

OTZ Telephone Cooperative, Inc.

2022 Annual Report

Connecting Our Communities





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Annual Meeting Agenda

May 26, 2023

- I. Call to Order – Marie N. Greene, President
- II. Invocation
- III. Determination of Quorum
- IV. Early Bird Drawing
- V. Approval of Minutes of May 2, 2019
- VI. Election of 3 Directors
 - District 4 (Noatak, Kivalina, Red Dog)
 - District 6 (Kotzebue)
 - District 7 (Kotzebue)
- VII. New Business
- VIII. Reports
 - Board
 - Management
- IX. Member's Questions/Comments
- X. Election Results
- XI. Final Drawing
- XII. Benediction
- XIII. Adjournment

Letter to Members

May 26, 2023
Annual Meeting



Dear Members,

We're very happy to have the opportunity to host our annual meeting in person again. We would first, thank you for being a member of our cooperative and allowing us the opportunity to serve you. Though our communities are separated geographically and have their individual identities, a shared culture and cooperative spirit binds us together. Our mission is to further connect our communities with one common network and bring our communities closer together as we finalized preparations to build in 2023.

Village Connect Project

In our effort to bring true high-speed internet to the entire region, Engineering, Environmental Permitting and Vendor Selection, were all part of the effort in 2022, as the planning phase of our project to build the most extensive and advanced communications network ever attempted above the arctic circle. Preparing us to start and complete this network in 2023.

Tribal Partnerships

OTZ partnered with the Native Village of Selawik and the Native Village of Kotzebue to assist in the writing of the Use and Adoption Grant allowing our IRA partners to provide free laptop computers and discounted high-speed broadband and cellular service to their tribal members. In addition, this partnership will bring 5g cellular communications to Selawik and Kotzebue and provide community Wi-Fi hotspots. This is just the beginning of what we can accomplish with OTZ, and tribal entities work together to bring service to our communities.

Emergency Connectivity Fund (ECF)

The NWABSD leadership was able to accomplish a huge task in applying and getting approved for the Emergency Connectivity Fund (ECF). The ECF allows funding for free internet service to homes of student and teacher. OTZ was able, through a major effort, to be the first telecommunications provider in Alaska to utilize Low Earth Orbiting Satellite (LEO) technology to provide services to all our village communities.

In conclusion, the OTZ board and Staff are continuously working to connect all our communities through the most advanced network, the latest technology, and strategic, local partnerships to bring the best telecommunication services to our entire region.

Sincerely,



Kelly Williams
CEO



Staff Members

Adam Greene	Combination Technician
Brian Cleveland	Install/Repairman, Ambler
Bruce Barr	Deering Village Representative
Cindy Fields	Chief Revenue Officer
Corita Thomas	Executive Assistant
Don Smith	Purchasing Agent/Building Coordinator
Floyd Ticket III	Combination Technician
Gary Swan	Kivalina Village Representative
Gladys Woods	Customer Service Representative
Grace Norton	Customer Service Representative
Harry Baldwin	Central Office Administrator
Jack Youngers	Combination Technician
Jim Fred	Operations Manager
Jonah Walton Jr.	Noatak Village Representative
Kahia Baldwin	Customer Service Representative
Kelly Williams	Chief Executive Officer
Kris McKay	Kobuk Village Representative
Lucy Mae McConnell	Accounting Clerk
Skyler Baldwin	Combination Technician
Solena Scott-Gallahorn	Customer Service Representative
Verne Cleveland	Noorvik Village Representative

Board Members

Marie N. Greene President	District 5: Kotzebue Term: 2021-2024
Lawrence D. Jones Vice-President	District 4: Noatak, Kivalina, Red Dog Term: 2020-2023
Charlie R. Gregg Secretary/Treasurer	District 7: Kotzebue Term: 2020-2023
Chester L. Ballot Director	District 6: Kotzebue Term: 2020-2023
Billy A. Lee Director	District 1: Ambler, Shungnak, Kobuk Term: 2021-2024
Eunice P. Hadley Director	District 3: Buckland, Deering Term: 2022-2025
Elsie M. Dexter Director	District 2: Noorvik, Kiana, Selawik Term: 2022-2025

