

ANNUAL REPORT 2021

JUNE 9, 2022 I KIDDER COUNTY SCHOOL

honoring the past,
—BUILDING THE—
FUTURE

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Advanced Notice of

ANNUAL MEETING

70th Annual Meeting | Thursday, June 9, 2022

Notice is hereby given that the 70th Annual Meeting of the members of BEK Communications Cooperative will be held in Steele, North Dakota on Thursday, June 9, 2022 at the Kidder County High School.

As a cooperative member, you are encouraged to come and share our year in review. Your participation in the business meeting of your cooperative is greatly appreciated. For your convenience, free child care will be available during the meeting.

Registration & Beef Supper | 5:30 pm - 7:00 pm

Enter at the entrance door of Kidder County High School

BEK Communications Cooperative Annual Meeting | 7:00 pm

Meeting is conducted in the Kidder County High School gymnasium

Live Meeting

BROADCAST

If you are unable to attend but would still like to participate, please consider joining us on TV or online:

BEK EPIC IPTV

- Ch-26 West ND
- Ch-4 East ND

Midco

- Ch-609 West ND
- Ch-4 East ND

Direct TV

- Ch-26 West ND
- Ch-44 East ND

Dish Network

- Ch-24 West ND
- Ch-5/5157 East ND

Over the Air: BEK TV

- Ch-26.1 Southwest ND
- Ch-24.1 Northwest ND
- Ch 4.1 East ND

Online

- Facebook
- bek.tv

70th Annual Meeting

AGENDA

- 1 Call Meeting to Order
- 2 Presentation of Flags
 Knights of Columbus, Fourth Degree
 Assembly 785 Mandan
- 3 National Anthem
- 4 Invocation
 Father Peter Sharpe | St. Francis de Sales Catholic Church
 Steele, Tappen and Medina, ND
- 5 Officer's Report
- 6 Election of Directors
- 7 Manager's Report2021 Year in Review VideoQuestions & Answers
- 8 Other Reports
- 9 Unfinished Business
- 10 Closing & Door Prizes



President & CEO's

PERSPECTIVE

Honoring the Past, Building the Future

North Dakota telephone cooperatives have historically defined themselves as telecommunications service providers. With fixed-line voice services being replaced by mobile voice services, traditional phone cooperatives began looking for new avenues of growth. Most of their business expansions have been in allied areas, like broadband or television, offering new services that will propel them into the future and enable them to compete in an everchanging technology-driven marketplace. BEK is no different.

Today, many of these cooperatives also are offering more modern communications services to generate additional revenue. For example, some are getting into the security business, offering solutions for both business and residential properties. Other solutions include managed IT services, cyber security, streaming television, engineering services and broadcasting services.

When a cooperative transitions to new services, it's imperative that the mission of serving the rural members remains the most important goal. A cooperative is built to serve the rural communications marketplace, something AT&T originally refused



BRETT STROHBoard of Directors President



DERRICK BULAWA CEO/General Manager



to do because of high-cost considerations. BEK was originally built BY the community to SERVE the community by using their own funds, stringing phone lines on fence posts and sharing party lines. Eventually, BEK secured debt funding from the USDA Rural Electrification Act to upgrade those lines, install telephone poles and purchase other small cooperatives. The private phone line eventually replaced the party line, and then the digital touch tone button phones replaced the rotary dial phones. The access to low interest rate funds gave BEK the resources to upgrade all exchanges, acquire more smalltown cooperatives, and set the stage for the coming digital revolution.

BEK first introduced fiber optic lines in the 1990s as a method of communication between cities and large communities, which led to the use of fiber optic lines to service the most distant, rural customers. The advancement of this technology provided BEK the opportunity to move all members to fiber optic lines giving BEK the ability to offer phone, TV and internet over the same line at the same time. This was the genesis of the first digital television, leading to IPTV and today's streaming television.

Internet quickly advanced from a dialup, phone-based service to a continuous broadband service. BEK invested \$180 million in the optical network and the latest generation of electronics technology. Today, BEK is capable of gigabit broadband on an all-fiber optic network and is recognized as one of the fastest broadband providers in the country.

