

# ROCK ISLAND

Q3 Review &  
2022-2027

Rock Island Business Plan

November 2021

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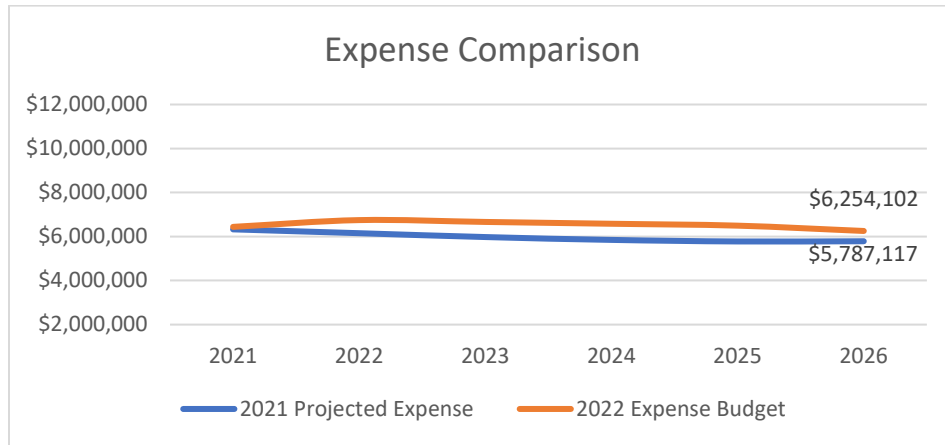
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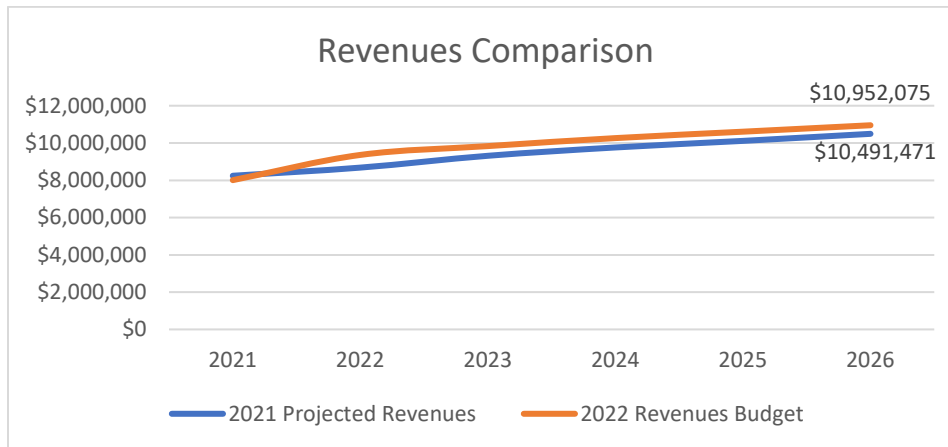
**Plan Summary**

*Performance of the Rock Island Business remains solidly in line with the business plan for 2021. Core business performance metrics remain fixed on long term milestones with business profitability remaining forecasted for late 2022.*

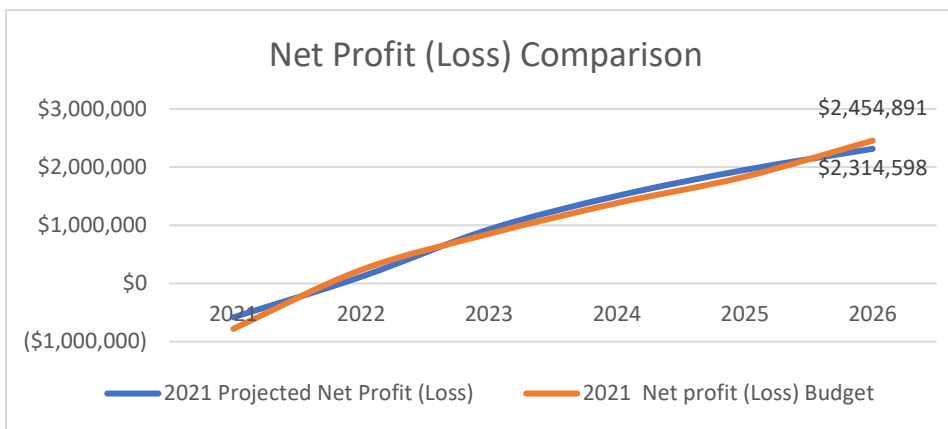
*Some unanticipated factors will influence specific areas of the plan going forward. These primarily are abnormally large inflation rates for labor and materials. The increases in these costs will have a direct impact on the investment and expense categories and will require a look at the maximum debt allowance provided via guarantee by the cooperative to the subsidiary and a rate adjustment increase for residential services in the amount of \$5 to adjust for higher-than-normal inflation rates and keep Rock Island on its critical business goals.*



