



2023

ANNUAL REPORT




OUR MISSION

Our mission is to provide competitively priced, high quality communications services which are responsive to the needs of our customers.

We recognize that our employees are vital to the implementation of this mission, and we will strive to equip them with the tools necessary to attain our goals and objectives.

We are committed to being good stewards of our owners' investment, to ensure long term financial viability.



GENERAL MANAGER REPORT

With summer upon us, I'm honored to enter a new season full of new opportunity as your CEO/General Manager. You, our valued members, are the core of our mission. On behalf of our Board of Directors and everyone at SRT, thank you for continuing to trust us as your technology provider. We are motivated every day to earn that trust.

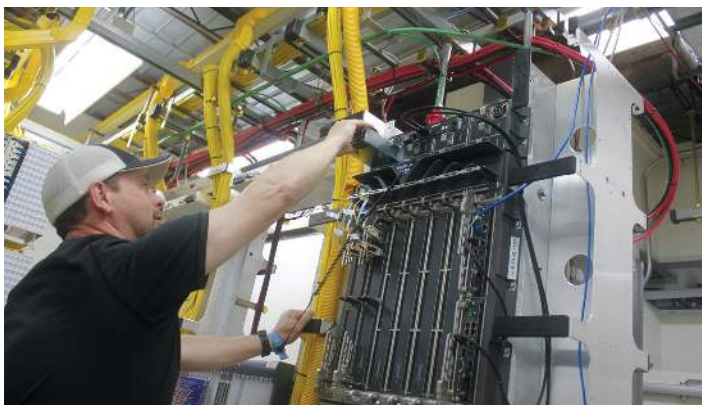
In the few months since I last reported to you, SRT has achieved new milestones I'd like to share.

FIBER BROADBAND

As you know, SRT completed our rural fiber build in June 2022, a 10-year project primarily funded with USDA Rural Utilities Service (RUS) Loans and culminating in 6,300 miles of fiber optic cable. We also continue to forge ahead with our Minot build. So far we have completed 1,380 miles of fiber optic cable in the Magic City.

In parallel to the Minot project, we upgraded our rural transport network from 10 Gbps to 100 Gbps – 10 times the capacity to support increasing demand and higher bandwidth. Our transport network not only allows us to connect more homes and businesses to the best internet available; it also ensures that people and communities can fully realize the potential of life with high-speed technology.

SRT is also building on our infrastructure through an innovative relationship with NISC and Nokia. NISC (National Information Solutions Cooperative) provides many of the software solutions we use at SRT. Nokia is a worldwide technology company. Recently, NISC integrated with Nokia's broadband network management system to enhance services for NISC members like SRT. This integration helps SRT deliver exceptional service. But most importantly, it creates an even better internet experience for you.



SRT stands among organizations leading the future of technology and how it can benefit people in every aspect of life. In that spirit, this past year we repackaged our fiber to provide exceptional,

affordable speeds across the board. Speed simply means your internet can keep up with your online activities. When internet stops, whatever you are doing stops, too. Our Gig Internet means no gaming lag time, no dropped videoconferences, no blurry or buffering streaming. Speed gives you your time back to spend it on your life.

Every dollar invested in our advanced fiber network positions SRT for the future so we can continue to improve our members' lives. To protect your multi-million dollar investment, our focus on cybersecurity will never stop.

REGULATORY COMPLIANCE

Much like cybersecurity, regulatory compliance is something that our members don't always see. But rest assured we work on safety, security, and privacy matters for members with the greatest of care, every day. SRT is a telecommunications company, regulated by a myriad of federal and state guidelines. It's the world we operate in and we take it seriously. We continue to devote resources to federally mandated projects and ongoing compliance to ensure our operations are sound and your services are seamless.

MEMBER VOICES – NET PROMOTER SCORE

Not only does SRT appreciate your membership; we also value your feedback. This year we are initiating a Net Promoter Score program to ask our members how they feel about SRT. Net Promoter Score is a measure used to gauge customer loyalty, satisfaction, and enthusiasm by asking one question: "On a scale from 0 to 10, how likely are you to recommend SRT to a friend or colleague?" Understanding our score will help SRT improve, grow, and sustain a healthy, viable cooperative for our members.