Between 2006 and 2012, BEK retired all its copper phone lines and replaced them with fiber optic lines, ending a 60-year business model built on copper line technology. This

evolution to optical-based technology created the opportunity for employees to learn new skills, products, and technology.

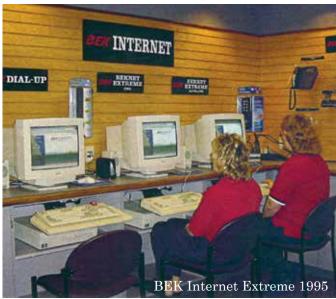
As BEK continues to move forward, advancing services that can ride on its state-of-the-art fiber network, it has opened the door to serving other areas across the state and region. BEK's sports and news programming now reaches audiences in North Dakota, Northeastern Montana, and Western Minnesota. The broadcasts are streamed across the entire United States and in more than 25 countries. The BEK Connect

"The broadcasts are streamed across the entire United States and in more than 25 countries."

product provides secure, cloud-based business communications solutions to companies big and small throughout North Dakota and 15 additional states. WebEx is the most recent feature of BEK Connect, making video conferencing, online meetings, screen shares and webinars as easy as pressing a button.

As we continue to meet our mission of serving our rural members with the best technology available, we also continue to build products for the future. Our commitment to exploring a broader deployment of new technology throughout the state and region gives BEK the advantage of larger market opportunities, to support the cost of the advanced services BEK provides to its rural members. It is through this lens that we are able to Honor the Past and Build the Future.









Secretary/Treasurer & CFO's

REPORT

BEK Communications continued its long history of serving its members and customers in 2021. From its days as an innovative cooperative connecting its members to the world via a copper telephone line, to its more current days of shooting light through fiber optic cable to deliver the fastest information in the world, BEK has continued to push the envelope in the delivery of communications.

Over the last 70 years, BEK has consistently made investments in its network to ensure that the members and customers are treated like family with the best possible technologies at their fingertips. BEK has also made conscious efforts to diversify its investments outside of the traditional phone and internet offerings. Whether it's BEK's Care Solutions business line or its broadcasting business line, BEK influences day to day experiences in areas outside of its original cooperative territory. In doing these things, BEK has positioned itself to be able to grow and expand in areas where other traditional telecommunications companies can't. This diversification helps BEK continue to offer innovative products and provide a legendary experience.

In 2021, BEK invested \$7 million into its fiber optic network. This type of investment is the cornerstone of BEK's business model. Over the last 70 years, BEK has invested over \$220 million



SHANE MORRISBoard of Directors
Secretary/Treasurer



BRANDON VAUGHAN CFO/Financial Manager



KEY POINTS:

\$143,147,442 | total assets
8,294 | total square miles served
12,079 | network customers
8,016 | total miles of fiber
816 | total miles of copper

to deliver one of the fastest most reliable networks in the world. This investment is what has enabled BEK to become a stable business and allows it to continue to find new and exciting ways to invest into the community and start and maintain many of its diversified business lines.

BEK also brought in a record \$44 million in operating revenues in 2021. This growth was seen in a variety of business lines. BEK Care Solutions saw its best year ever with \$2.2 million of operating revenue. BEK Sports also had a record-breaking year with \$1.68 million of operating revenue. These two business lines are a prime example of the diversification that BEK has endured and been successful.

BEK was able to continue to make all regular payments of debt. As planned, in 2021 BEK was able to pay down \$3.6 million in principle of long-term debt. This leaves \$33.9 million of debt on the books which is primarily made up of the debt taken to purchase Inter-Community Telephone Company LLC and the RUS debt which was used to build the fiber

optic network in the cooperative.

Of our gross revenues, Federal Universal Service Funds makes up the largest percent at 31.0% followed by broadband at 23.8%, telephone at 12.7% and IPTV at 13.6%, BEK Connect at 5.4%, Care Solutions at 5.1%, BEK TV at 3.8%, and Miscellaneous at 4.6%

There was \$6,150,328 of total patronage from members subscribed to phone and/or internet services. BEK allocated \$4,829,233 to cooperative members, which brings BEK's total capital credits held to a total of \$54,151,677.