Total Plan Expense Change 2021-'26 = INCREASE \$3.3M



Total Plan Revenue Change 2021-'26 = INCREASE \$2.4M

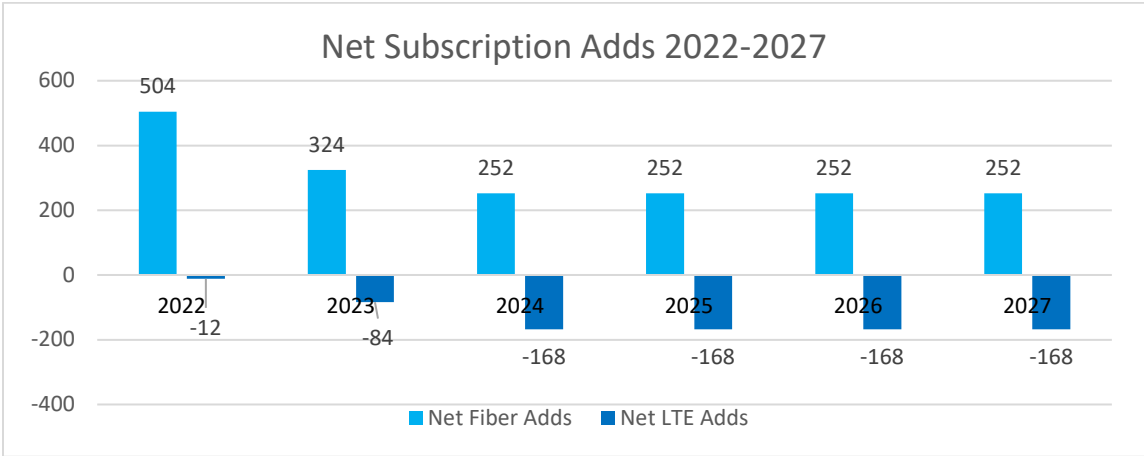


Total Plan Net Profit (Loss) Change 2021-'26 = DOWN \$257k

# 2022-2027 Business Plan

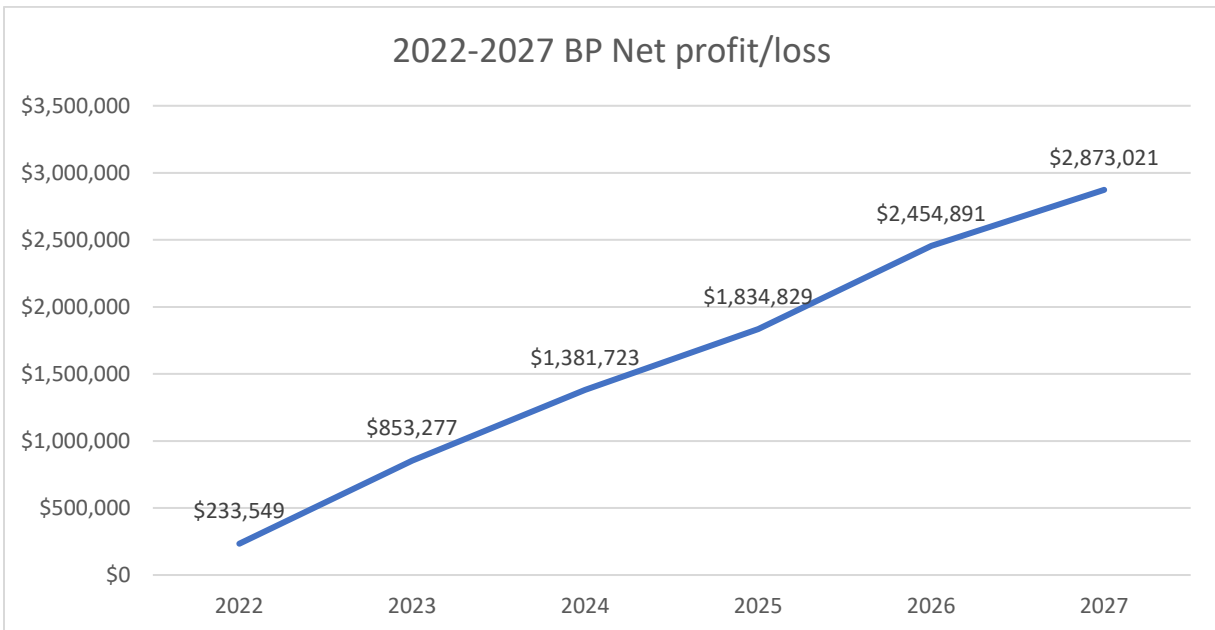
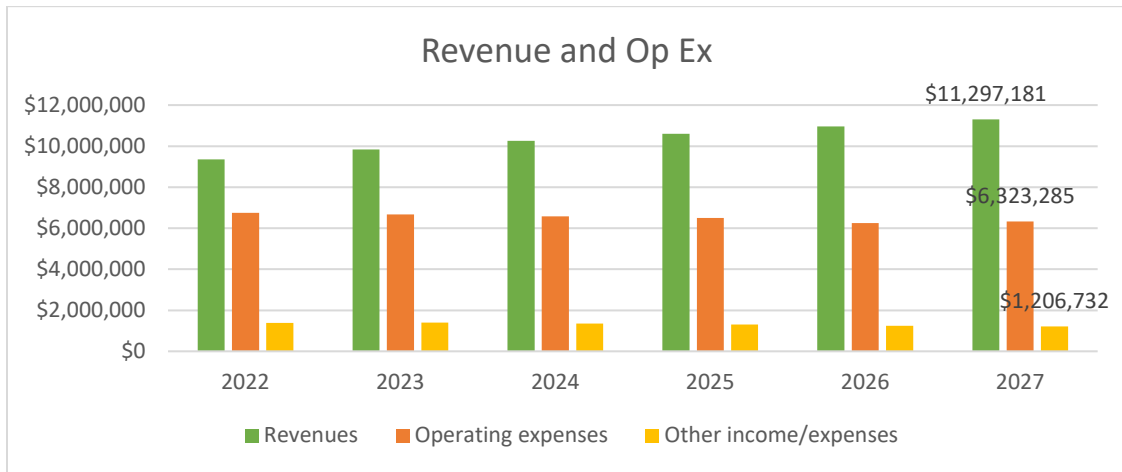
## Onboarding Goals 2022-2027

