



Consolidated Financial Statements  
December 31, 2024 and 2023  
**TPC, Inc. and Subsidiary**

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Subsidiary Audited Financial Statements 2024

North Dakota Telephone Company  
Shawna Senger, CFO

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## Independent Auditor's Report

The Board of Directors  
TPC, Inc. and Subsidiary  
Devils Lake, North Dakota

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of TPC, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of TPC, Inc. and Subsidiary as of December 31, 2024 and 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of TPC, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TPC, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TPC, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TPC, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed text of the firm's name and location.

Sioux Falls, South Dakota  
April 16, 2025

TPC, Inc. and Subsidiary  
Consolidated Balance Sheets  
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 24,690,353	\$ 29,824,184
Accounts receivable		
Telecommunications, less allowance for credit losses (2024 - \$25,000 ; 2023 - \$25,000)	149,298	174,641
Other	1,540,217	1,442,680
Materials and supplies	940,611	950,254
Investments in debt securities	738,803	767,350
Prepayments	607,876	567,490
Total current assets	28,667,158	33,726,599
Noncurrent Assets		
Investments in debt securities	10,455,929	7,688,134
Investments in equity securities	1,669,344	1,568,603
Investments in limited liability companies	8,094,439	7,515,949
Other investments	956,723	933,020
Operating lease right-of-use asset	33,339	47,850
Prepayments	196,721	312,475
Total noncurrent assets	21,406,495	18,066,031
Telecommunications Plant		
In service	153,263,442	152,703,204
Under construction	287,387	352,588
	153,550,829	153,055,792
Less accumulated depreciation	116,343,232	111,870,061
Net telecommunications plant	37,207,597	41,185,731
Total assets	\$ 87,281,250	\$ 92,978,361

TPC, Inc. and Subsidiary  
Consolidated Balance Sheets  
December 31, 2024 and 2023

	2024	2023
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 726,783	\$ 570,654
Current maturities of operating lease liability	2,503	14,511
Advance billing and customer deposits	104,124	104,555
Accrued income taxes	123,143	110,584
Accrued taxes - other	84,107	90,158
Other current liabilities	195,748	139,045
Total current liabilities	1,236,408	1,029,507
Noncurrent Liabilities		
Operating lease liability, less current maturities	30,835	33,339
Deferred revenue	160,687	139,177
Deferred income taxes	5,337,882	6,395,875
Total noncurrent liabilities	5,529,404	6,568,391
Stockholders' Equity		
Common stock, par value \$1,000, authorized 10,000 shares, issued and outstanding 9,200 shares	9,200,000	9,200,000
Retained earnings	71,315,438	76,180,463
Total stockholders' equity	80,515,438	85,380,463
Total liabilities and stockholders' equity	\$ 87,281,250	\$ 92,978,361

TPC, Inc. and Subsidiary  
Consolidated Statements of Income  
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Local network access	\$ 3,338,898	\$ 3,573,256
Network access services	16,947,137	17,483,353
Miscellaneous revenue	407,746	385,141
Leasing, sales, and installation	1,048,183	1,050,781
Internet revenue	5,824,650	5,594,831
Video revenue	4,395,133	4,257,095
Wireless revenue	22,335	21,551
Uncollectible revenue	(41,874)	(38,779)
	31,942,208	32,327,229
Operating Expenses		
Plant specific operations	5,598,506	5,351,443
Plant nonspecific operations	1,934,308	1,773,808
Video programming	3,362,603	3,105,504
Depreciation	7,754,995	7,548,920
Customer operations	1,813,057	1,625,764
Corporate operations	2,429,670	2,310,078
Operating taxes - other	90,414	96,318
Cost of sales and installations	1,202,390	1,155,064
Internet expenses	352,449	369,358
Video expenses	623,251	600,906
Wireless expenses	21,259	21,611
	25,182,902	23,958,774
Net Operating Income	6,759,306	8,368,455
Other Income (Expense)		
Investment income	1,901,499	1,447,370
Other income	3,854	-
Other expenses	(82,209)	(73,619)
Interest expense	(362)	-
Earnings from investments in limited liability companies	857,453	608,233
	2,680,235	1,981,984
Net Income Before Income Taxes	9,439,541	10,350,439
Income Tax Expense	2,304,566	2,416,555
Net Income	\$ 7,134,975	\$ 7,933,884