Thank you again for another meaningful year. We look forward to serving your technology needs, supporting your communities, and doing our part to make north-central North Dakota a vibrant place to live, learn, work, and play.



Cassidy Hjelmstad
CEO/General Manager

BOARD PRESIDENT REPORT

Since our last annual meeting, SRT has been digging deep and reaching far to provide the services and support our communities deserve. While we have continued to invest in our state-of-the-art fiber network that connects our entire service area, we also invest in each community within that geography. SRT is committed to you — our members — and to the places you call home.

THRIVING COMMUNITIES

North Dakota is a wonderful place to raise families. To ensure our towns thrive for generations to come, SRT invests in initiatives that enhance education and recreation. SRT donated \$25,000 to the Mohall Park District toward replacing Mohall's baby pool with a Family Fun Splash Pad. We also donated \$14,000 to Full STEAM Ahead's Lego League Explore program, so kids ages 6-14 could participate in this science and technology program for free. SRT supported the newly opened Magic City Discovery Center in Minot with a \$100,000 donation plus \$50,000 of in-kind high-speed internet. These projects provide opportunities for residents of all ages, as well as reasons for families to move here and stay here.

SRT also matches Rural Development Finance Corporation (RDFC) grant dollars for projects that benefit rural areas and lead to community betterment. Last fall we were pleased to provide \$500 in matching funds for Renville Cemetery to improve and beautify the grounds. The Mouse River Park All Faiths Chapel in Tolley also received a \$500 RDFC grant with SRT match to upgrade the chapel, enhancing its appearance and insulating it against North Dakota weather. Projects like these help rural communities maintain pride and honor their residents.

A cornerstone of any "best place to live" is access to top-notch health care. This spring, Trinity Health opened its new hospital and medical district, transforming the level of care available to us and the economic opportunities for our region. SRT donated \$500,000 to Trinity Health Foundation's Capital Campaign. Plus, our fiber network provides critical infrastructure for the new campus. We are proud to support Trinity and to continue our partnership for the good of North Dakotans.

HOMETOWN PRIDE

SRT employees and board members are your neighbors. We live and work in cities, rural towns, and farming communities across north-central North Dakota. Every football season, SRT enjoys cheering on our service area schools. We were pleased to join homecoming parades such as Granville, Mohall, Towner, Velva, and Westhope. Employees and board members also participated in coop and community activities like tailgating, lunches, and Coop Day at the State Fair. When SRT sponsored Minot State University's Nodakon event, employees participated alongside students in a variety of technology-related learning sessions.

MEMBERSHIP BENEFITS

Belonging to a cooperative is much more than purchasing a service.

As members, you are invested in SRT and the services we provide. First, you have a voice. Cooperative decisions are made by your democratically elected board. We represent all points on SRT's service map. In addition to a voice, you get rewards. Because SRT is a cooperative, we can return excess revenues (margins) to our members as capital credits. In 2023, SRT distributed \$1,824,596 back to our valued members. We always look forward to sharing the

cooperative's success and stability with you.

When you invest in something, you are committed. You are involved. And you care. SRT cares, in so many ways. We are invested in our mission, in our communities, and in you. Thank you for being an SRT member and welcoming our services into your home or business.



Kristi Miller
Board President



2022 BOARD OF DIRECTORS



Allan Engh
Sherwood • District 1



Dennis Erber
Glenburn • District 2



John Marshall
Towner • District 3



Stacey Diehl
Secretary/Treasurer
Minot • District 4



Ardel Rice
Mohall • District 1



Tom Jespersen
Assistant Secretary/Treasurer
Velva • District 2



Stuart Rothe
Newburg • District 3



Deanna Klein
Minot • District 4



Stanley Vangsness
Vice President
Berthold/Carpio • District 1



Kristi Miller
President
Maxbass • District 2



Dennis Schott
Butte • District 3



Benjamin Robertson
Minot • District 4

2023 Director Election /

District 1 Stanley Vangsness
Berthold/Carpio
Incumbent

District 2 Kristi Miller, Maxbass
Incumbent

District 3 John Marshall, Towner
Incumbent

District 4 Kriss J. Allard, Minot
Deanna Klein, Minot
Incumbent
Steve Pinnow, Minot