### Onboarding



## Revenue and Expense

Baseline services will continue to be the staple of Rock Island revenue streams, with additional support from the developing Business Services offerings and support work for our partner T-Mobile. The needed increase of fiber and LTE residential service rates will allow Rock Island to track to the projected business goals.

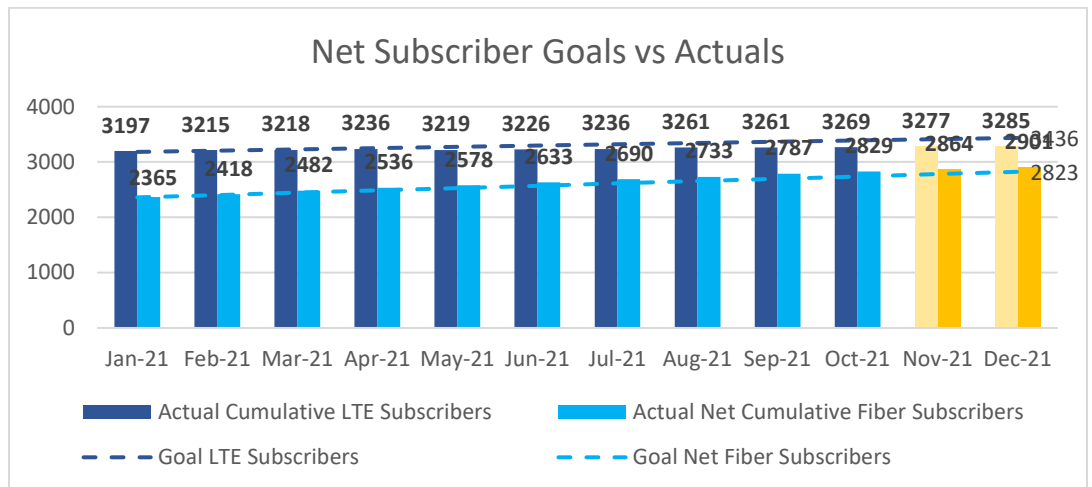
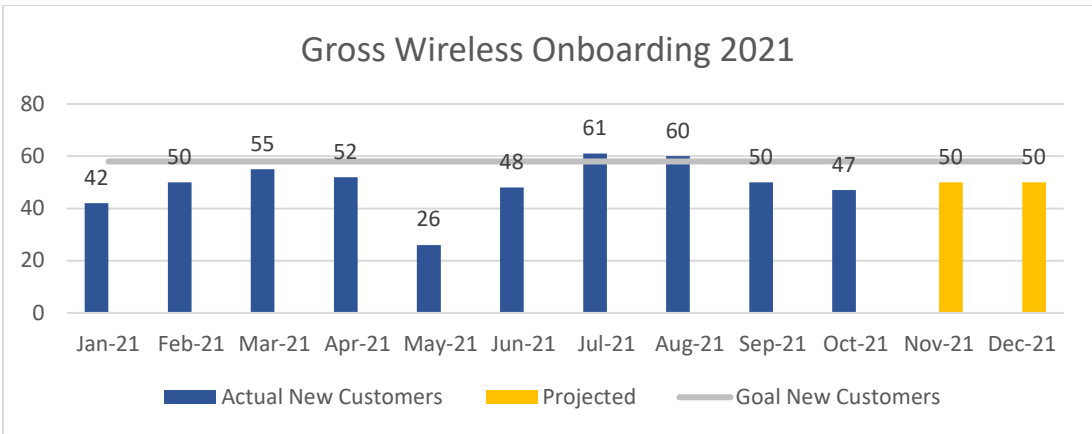
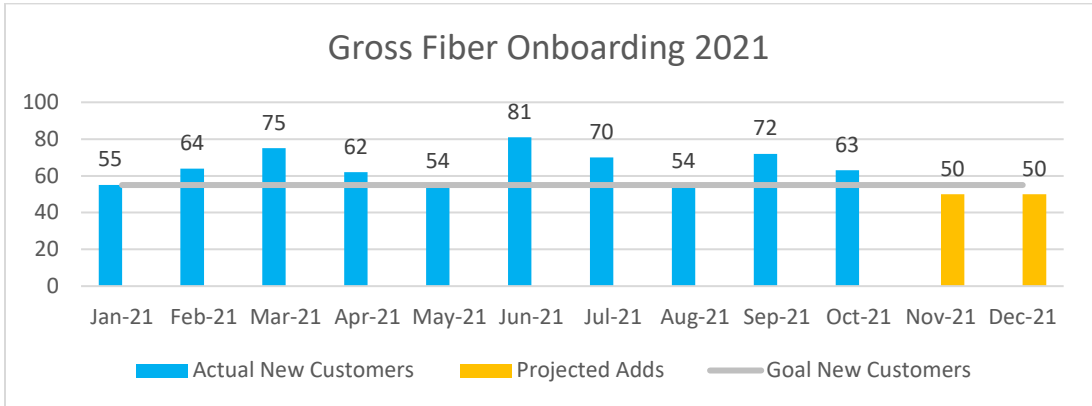