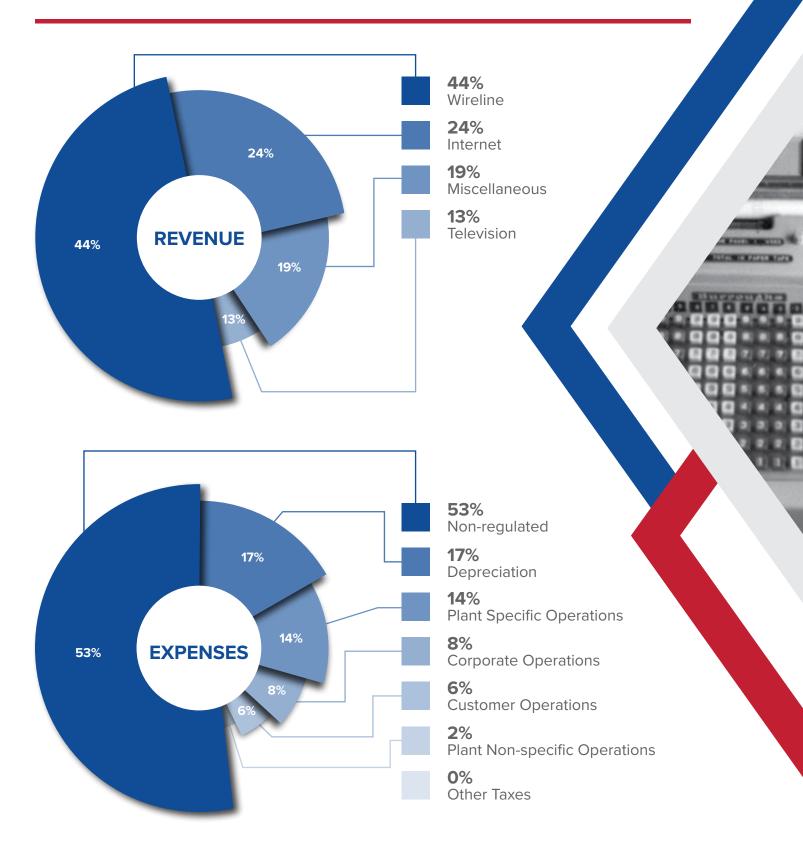
I look forward to seeing you at the annual meeting on Thursday, June 9th.

Consolidated Statement of INCOME

Operating Revenues	2021	2020
Wireline	\$19,478,963	\$20,395,720
Internet	10,546,456	8,796,790
Television	6,021,819	5,859,664
Miscellaneous	8,291,809	5,957,950
	\$44,339,047	\$41,010,124
Operating Expenses	2021	2020
Plant Specific Operations	\$ 5,677,361	\$ 5,727,415
Plant Non-specific Operations	615,953	586,110
Depreciation	6,692,671	5,481,603
Customer Operations	2,621,499	2,208,674
Corporation Operations	3,100,194	2,980,048
Other Taxes	45,903	45,708
Non-regulated	21,611,983	18,492,654
	40,365,564	35,522,212
Operating Margins	\$ 3,973,483	\$ 5,487,912
Non-operating Income (Expense)	2021	2020
Interest and Dividend Income	\$ 4,894,331	\$ 5,722,528
Allowance for Funds Used during Construction	56,343	369,247
Interest Expense	(1,823,896)	(1,967,902)
Gain (loss) on Sale of Assests	(67,294)	(912)
Amortization of Intangibles	(1,411,917)	(1,282,821)
Other Non-operating Income (expenses)	525,378	33,838
Income from Affiliates	1,007,172	994,441
	3,180,117	3,868,419
Net Margins before Income Taxes	7,153,600	9,356,331
Income Tax Expense (benefit)	16,463	832,584
Net Margins	\$ 7,137,137	\$ 8,523,747