2023 YOUTH AWARDS

SCHOLARSHIPS

In 2023 SRT awarded four students an SRT Scholarship for \$1,500 each, and one student an SRT \$2,500 Technical Scholarship. These students stood out in a highly competitive application process for their academic achievements and dedication to community. SRT congratulates the winners and wishes them the best in their future endeavors.

“Every year, we look forward to rewarding area students for their hard work and their accomplishments. These scholarship winners have bright futures ahead of them and SRT is proud to support their goals.”

— Kristi Miller
SRT Board President



Isabell Buynak
MLS Mohall High School
Daughter of Norman and Sarah Buynak



Preston Kraft
Velva High School
Son of Ryan and Kylene Kraft



Javin Mattern
MLS Mohall High School
Son of Sean and Margaret Mattern



Magee Rovig
Bishop Ryan Catholic School
Daughter of Thomas and Donna Rovig

TECHNICAL



Ryker Pederson
Minot High School
Son of Steven and Jodi Pederson

YOUTH TOUR

Braden Savelkoul of MLS Mohall High School represented SRT during the 2023 Foundation for Rural Service (FRS) Youth Tour in Washington, D.C., May 31-June 4. Braden learned about the telecommunications industry, toured our nation's capital, and met with legislative leaders to discuss his experiences in rural North Dakota.



Braden Savelkoul
MLS Mohall High School
Son of Terry and Laura Savelkoul

Smart Rural Community – What SRT’s Designation Means for Our Members

SRT is proud to be named a Smart Rural Community (SRC) provider by NTCA—The Rural Broadband Association. Smart Rural Communities promote innovative economic development, effective education, efficient energy distribution and use, state-of-the-art health care, and other important services for rural America.

Rural broadband allows communities of all sizes to flourish. As a broadband internet provider serving north-central North Dakota, SRT plays an integral role in building a brighter future for small-town America.



A school nurse conducts a telehealth appointment with a student over a high-speed Internet connection.

Community provider as part of a national network of similarly innovative communities.

“It is imperative that our rural communities have access to high-speed internet. SRT broadband brings educational and economic opportunities to rural residents, in the places where they love to live,” said Kristi Miller, SRT Board President.

Cassidy Hjelmstad, SRT CEO and General Manager, added, “Smart Rural Community providers recognize the importance of rural connectivity. Our farmers, ranchers, business owners, families, students – everyone deserves access to high-speed internet. That’s why it is SRT’s mission, as a broadband provider and a cooperative, to ensure that north-central North Dakota can compete with even the most connected communities across the country.”



A WiFi-enabled system allows the Lord’s Cupboard to monitor and water its food pantry garden remotely, saving travel expenses and volunteer time.

To earn Smart Rural Community provider designation, SRT was required to affirm that we offer 25x3 Mbps broadband to at least 50% of our service area, have a broadband subscription rate of at least 50%, and are committed to program principles of collaboration and innovation. SRT celebrates being a Smart Rural

NTCA—The Rural Broadband Association is the premier association representing nearly 850 independent, community-based telecommunications companies that are leading innovation in rural and small-town America. NTCA members are leading the technological evolution for rural consumers, delivering robust and high-quality services over future-proof networks that make rural communities vibrant places in which to live and do business.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2022

ASSETS

Current Assets

Cash and temporary cash investments	\$ 17,226,898
Accounts, notes and interest receivable	5,396,663
Materials and supplies	2,341,683
Prepaid expenses	1,170,607

Total Current Assets	26,135,851
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Investments and Noncurrent Assets

Investment in securities	9,363,624
Other investments	9,462,130
Nonregulated investments - net	3,883,397
Deferred charges	54,281

Total Investments and Noncurrent Assets	22,763,432
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Telecommunications Plant