## 2022-2027 Income Statement

<b>RIC FY '22 - '27 Working Budget - Profit &amp; Loss (Budget)</b>							
	2022	2023	2024	2025	2026	2027	Total
	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Revenues	\$9,360,267	\$9,834,074	\$10,262,715	\$10,607,256	\$10,952,075	\$11,297,181	\$62,313,568
Cost of Revenues	\$996,179	\$923,557	\$951,674	\$971,443	\$991,816	\$894,143	\$5,728,811
Gross profit	<b>\$8,364,088</b>	<b>\$8,910,517</b>	<b>\$9,311,041</b>	<b>\$9,635,814</b>	<b>\$9,960,259</b>	<b>\$10,403,038</b>	<b>\$56,584,757</b>
Gross profit %	89.36%	90.61%	90.73%	90.84%	90.94%	92.09%	90.81%
Operating expenses	\$6,747,942	\$6,664,305	\$6,581,546	\$6,495,645	\$6,254,102	\$6,323,285	\$39,066,825
Operating profit/loss	<b>\$1,616,146</b>	<b>\$2,246,212</b>	<b>\$2,729,496</b>	<b>\$3,140,169</b>	<b>\$3,706,157</b>	<b>\$4,079,753</b>	<b>\$17,517,933</b>
Other income/expenses	\$1,382,597	\$1,392,935	\$1,347,773	\$1,305,340	\$1,251,266	\$1,206,732	\$7,886,643
Net profit/loss	<b>\$233,549</b>	<b>\$853,277</b>	<b>\$1,381,723</b>	<b>\$1,834,829</b>	<b>\$2,454,891</b>	<b>\$2,873,021</b>	<b>\$9,631,289</b>
Interest	\$1,148,420	\$1,142,221	\$1,086,129	\$1,025,746	\$960,445	\$898,119	\$6,261,080
Taxes	\$275,870	\$297,407	\$313,337	\$331,287	\$342,514	\$360,306	\$1,920,720
EBIT	<b>\$1,657,839</b>	<b>\$2,292,905</b>	<b>\$2,781,189</b>	<b>\$3,191,862</b>	<b>\$3,757,850</b>	<b>\$4,131,446</b>	<b>\$17,813,090</b>
Depreciation/Amortization	\$1,777,356	\$1,608,452	\$1,411,015	\$1,215,809	\$874,405	\$844,504	\$7,731,540
EBITDA	<b>\$3,435,194</b>	<b>\$3,901,356</b>	<b>\$4,192,203</b>	<b>\$4,407,671</b>	<b>\$4,632,255</b>	<b>\$4,975,950</b>	<b>\$25,544,630</b>