Revenue & Expenses

FINANCIAL GRAPHS



Assets

BALANCE SHEET

Current Assets	2021	2020
Cash and Cash Equivalents	\$ 1,491,250	\$1,611,441
Subscriber Accounts Receivable (Less allowance for doubtful accounts of \$15,143 in 2021 and \$12,457 in 2020)	324,844	135,707
Settlements & Access Accounts Receivable (Less allowance for doubtful accounts of \$41,840 in 2021 and \$40,642 in 2020)	1,174,548	1,287,098
Other Accounts Receivable	373,101	134,437
Materials and Supplies	1,617,488	1,310,022
Income Taxes Receivable	233,575	-
Other Current Assets	840,590	827,828
TOTAL CURRENT ASSETS	\$ 6,055,396	\$5,306,533
Non-Current Assets	2021	2020
Goodwill and Intangible Assets, Net	\$ 7,245,591	\$ 8,349,365
Investment in Affiliates	6,128,452	5,897,270
Investment in Non-Affiliates	6,641,072	6,446,932
Other Non-current Assets	25,000	25,000
TOTAL NON-CURRENT ASSETS	\$ 20,040,115	\$ 20,718,567
Property, Plant & Equipment	2021	2020
Regulated Plant in Service	\$ 133,213,011	\$ 130,968,738
Regulated Plant Under Construction	1,499,205	1,357,191
Non-Regulated Plant in Service	86,031,373	72,281,119
Non-Regulated Plant Under Construction	113,964	9,459,733
	220,857,553	214,066,781
Less Accumulated Depreciation and Amortization	103,805,622	93,568,437
TOTAL PROPERTY, PLANT & EQUIPMENT	117,051,931	120,498,344
TOTAL ASSETS	\$ 143,147,442	\$ 146,523,444

Liabilities & Members' Equity BALANCE SHEET

Current Liabilities	2021	2020
Accounts Payable, General	\$ 1,768,286	\$ 10,452,607
Advanced Billings and Customer Deposits		149,922
Current Maturities of Long-Term Debt	3,786,114	3,615,485
Unsecured Line of Credit	3,000,000	
Accrued Income Taxes		8,045
Other Accrued Taxes	52,107	51,811
Other Accrued Liabilities	1,137,308	1,110,478
TOTAL CURRENT LIABILITIES	9,743,815	15,388,348
LONG-TERM DEBT, Net of Current Maturities	\$ 33,887,949	\$ 37,783,010
Non-Current Liabilities	2021	2020
Deferred Revenue	\$ 11,658,172	\$ 11,922,245
Deferred Taxes	2,584,573	2,600,757
TOTAL NON-CURRENT LIABILITIES	14,242,745	14,523,002
MEMBERS' EQUITY	85,272,933	78,829,084



Nominating

COMMITTEE REPORT

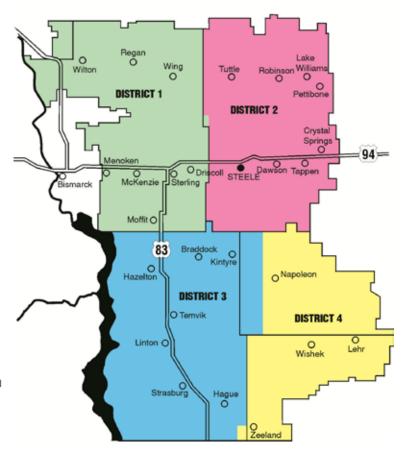
Each year the member-owners of BEK Communications Cooperative elect directors to three-year terms at the Cooperative's Annual Meeting.

The 2022 Nominating Committee of BEK
Communications Cooperative met Wednesday,
February 23, 2022, to nominate members
of the cooperative to run for the Board of
Directors. BEK Communications Cooperative
member-owners residing in Districts I, III and
IV will elect one director from each district to
serve a three-year term.

The election of directors is an integral part of the BEK Communications Cooperative's Annual Meeting.