Total investment in plant	331,595,021
Less: accumulated depreciation	157,075,864

Net Investment in Plant	174,519,157
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Total Assets	223,418,440
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LIABILITIES AND EQUITIES

Current Liabilities

Current portion of long-term debt	4,671,000
Accounts payable	5,867,694
Accrued taxes	163,258
Other current liabilities	1,081,439

Total Current Liabilities	11,783,391
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LONG TERM DEBT, LESS CURRENT MATURITIES	68,942,643
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OTHER LIABILITIES	5,880,230
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EQUITIES

Patronage capital	110,601,091
Other capital	26,211,085

Total Equities	136,812,176
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Total Liabilities and Equities	\$ 223,418,440
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CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED
DECEMBER 31, 2022

OPERATING REVENUES

Local network services	\$ 5,171,430
Network access services	32,823,426
Long distance network services	745,354
Miscellaneous	1,182,195
Total telephone revenue	39,922,405
Tower rent revenue	941,556
Internet revenue	12,629,948
Cable television revenue	1,633,732
Nonregulated revenue	1,033,372
Total Operating Revenues	56,161,013

OPERATING EXPENSES

Plant operations	19,382,288
Depreciation	12,532,246
Customer operations	2,901,344
Corporate operations	4,830,016
Operating taxes - other	112,876
Total telephone operating expenses	39,758,770
Tower operating expenses	444,167
Internet operating expenses	6,416,514
Cable television operating expenses	1,479,319
Nonregulated expenses	1,526,629
Total Operating Expenses	49,625,399

NET OPERATING MARGIN

6,535,614

NONOPERATING INCOME (EXPENSE)

Interest and dividend income	3,918,080
Amortization of intangibles	(213,007)
Income from equity investments	633,618
Other gains/(losses)	(358,060)
Miscellaneous	(205,374)
Total Nonoperating Income	3,775,257

NET MARGIN BEFORE INTEREST AND INCOME TAXES

10,310,871

INTEREST EXPENSE AND RELATED ITEMS

1,674,221

NET MARGIN BEFORE INCOME TAXES

8,636,650

PROVISION FOR INCOME TAXES

390,686

NET MARGIN

\$ 8,245,964

MINUTES OF THE 2022 ANNUAL MEETING

The 71st Annual Meeting of the members of SRT Communications, Inc. ("SRT") was held at the North Dakota State Fair Center in Minot, North Dakota, on Wednesday, October 12, 2022, pursuant to due notice to all members. SRT President Kristi Miller presided.

WELCOME: President Miller welcomed members to SRT's 71st Annual Meeting.

NATIONAL ANTHEM/FLAG PRESENTATION: President Miller asked all in attendance to rise for the singing of the National Anthem, which was performed by South Prairie student Jayla Kannianen.

INVOCATION: Jake Thraillkill was invited to deliver the invocation.

INTRODUCTION OF SRT BOARD MEMBERS: President Miller introduced SRT's current board members and the districts from which they serve.

INTRODUCTION OF GUESTS & ACKNOWLEDGMENT OF LETTERS: President Miller read the names of special guests and letters received from dignitaries, including Senator John Hoeven and Senator Kevin Cramer.

CALL TO ORDER: The meeting was called to order by President Miller at 7:00 p.m. The President declared the presence of a quorum. President Miller appointed Attorney Steven Lutt as recording secretary and parliamentarian.

READING OF ANNUAL MEETING NOTICE: SRT Secretary Deanna Klein read the official notice of meeting and proof of mailing.

READING OF 2021 ANNUAL MEETING MINUTES: It was moved, seconded, and carried to approve the minutes of the 2021 annual meeting of members as printed in the annual meeting booklet, and to dispense with oral reading of the minutes.

NOMINATIONS PROCEDURE & INTRODUCTION OF CANDIDATES:

Attorney Steven Lutt, from Pringle & Herigstad, PC, explained the procedure for nomination and election of directors of SRT. Attorney Lutt introduced the candidates from each district: Allan Engh of Sherwood (District 1), Tom Jespersen of Velva (District 2), Stuart Rothe of Newburg (District 3), and Benjamin Robertson of Minot and Jason Sanders of Minot (District 4).