# 2021 Q3 and Projections for Year End

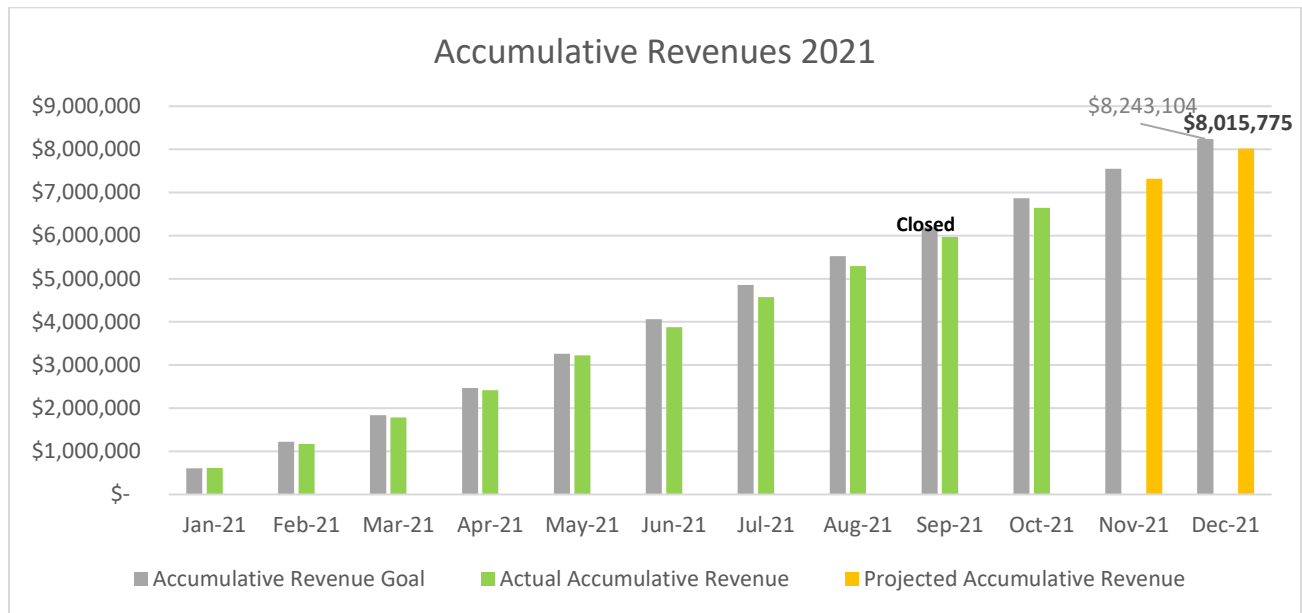
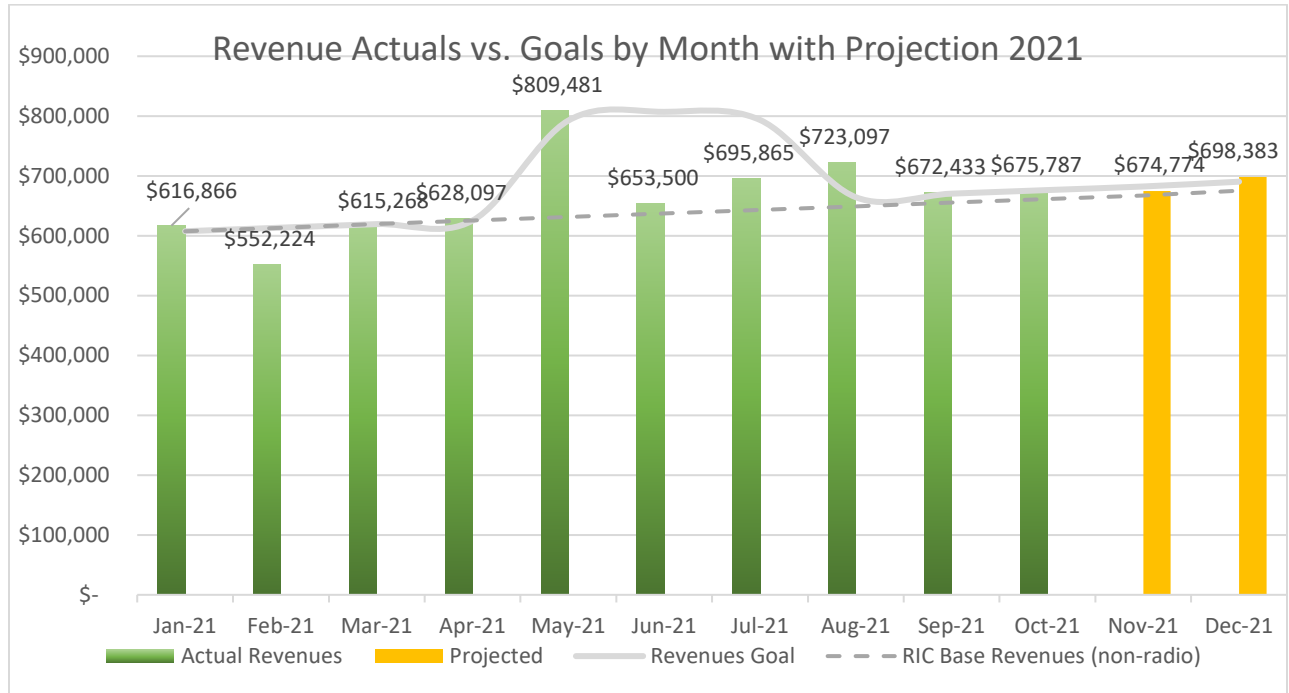
## Gross Onboarding