Serving on the 2022 Nominating Committee are Burnell Paul, Wing; Sara Gross, Wishek; Holly Will, Hazelton; Jim Porter, Wilton; MaryAnn Gefroh, Linton; Steve Fettig, Wishek.

On June 9, 2022, members of the BEK Communications Cooperative will have the opportunity to vote for these candidates for the Board of Directors.



District I:	District II:	District III:	District IV:
McKenzie, Regan, Sterling, Wilton, Wing	Pettibone, Robinson, Steele, Tappen, Tuttle	Hazelton, Kintyre, Linton, Strasburg	Lehr, Napoleon, Wishek, Zeeland
Shane Morris Regan (Incumbent)	No Election	Vickie Martin Linton (Incumbent) Holly Will Hazelton	William (Bill) Becker Wishek (Incumbent)



How to Vote Before THE 2022 MEETING

Voting for the 2022 Annual Meeting will include procedural and director voting. You may vote by mail or in person at the Annual Meeting. If voting by mail, your vote may not count if it's submitted late or with errors. Follow the directions below and make your vote count.

- You will receive a voting form and a postage paid return envelope in the mail around May 25, 2022.
- Your voting form will resemble one of the samples shown to the right, relative to your cooperative district.
- Sections on your voting form include:
 - Approval of the 2021 Annual Meeting minutes
 - Director election if applicable in your district
- Please clearly mark your selection with BLUE or BLACK ink. Do not use a line or check mark, please fully fill in the box.
- Remember to **sign your voting form!** Voting forms without a signature or that contain a non-member signature, will be spoiled and cannot be counted.
- Your return envelope with voting form must be postmarked no later than June 2, 2022.



SAMPLE VOTING FORM

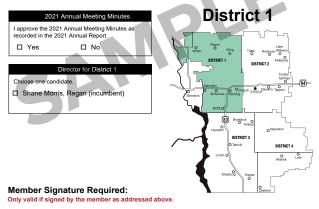
Voting Instructions

- Mark your selection by filling in the box next to your choice.
- Must be signed by member as addressed.
- Envelopes must be postmarked no later than June 2, 2022.

MARKING INSTRUCTIONS

- PLEASE USE BLUE OR BLACK INK PE

2022 BEK Communications Cooperative Voting Form





Envelopes must be postmarked no later than June 2, 2022.



BEK SOMMUNICATIONS

SAMPLE VOTING FORM



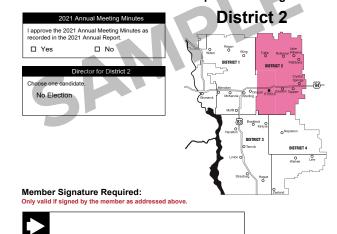
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MARKING INSTRUCTIONS

PLEASE USE BLUE OR BLACK INK PEN

2022 BEK Communications Cooperative Voting Form



Envelopes must be postmarked no later than June 2, 2022.



SAMPLE **VOTING FORM**

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- EXAMPLE
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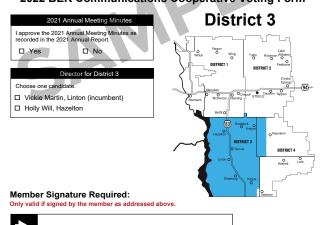
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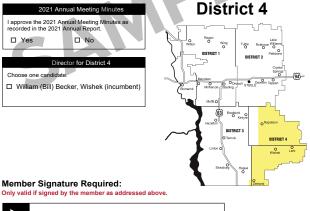
- EXAMPLE
- PLEASE USE BLUE OR BLACK INK PEN

2022 BEK Communications Cooperative Voting Form



Envelopes must be postmarked no later than June 2, 2022.

2022 BEK Communications Cooperative Voting Form







2021 Annual Meeting

MINUTES

The 69th Annual Meeting of the Members of BEK Communications Cooperative (the "Cooperative") was held at the Kidder County School in Steele, North Dakota, on June 10, 2021, pursuant to the Notice of Annual Meeting previously mailed to all members. The meeting was also broadcast live on television and on Facebook.