CREDENTIALS AND ELECTION COMMITTEE: President Miller announced that members Gladys Lakefield of Sherwood, Jerry Effertz of Velva, Melanie Gessner of Upham, and Brenda Zietz of Minot were appointed as the Credentials and Election Committee. Brenda Zietz served as chair of the committee.

FINANCIAL REPORT: President Miller introduced Perry Erdmann, the Chief Financial Officer of SRT. Mr. Erdmann reported the financial results for the past fiscal year and the results of an independent audit of SRT's consolidated operations. Mr. Erdmann reported SRT operating revenues of \$56,512,675. SRT's "net margin," the rough equivalent of net profit, was \$13,878,193 for the 2021 fiscal year. SRT's assets stand at \$208,866,344, while liabilities are \$8,310,949. SRT's total equity stands at \$131,662,209.

PRESIDENT'S REPORT: President Miller presented the President's Report, touching on the completion of SRT's fiber buildout in rural areas and the ongoing buildout in Minot, financial support for community initiatives, youth award recipients, and the Streaming Made Simple education tour.

CEO/GENERAL MANAGER'S REPORT: CEO/General Manager Cassidy Hjelmstad reported on continued upgrades to SRT's fiber infrastructure and transport network, as well as ongoing cybersecurity evaluation and improvement. Ms. Hjelmstad also reported on SRT's exit from the cable TV market and efforts to educate members on new, rapidly developing streaming platforms. Ms. Hjelmstad reported on SRT's work to comply with new federal mandates stemming from the Ray Baum Act, STIR/SHAKEN verification for IP-based caller ID, the 988 short dial code for the National Suicide Prevention Hotline, and new FCC requirements for speed and performance testing. Lastly, Ms. Hjelmstad discussed SRT's designation by NTCA – The Rural Broadband Association as a Smart Rural Community Provider, which means that SRT is part of a network of broadband providers that works to improve economic development, provide technology for advancing education and enhance state-of-the-art health care—all to create future-proof sustainable infrastructure in rural America.

SCHOLARSHIP RECIPIENTS: Cassidy Hjelmstad described SRT's scholarship program and named the 2022 recipients. They are: Jersey Johnson of Minot; Madison Moberg of Mohall; Jady Sandy of Velva; and Niah Wollenzien of Towner.

Ms. Hjelmstad also announced the SRT Technical Scholarship which is awarded to a student working toward a degree in telecommunications or a related technical field. The 2022 recipient is Dylan McDonald who recently graduate from Glenburn High School as the valedictorian. Dylan is attending South Dakota School of Mines and Technology pursuing majors in metallurgical engineering.

MINUTES OF THE 2022 ANNUAL MEETING

PRIZE WINNERS: Cassidy Hjelmstad announced various prize winners.

ELECTIONS COMMITTEE REPORT: Attorney Steven Lautt and Election Committee Member Brenda Zietz announced the report of the Elections Committee on the elections for the following directorships, who cast ballots as follows:

DISTRICT 1

Allan Engh.....	33
Spoiled ballots	1

DISTRICT 2

Tom Jespersen	70
Spoiled ballots	3

DISTRICT 3

Stuart Rothe	30
Spoiled ballots	3

DISTRICT 4

Benjamin Robertson	236
Jason Sanders	198
Spoiled ballots	14

Allan Engh, Tom Jespersen, Stuart Rothe, and Benjamin Robertson were the winning candidates and were elected for three-year terms.

OTHER BUSINESS: President Miller called for old and new business. None was presented.

ADJOURNMENT: President Miller called for a motion to adjourn, and the meeting was so adjourned at 7:48 p.m.

DOOR PRIZES: Door prizes were awarded to registered members.



Steven A. Lautt, Recording Secretary



Deanna Klein, Secretary

ATTEST:



Kristi Miller, President



SRT Headquarters / 3615 North Broadway / P.O. Box 2027 / Minot, ND 58702-2027

This institution is an equal opportunity provider and employer.