Connecting

Our Communities





2022

- NWABSD RFP Emergency Connectivity Fund (ECF) Village Internet Connection 10 Mbps/3 Mbps for teachers/students
- District 2: Noorvik, Kiana, Selawik - Gordon L. Newlin retired after 28 years of service
- OTZ Telephone Broadband Buildout Project - 30M RUS loan
- Partnership with Native Village of Kotzebue and Native Village of Selawik on the Use and adoption grants, an agreement to provide 5G internet

2021

- NWABSD RFP Village Internet for teachers/students
- District 1: Ambler, Shungnak, Kobuk - Jane Cleveland retired after 24 years of service
- Emergency Broadband Benefit Program (EBBP) \$50 to \$75 discount on monthly broadband bills for qualifying households

2020

- 5G Spectrum
- Ambler Cell Service - November 18, 2020

2019

- Upgrade satellite capacity in the villages
- Membership requirements for transitioning Internet Customers into Cooperative
- Launched IPTv over the top tv
- Upgrade internet capacity by 300%
- Kotzebue Business fiber connection
- Ambler central office
- Hired a new Chief Executive Officer

2022

- OTZ Scholarship: Payton McConnell & Ethan Roetman
- ACRA: Unlimited talk/text and data to cover snowmachine races in Northwest Arctic
- Kobuk 440: Telephone and internet service
- KBRW: Unlimited talk/text and data to cover 3A Western Conference Basketball Tournament
- Burial Assistance: Use of backhoe for grave digging, membership donation

2021

- OTZ Scholarship: Payton McConnell & Ethan Roetman
- KOTZ Radio: Cell phones; 2 S8 Samsung, S9 Samsung, iPhone 11
- Burial Assistance: Use of backhoe for grave digging, membership donation

2020

- OTZ Scholarship: Payton McConnell, Ethan Roetman, Caitlin Conwell, Tahela Baker, Laura Fields
- Kotzebue Fire Department: VHF Home base
- KEA: Teleconference
- Maniilaq Association - 3 PRI's
- KOTZ Radio: Cell phones, VHF HH, 2 \$50 prepaid credit cards
- OPT-IN Kiana: iPhone 11
- Burial Assistance: Use of backhoe for grave digging, membership donation

2019

- OTZ Scholarship: Payton McConnell, Ethan Roetman, Caitlin Conwell
- KOTZ Radio fundraiser
- Northwest Arctic Borough Search & Rescue
- Kobuk 440: Telephone and internet service
- 4th of July: all exchanges
- School supplies for back pack give away
- NANA board meeting WiFi at Nullagvik Hotel
- Burial Assistance: Use of backhoe for grave digging, membership donation