At 7:00 p.m., the Steele Amvets Post 20 presented the Colors and Maurice Chavis sang the National Anthem.

At 7:07 p.m., President Brett Stroh called the meeting to order and announced that as of 7:00 p.m. there were 116 members present.

Additionally, the Cooperative sent written ballots to all members. President Stroh announced that the Cooperative received 739 signed ballots.

There was a quorum to proceed (855). President Stroh announced that the Cooperative served 287 meals to Members and their guests.

Father Neil Pfeifer of St. Philip Neri Catholic Church of Napoleon gave the invocation.

President Stroh then introduced the Directors and their spouses.

President Stroh announced that Notice of Annual Meeting was completed on May 21, 2021 as indicated on Page 4 of the Annual Report mailed to Members. There was a motion and second to dispense with reading of the Notice of Annual Meeting and the motion passed.

President Stroh announced that the Certificate of Mailing was completed on May 21, 2021. There

was a motion and second to dispense with reading of the Notice of Annual Meeting and the motion passed.

The written report of Secretary-Treasurer Shane Morris was published on pages 8-14 of the Annual Report. Secretary/Treasurer Morris relinquished his time to present his report to the Cooperative's Auditor, Chris Skidmore from Moss Adams.

President Stroh then introduced the Cooperative's Attorney, Monte Rogneby, from the Vogel Law Firm to present the proposed amendments to the Cooperative's Bylaws and Articles of Incorporation. Mr. Rogneby presented to the Members each of the proposed amendments as presented to the Members as part of the Annual Report and answered questions from the Members present. The Members then voted on the proposed amendments.

Mr. Rogneby then explained the election procedures for the Board of Directors including the methods by which candidates may be nominated: nominating committee and petition.

Mr. Rogneby announced the report of the Nominating Committee which had met on February 24, 2021 and which appears on page 23 of the Annual Report. The Cooperative did not receive any petitions for director candidates.

Mr. Rogneby explained that Districts II and IV were to hold elections for the Board of Directors. In District II, Brett Stroh, from Tappen, was the only nominated candidate. In District IV, two

candidates were nominated: incumbent Gerald Burlack, from Wishek, and Joshua Weist, also from Wishek.

Mr. Rogneby invited Brett Stroh to address the members and he declined, and then the members voted for Director for District II.

Mr. Rogneby then invited Gerald Burlack and Joshua Weist to address the members. Director Burlack declined and Mr. Weist was not present. The members voted for Director for District IV.

All of the ballots from the Members were then collected to be tabulated.

President Stroh presented his written President's report as published on pages six and seven of the Annual Report. President Stroh also answered questions from the floor.

President Stroh introduced the Cooperative's Auditor, Chris Skidmore from Moss Adams, to present the Audit Report on the financial health of the Cooperative.

President Stroh then introduced the Cooperative's CEO, Derrick Bulawa. Mr. Bulawa presented to the Members a short video entitled "2020 Year in Review", highlighting the operations of the Cooperative over the previous year. Mr. Bulawa provided to the Members his CEO report.

Mr. Bulawa recognized honored guests of the Cooperative in attendance.

President Stroh then introduced Holly Will, the

Voting Teller Coordinator, to announce the results of the elections.

President Stroh, introduced Voting Teller Coordinator Holly Will to read the results of the elections. The Voting Teller Coordinator announced that Amendment 1 received 621 Yes votes, 102 No votes, Amendment 1 passes. Amendment 2 received 692 Yes votes, 55 No votes, Amendment 2 passes. Amendment 3 received 634 Yes votes and 105 No votes. Amendment 3 passes and Amendment 4 received 635 Yes votes and 87 No votes. Amendment 4 passes. The Voting Teller Coordinator also announced in Districts II - 159 ballots were cast for Brett Stroh, Mr. Stroh was re-elected to District II. In District IV, Gerald Burlack received 125 cast votes and Joshua Weist received 106 cast votes. Mr. Burlack was elected by majority vote to serve as District IV Director.

President Stroh inquired of the members whether there was any old business and there was none.

President Stroh inquired of the members whether there was any new business and there was none.