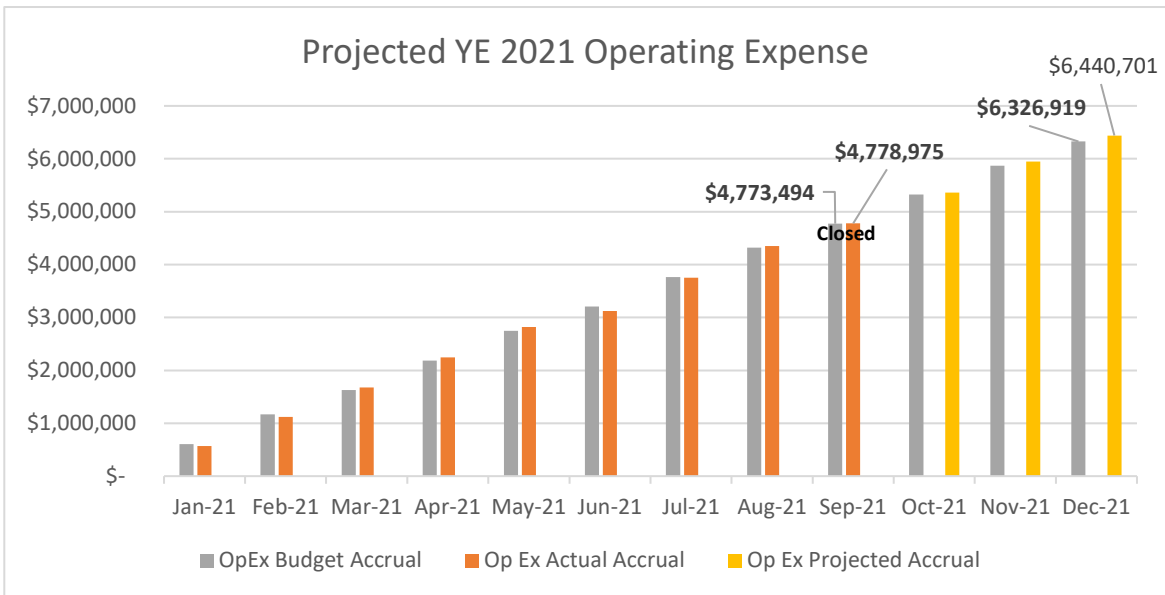
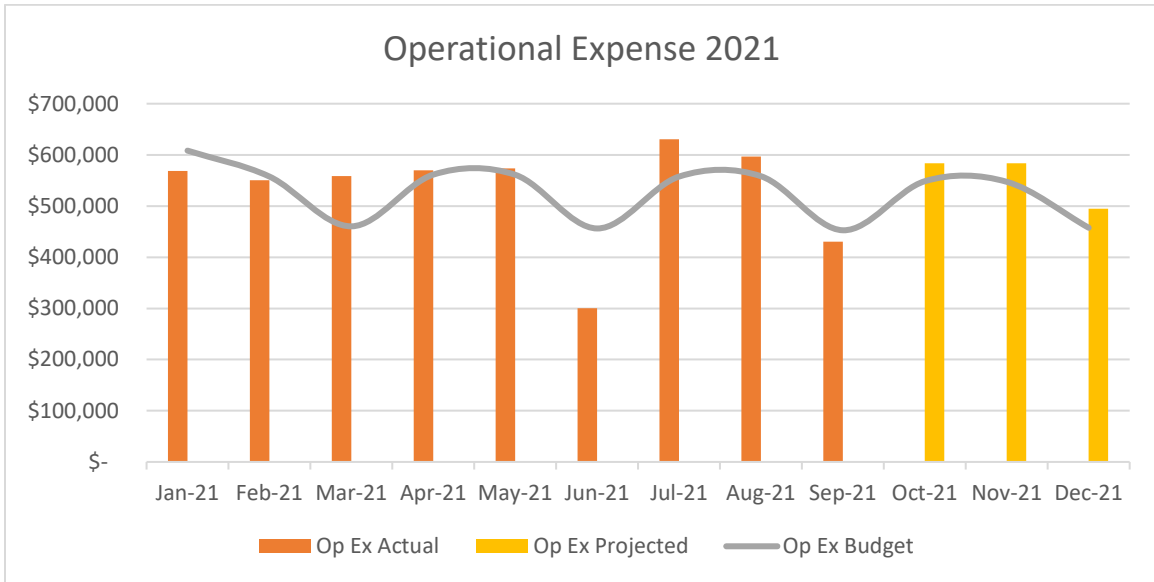




