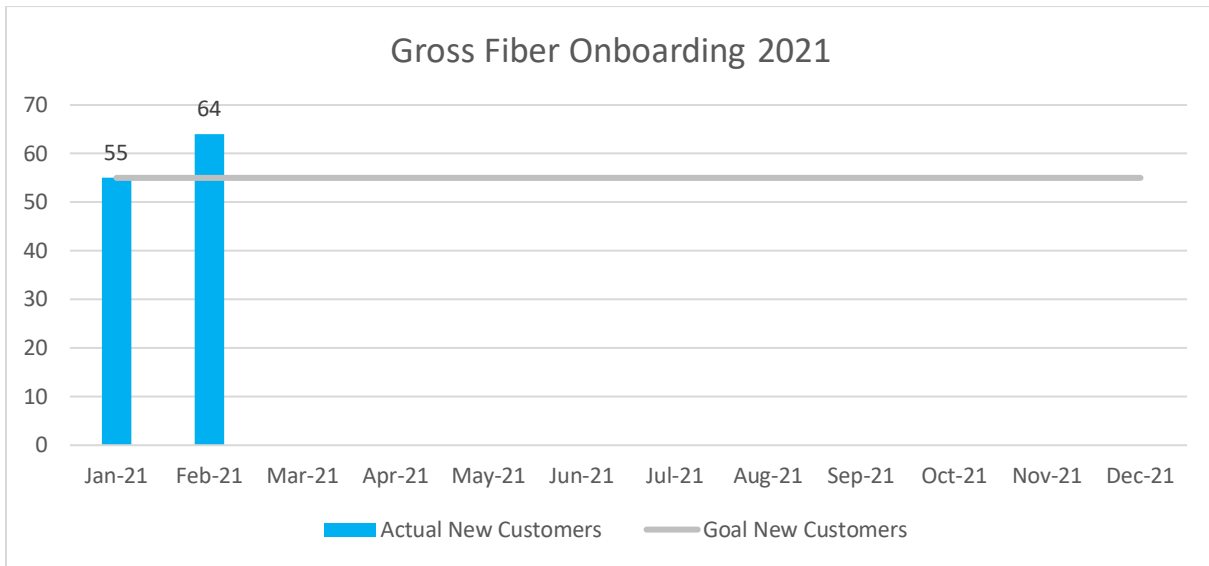
Quarterly Balance Sheet

	Quarter Ending 03/31/2020	Quarter Ending 06/30/2020	Quarter Ending 09/30/2020	Quarter To Date 12/31/2020
	Actual	Actual	Actual	Actual
▶ Current assets	1,452,933.43	1,562,132.00	2,458,949.06	2,298,398.27
▶ Property, Plant, & Equipment	16,655,317.96	16,722,114.64	16,796,666.34	17,338,293.13
▶ Other Non-Current Assets	212,480.43	204,711.90	196,943.37	189,174.84
Total assets	18,320,731.82	18,488,958.54	19,452,558.77	19,825,866.24
▶ Current liabilities	864,471.98	940,721.88	1,362,100.95	4,915,387.99
▼ Non-current liabilities				
▶ CoBank Debt	26,680,000.00	27,361,085.00	28,115,795.17	25,064,278.33
▶ Other Non-Current Liabilities	2,588,339.02	2,449,448.88	2,525,972.20	2,643,789.87
Total non-current liabilities	29,268,339.02	29,810,533.88	30,641,767.37	27,708,068.20
Total liabilities	30,130,811.00	30,751,255.76	32,003,868.32	32,623,456.19
▶ Equities & Margins	(11,810,079.18)	(12,262,297.22)	(12,551,309.55)	(12,797,589.95)
Total liabilities & equity	18,320,731.82	18,488,958.54	19,452,558.77	19,825,866.24