President Stroh thanked the members for their participation and adjourned the business meeting at 8:12 p.m.

CEO Bulawa then conducted the door prize drawing for the children and the drawing for adults.

Brett Stroh, President Shane Morris, Secretary

2021 Scholarship WINNERS

BEK Communications received a total of 35 scholarship applications from high school seniors throughout BEK's service area.

Congratulations to our nine \$500 scholarship winners!

Are you a cooperative member with a senior?

For more information or to apply for the BEK Communications Scholarship, visit: www.bek.coop/coop/scholarships



JONATHAN REDFEARN Valley City High School



MADELYN SCHMIDT Kidder County High School



DANIEL SCHUMACHER Linton High School





CHARMAINE HAAS Napoleon High School



MORGAN MCDOWALL Legacy High School



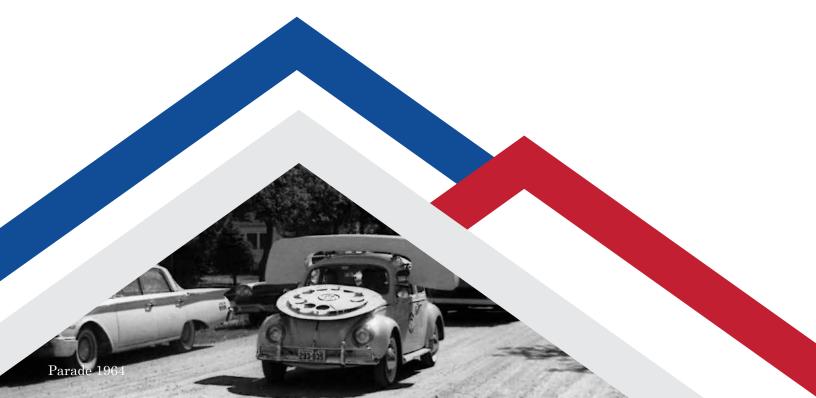
ABIGAIL MEHLHOFF Wing High School



JANAE WEIGEL Napoleon High School



PEYTON ZAUN Valley City High School





2021 Community Partnership GRANTS AWARDED

BEK Common Cents Grants helped support our local cooperative communities for decades. BEK Communications Cooperative still believes that supporting community projects and organizations in the communities throughout our service area is just common sense. But it was time to revise the program. In 2021, The BEK Board of Directors developed the new Community Partnership Program (CPP) as a means to provide support

through a structured program designed to meet the current and future needs of BEK-served communities.

Tax-exempt, nonprofit community organizations or groups in BEK Communication Cooperative's service area are eligible to apply for the Community Partnership Grant Program. Funding is awarded twice each year.

2021 Grant Recipients

- Abused Persons Outreach Center
- · Central Dakota Children's Choir
- Dawson Rural Fire
- Elks Camp Grassick
- Napoleon Ambulance Service
- Pettibone Fire Department
- Robinson Fire Department

- Steele Volunteer Fire District
- Tappen Fire Department
- Tuttle Senior Citizen Center
- Wishek Elementary School
- Wishek Home for the Aged
- Wishek Senior Citizens Club