# Revenues



## Expenses



## 2020 Q3 Income Statement

	Quarter To Date			Year To Date		
	09/30/2021			09/30/2021		
	Actual	Budget	QTD Budget Variance	Actual	Budget	YTD Budget Variance
▼ <b>Operating Revenues</b>						
▼ <b>Broadband Services</b>						
▶ Fiber	1,020,302	940,850	79,452	2,811,594	2,708,821	102,773
▶ Wireless	663,531	676,244	(12,713)	1,929,238	1,986,599	(57,361)
▶ DSL	504	37,046	(36,543)	19,435	118,230	(98,795)
▶ IT Services	224,352	183,900	40,453	613,842	540,360	73,482
▶ Other Revenues	182,706	290,269	(107,563)	592,725	839,972	(247,247)
<b>Total Operating Revenues</b>	<b>2,091,395</b>	<b>2,128,309</b>	<b>(36,914)</b>	<b>5,966,834</b>	<b>6,193,982</b>	<b>(227,148)</b>
▼ <b>Cost of Services</b>						
▶ Broadband Services	179,089	184,348	(5,259)	555,654	541,850	13,804
▶ IT Services	60,747	22,475	38,272	154,885	66,975	87,910
▶ Other	60,239	76,105	(15,866)	164,135	235,085	(70,950)
<b>Total Cost of Services</b>	<b>300,075</b>	<b>282,928</b>	<b>17,147</b>	<b>874,674</b>	<b>843,910</b>	<b>30,764</b>
<b>Total gross profit</b>	<b>1,791,320</b>	<b>1,845,381</b>	<b>(54,061)</b>	<b>5,092,160</b>	<b>5,350,072</b>	<b>(257,912)</b>
▼ <b>Operating Expense</b>						
▶ Labor	854,293	829,085	25,208	2,514,194	2,537,254	(23,060)
▶ General & Administrative	777,719	723,177	54,542	2,227,779	2,184,490	43,290
▶ Selling & Marketing	25,656	16,250	9,406	37,002	48,750	(11,749)
<b>Total Operating Expense</b>	<b>1,657,668</b>	<b>1,568,512</b>	<b>89,156</b>	<b>4,778,975</b>	<b>4,770,494</b>	<b>8,481</b>
▼ <b>Non-Operating Expense</b>						
▶ Interest	283,797	296,492	(12,696)	825,241	883,572	(58,331)
▶ Taxes	60,945	65,333	(4,387)	202,459	193,528	8,931
▶ Other	2,911	1,350	1,561	(130,865)	(39,043)	(91,823)
<b>Total Non-Operating Expense</b>	<b>347,653</b>	<b>363,175</b>	<b>(15,522)</b>	<b>896,835</b>	<b>1,038,057</b>	<b>(141,223)</b>
<b>Net Income (loss)</b>	<b>(214,001)</b>	<b>(86,306)</b>	<b>(127,695)</b>	<b>(583,650)</b>	<b>(458,479)</b>	<b>(125,170)</b>
▼ <b>Profitability Ratios</b>						
▶ Profit Margin	(0.10)	(0.04)	(0.06)	(0.10)	(0.07)	(0.03)
▶ Operating Margin	0.06	0.13	(0.07)	0.05	0.09	(0.04)
▶ EBIT	130,741	275,519	(144,778)	444,051	618,621	(174,570)
▶ EBITDA	606,248.19	718,922.42	(112,674.23)	1,847,216.52	1,973,024.82	(125,808.30)