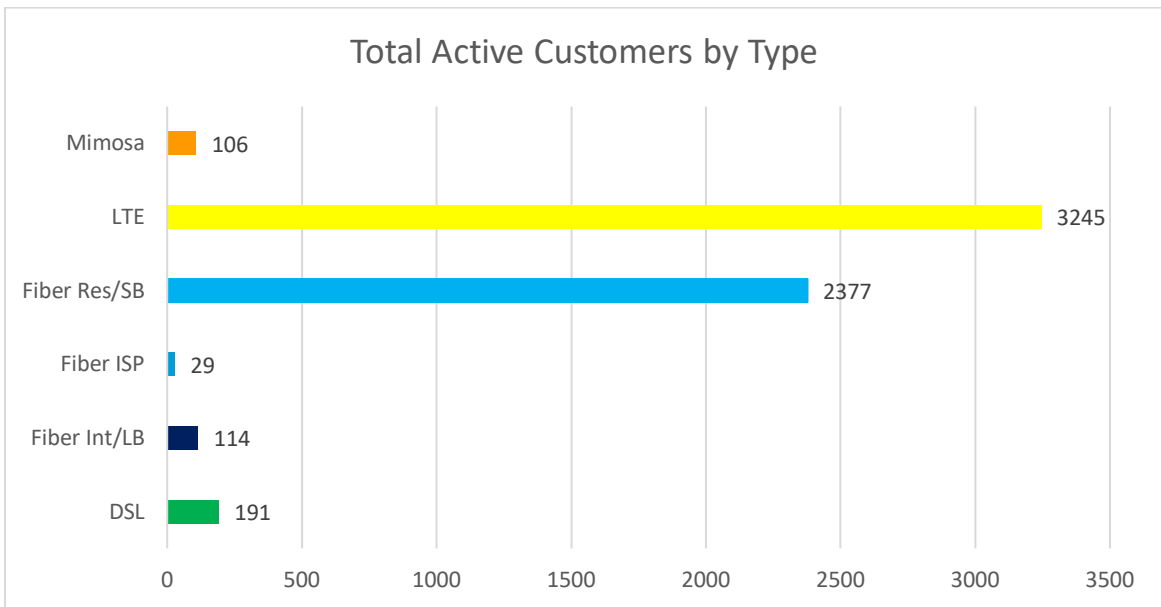
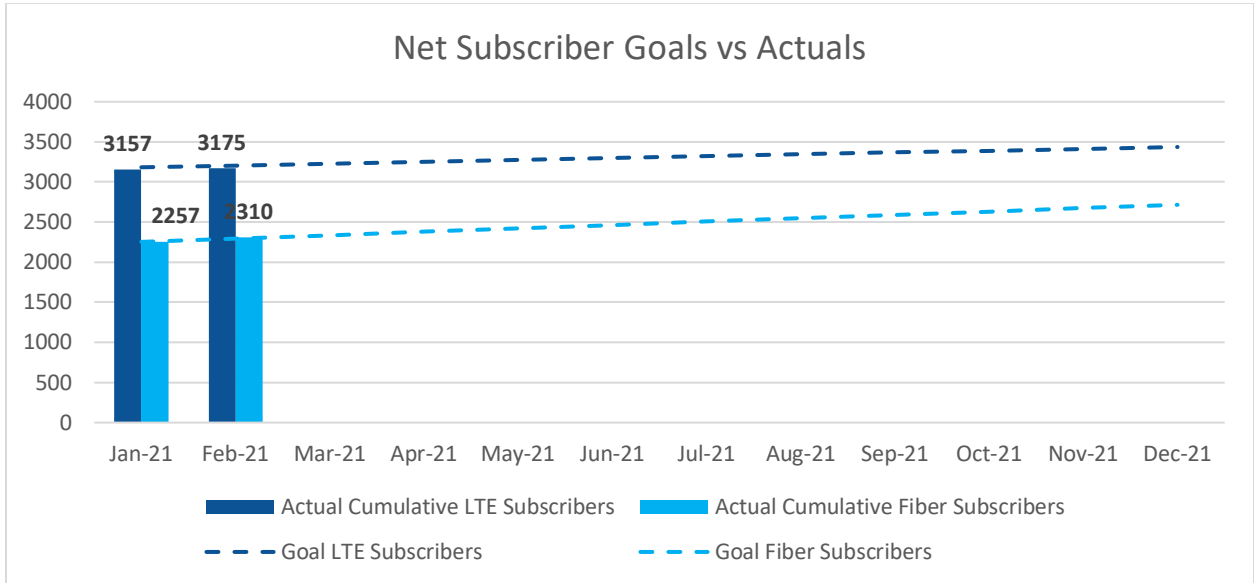
2021 Snapshot

2021 Key Performance Indicators

Gross Subscriber Monthly Onboarding 2021



Net Subscribers 2021



6,062 Internet Service Customers

Revenues



❖ February revenues are projected, and not closed final numbers are subject to change. Also, note that February revenues for actuals are prorated whereas the budgeting model does not account for the reduction in calendar days for the short month. Future budgeting accounts for this decrease more accurately. Staff sees this deviation as the normal fluctuation for this proration and just like historical trends, the expectation is that March revenues come in higher and balance the recognized revenue between the months.