Board of DIRECTORS

District I



SHANE MORRISSecretary/Treasurer



SANFORD WILLIAMS

District II



BRETT STROH
President



BOB SUBART

District III



KEVIN BERNHARDTVice President



VICKIE MARTIN

District IV



BILL BECKER



GERALD BURLACK

Cooperative

EMPLOYEES



FREDRICK ABRAHAM



BROCK ANDERSON



KURT ANDERSON



PERRY ANDERSON



JACOB ARMSTRONG



JARED BARNHART



ALLEN BECKER



JAY BERTSCH



MARK BETHKE



CARMEN BIESTERFELD



JACKSON BINEGAR



TAMMY BIRRENKOTT



BRENT BORKHUIS



RYAN BRADLEY



DEREK BRAUN



SAMUEL BREKKE



BRENT BUTLER



TOSHIA CADENA



CHRIS CLAYTON



PATRICK CONTEH



NISSA CRANDALL



BECKY DEMARAY



LYNETTE DEMARAY



TAMMY DOCKTER



CHRIS DORSEY



DAN DVORAK



DON DYER



DANETTE ENZMINGER



KARI ENZMINGER



AMBER EULL



AUBREY EVEN



PERRY FAUL



DARWIN FETTIG



ZACHARY FISCHER



SPENCER FOLLMAN



PAUL FRANK



DARIN GRAF



JESSE GUNSCH



LARRY GURULE



AUSTIN HAAKENSON



TOSH HAGER



JORDAN HASSLER



JOSH HAUGEN



TYLER HEIM



Honoring the Past, Building the Future.





PAUL OLSON



RORY OPP



ASHLEY OSBORN



SHAUN PENDO



CHRIS PLUCKER



BRUCE PUEPPKE



SHAWN PUKLICH



NOAH REED



JOE REWALD



HEIDI RIPPLINGER



DARIN ROHRICH



JONNY ROHRICH



APRIL RUTLEDGE



JASON RUTLEDGE



LAYN SARSTEN



ERIC SAUTER



SAMANTHA SCHAFFER



ASHLEY SCHMITT



BRENT SCHMITT



RON SCHNEIDER



GREG SCHUH



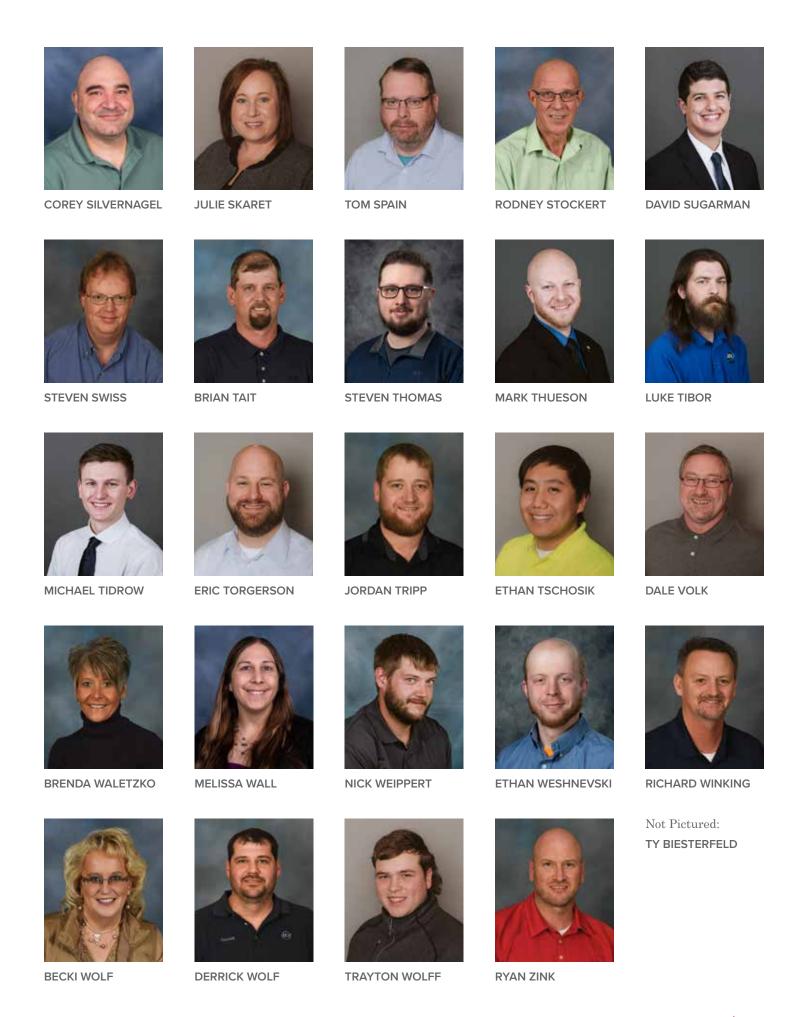
JESSE SCHWAB



SHEILA SENGER



BOBBI SILBERNAGEL





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