## 2020 YE Projections

2021 Projected YTD Proffit & Loss	Projected Year To Date						
	Q1 '21	Q2 '21	Q3 '21	Q4 '21	12/31/2021		
	Actual	Actual	Actual	Projected	Projected YTD	Master Budget (2021)	Budget Variance
<b>Operating Revenues</b>							
Broadband Services							
Fiber	864,958.00	926,335.00	1,020,302.00	1,072,545.41	3,884,140.41	3,689,578.00	194,562.41
Wireless	625,873.00	639,833.00	663,531.00	672,429.00	2,601,666.00	2,676,888.00	(75,222.00)
DSL	18,340.00	592.00	504.00	0.00	19,436.00	153,098.00	(133,662.00)
Total Broadband Services	1,509,171.00	1,566,760.00	1,684,337.00	1,744,974.41	6,505,242.41	6,519,564.00	(14,321.59)
IT Services	158,173.00	231,317.00	224,352.00	217,620.00	831,462.00	728,040.00	103,422.00
Other Revenues	117,016.00	293,002.00	182,706.00	78,727.71	671,451.71	995,501.00	(324,049.29)
Total Operating Revenues	1,784,360.00	2,091,079.00	2,091,395.00	2,041,322.12	8,008,156.12	8,243,105.00	(234,948.88)
<b>Cost of Services</b>							
Broadband Services	184,626.00	191,939.00	179,089.00	165,786.00	721,440.00	726,269.15	(4,829.15)
IT Services	22,986.00	71,151.00	60,747.00	21,975.00	176,859.00	88,950.00	87,909.00
Other	51,350.00	52,547.00	60,239.00	41,400.00	205,536.00	283,685.00	(78,149.00)
Total Cost of Services	258,962.00	315,637.00	300,075.00	229,161.00	1,103,835.00	1,098,904.15	4,930.85
Total gross profit	1,525,398.00	1,775,442.00	1,791,320.00	1,812,161.12	6,904,321.12	7,144,200.85	(239,879.73)
<b>Operating Expense</b>							
Labor	916,906.00	742,995.00	854,293.00	862,944.54	3,377,138.54	3,350,138.72	26,999.82
General & Administrative							
Depreciation & Amortization	447,793.00	479,866.00	475,507.00	466,987.39	1,870,153.39	1,790,571.28	79,582.11
Licenses, Subscriptions, & Dues	92,985.00	107,840.00	98,112.00	124,365.79	423,302.79	339,708.02	83,594.77
Other (Insurance, Office, etc...)	45,541.00	34,157.00	36,503.00	33,861.50	150,062.50	165,313.31	(15,250.81)
Rent	43,258.00	40,995.00	41,170.00	43,966.00	169,389.00	164,080.00	5,309.00
Repairs, Maintenance, Auto	34,242.00	17,252.00	65,370.00	30,960.00	147,824.00	151,440.00	(3,616.00)
Professional Fees (Legal, Audit, etc...)	34,105.00	25,205.00	20,128.00	27,375.00	106,813.00	99,600.00	7,213.00
Travel & Transportation	10,628.00	14,287.00	6,282.00	19,717.00	50,914.00	60,868.00	(9,954.00)
Telephone	12,524.00	5,965.00	11,705.00	10,000.00	40,194.00	36,004.00	4,190.00
Utilities	8,129.00	6,571.00	7,513.00	10,800.00	33,013.00	43,200.00	(10,187.00)
Tools & Equipment	26,522.00	(37,804.00)	15,429.00	14,499.00	18,646.00	57,996.00	(39,350.00)
Total General & Administrative	755,727.00	694,334.00	777,719.00	782,531.67	3,010,311.67	2,908,780.61	101,531.06
Selling & Marketing							
Marketing & Advertising	4,893.00	6,452.00	25,656.00	16,250.01	53,251.01	65,000.04	(11,749.03)
Total selling & marketing	4,893.00	6,452.00	25,656.00	16,250.01	53,251.01	65,000.04	(11,749.03)
Total Operating Expense	1,677,526.00	1,443,781.00	1,657,668.00	1,661,726.23	6,440,701.23	6,323,919.37	116,781.86
<b>Non-Operating Expense</b>							
Interest	261,649.00	279,796.00	283,797.00	281,804.37	1,107,046.37	1,176,292.79	(69,246.42)
Taxes	74,559.00	66,955.00	60,945.00	62,911.01	265,370.01	259,717.50	5,652.51
Other	(130,045.00)	(3,732.00)	2,911.00	1,350.00	(129,516.00)	(37,692.86)	(91,823.14)
Total Non-Operating Expense	206,163.00	343,019.00	347,653.00	346,065.38	1,242,900.38	1,398,317.43	(155,417.05)
<b>Net Income (loss)</b>	<b>(358,291.00)</b>	<b>(11,358.00)</b>	<b>(214,001.00)</b>	<b>(195,630.49)</b>	<b>(779,280.49)</b>	<b>(578,035.95)</b>	<b>(201,244.54)</b>