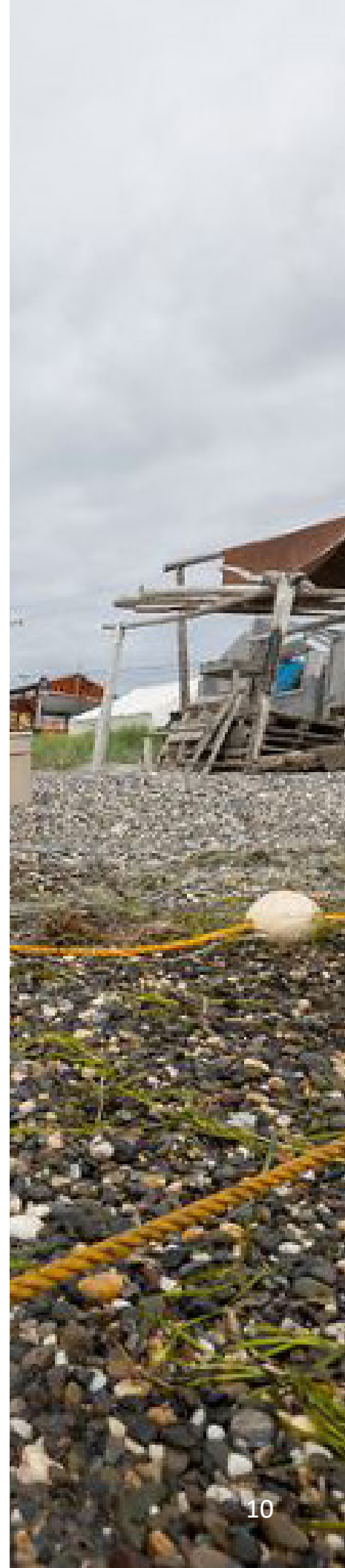
OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,131,058	\$ 1,636,348
Accounts receivable, less allowance for doubtful accounts of zero	2,960,580	1,094,681
Materials and supplies	337,698	316,409
Income tax receivable	-	13,756
Prepaid expenses	80,500	54,842
Total Current Assets	5,509,836	3,116,036
Other Assets and Investments:		
Other investments	244,438	235,296
Deferred compensation plan investments	46,831	63,889
Total Other Assets and Investments	291,269	299,185
Property, Plant, and Equipment:		
In service	42,653,797	41,416,366
Under construction	1,108,603	1,132,043
Total Property, Plant, and Equipment	43,762,400	42,548,409
Less accumulated depreciation	34,950,762	33,244,322
Property, Plant, and Equipment, net	8,811,638	9,304,087
	<u>\$ 14,612,743</u>	<u>\$ 12,719,308</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 600,000	\$ 600,000
Accounts payable	1,940,060	378,942
Accrued expenses	433,929	430,800
Customer deposits	29,673	41,132
Deferred revenue	66,328	60,000
Advanced billing	53,046	58,254
Total Current Liabilities	3,123,036	1,569,128
Long-term Debt, net of current portion	3,550,000	4,150,000
Deferred Credits	46,831	63,889
Unclaimed Capital Credits	301,332	301,332
Total Liabilities	7,021,199	6,084,349
Members' Equity:		
Memberships	4,905	5,655
Patronage capital	7,586,639	6,629,304
Total Members' Equity	7,591,544	6,634,959
	<u>\$ 14,612,743</u>	<u>\$ 12,719,308</u>

	2022	2021
Operating Revenues:		
Local network	\$ 578,965	\$ 536,589
Network access	6,969,610	7,118,723
Billing and collection, directory, and other	147,618	157,522
Equipment sales and leases	221,508	240,701
Long distance	46,283	47,020
Cellular	173,827	232,208
Internet	2,282,619	1,341,905
IPTV	30,597	33,833
Total Operating Revenues	10,451,027	9,708,501
Operating Expenses:		
Plant specific	1,874,042	2,202,657
Plant nonspecific	537,069	502,300
Depreciation	1,706,440	1,983,906
Customer	317,589	164,034
Corporate	1,411,080	1,284,417
Operating taxes	172,283	145,931
Equipment sales and leases	119,125	160,087
Long distance	43,163	75,070
Cellular	989,848	931,711
Internet	1,580,807	1,898,391
IPTV	34,139	39,258
General and administrative	580,167	745,005
Total Operating Expenses	9,365,752	10,132,767
Operating Margin (Loss)	1,085,275	(424,266)
Other Income (Expense):		
Interest and dividend income	8,934	12,144
Interest expense	(241,096)	(184,062)
Allowance for funds used during construction	51,000	33,000
Gain on sale of property, plant, and equipment	-	1,403,268
Other gains, net	53,222	50,327
Total Other Income (Expense)	(127,940)	1,314,677
Net Margin	\$ 957,335	\$ 890,411



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