TPC, Inc. and Subsidiary  
Consolidated Statements of Stockholders' Equity  
Years Ended December 31, 2024 and 2023

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	Common Stock	Retained Earnings	Total
Balance, January 1, 2023	\$ 9,200,000	\$ 70,246,579	\$ 79,446,579
Dividends paid	-	(2,000,000)	(2,000,000)
Net income	-	7,933,884	7,933,884
Balance, December 31, 2023	9,200,000	76,180,463	85,380,463
Dividends paid	-	(12,000,000)	(12,000,000)
Net income	-	7,134,975	7,134,975
Balance, December 31, 2024	\$ 9,200,000	\$ 71,315,438	\$ 80,515,438

TPC, Inc. and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Net income	\$ 7,134,975	\$ 7,933,884
Adjustments to reconcile net income to net cash from operating activities		
Depreciation		
Telecommunications plant	7,380,298	7,238,083
Nonregulated plant	374,697	310,837
Earnings from investments in limited liability companies	(857,453)	(608,233)
Distributions from investments in limited liability companies	278,963	282,464
Realized (gains) losses on equity securities	(3,226)	43,267
Unrealized gains on equity securities	(92,426)	(89,461)
Noncash patronage capital credit allocations	(19,835)	(2,283)
Cash retirements from patronage investments	19,524	16,677
Deferred income taxes	(1,057,993)	(975,624)
Change in current assets and liabilities		
Accounts receivable	(72,194)	194,059
Prepayments	75,368	450,435
Accounts payable	97,451	(53,557)
Advance billing and customer deposits	(431)	(13,082)
Accrued income taxes	12,559	(162,821)
Accrued taxes - other	(6,051)	(4,741)
Other current liabilities	78,212	101,203
Net Cash from Operating Activities	13,342,438	14,661,107
Investing Activities		
Net plant additions and replacements	(3,718,183)	(3,132,882)
Proceeds from the sale of equity securities	196,950	76,364
Purchases of equity securities	(186,559)	(1,085,932)
Proceeds from the sale of debt securities	3,853,530	1,559,623
Purchases of debt securities	(6,608,258)	(8,128,913)
Materials and supplies	9,643	17,458
(Purchase) sale of other investments	(23,392)	673
Net Cash used for Investing Activities	(6,476,269)	(10,693,609)
Financing Activities		
Dividends paid	(12,000,000)	(2,000,000)

TPC, Inc. and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

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	2024	2023
Net Change in Cash and Cash Equivalents	\$ (5,133,831)	\$ 1,967,498
Cash and Cash Equivalents, Beginning of Year	29,824,184	27,856,686
Cash and Cash Equivalents, End of Year	\$ 24,690,353	\$ 29,824,184
Supplementary Disclosures of Cash Flow Information		
Cash payments for interest	\$ -	\$ 111
Cash payments for income taxes, net	3,350,000	3,555,000
Supplemental Disclosure of Noncash Investing and Financing Activities		
Plant additions funded with accounts payable at year-end	\$ 125,057	\$ 66,379

## **Note 1 - Summary of Significant Accounting Policies**

### **Nature of Operations**

North Dakota Telephone Company (the Company) is a wholly-owned subsidiary of TPC, Inc. TPC, Inc. is a holding company created to hold the investment in North Dakota Telephone Company. The Company's primary line of business is to provide local telephone, internet, IPTV, and access to long-distance telephone services throughout its local exchange network. The principal market for these telecommunications services are local, residential and business customers residing in each of the exchanges the Company serves.

### **General**

The Company follows the Federal Communication Commission's (FCC) Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

The Company's local service rates are subject to rate of return regulation by the North Dakota Public Service Commission. Toll charges to customers and access fees charged to long distance carriers are subject to state and federal regulation. The Company participates in the National Exchange Carrier Association (NECA) pooling process under the Alternative Connect America Cost Model II (ACAM II).

### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of TPC, Inc. (a North Dakota corporation) and its wholly-owned subsidiary, North Dakota Telephone Company (a North Dakota Corporation) located in Devils Lake, North Dakota. All significant intercompany accounts and transactions have been eliminated.

### **Accounting Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value.

### **Accounts Receivable and Allowance for Credit Losses**

The Company's revenue contracts provide it with the unconditional right to consideration upon delivery of services to its customers; therefore, a receivable is recognized in the period the Company provides various services to its customers. The unconditional right to consideration is represented by contract receivables which are presented on the consolidated balance sheets as accounts receivable.

Accounts receivable are uncollateralized customer obligations due under terms established by the Board of Directors. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The allowance for credit losses is estimated based on historical bad debts and the financial stability of customers with outstanding trade receivables. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment term. Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. The allowance for credit losses for trade receivables was approximately \$25,000 as of December 31, 2024 and 2023.

The beginning and ending balances for customer accounts receivable and unbilled revenues, net of allowances for credit losses and any contract liabilities, were as follows for the years ended December 31, 2024 and 2023:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Customer accounts receivable			
Billed	\$ 580,526	\$ 477,923	\$ 512,055
Unbilled	<u>30,553</u>	<u>40,295</u>	<u>45,145</u>
Total customer accounts receivable	<u>\$ 611,079</u>	<u>\$ 518,218</u>	<u>\$ 557,200</u>
Contract liabilities			
Advance billing and customer deposits	\$ 104,124	\$ 104,555	\$ 117,637

### Materials and Supplies

Materials and supplies are stated at the lower of average cost or market except for inventory held for resale, which is stated at the lower of average cost or net realizable value.

### Investments in Debt Securities

The Company classifies its debt securities into held-to-maturity, trading or available-for-sale categories. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short-term or long-term on the consolidated balance sheet based on contractual maturity date and are stated at amortized cost. Premiums and discounts on investments in debt securities are amortized over the contractual lives of those securities using the straight-line method, which are recognized as adjustments to interest income. Gains or losses on held-to-maturity securities are recognized only upon realization using the specific identification method.

Debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported as a separate component of equity. At December 31, 2024 and 2023, the Company had no investments in debt securities classified as trading or available-for-sale.

The Company establishes an allowance for credit losses on debt securities where the fair value is less than the amortized cost basis to the extent the unrealized loss is due to credit losses. The process for establishing the allowance for credit losses considers the risk characteristics of the security class. To the extent possible, losses are estimated collectively for classes of securities with similar risk characteristics. For securities that do not share similar risk characteristics with others, the losses are estimated individually. The allowance for credit losses is influenced by a variety of factors, including portfolio credit quality and general economic conditions. General economic conditions are forecasted using economic variables which will create volatility as those variables change over time. At December 31, 2024 and 2023, the allowance for credit losses was \$-0-.

#### **Investments in Equity Securities**

Investments in equity securities with readily determinable fair values, except those accounted for using the equity method of accounting, are measured at fair value in the consolidated balance sheets. Investment income or loss on equity securities measured at fair value (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net income.

#### **Investments in Limited Liability Companies**

Investments in limited liability companies are accounted for using the equity method of accounting. Under the equity method, the Company records its proportionate share of earnings and losses of this entity. Distributions from these investments reduce their carrying value.

#### **Other Investments**

The Company has investments in affiliated companies and other investments which the Company has accounted for as equity securities. Investments in equity securities without readily determinable fair values are included in other investments and are measured at cost minus impairment (if any) and adjusted for any observable price changes in orderly transactions of identical securities or similar securities of the same issuer. Investments in associated companies are recorded at the Company's share of allocated patronage capital and the other investments are recorded at cost. Investments in equity securities without readily determinable fair values are considered annually for indicators of impairment. The Company has not identified any impairments and there has not been observable price changes during the years ended December 31, 2024 and 2023.

### **Wireless Licenses**

Wireless licenses are included in other investments and are recorded at cost. Although FCC licenses are generally issued with stated terms, the renewal is generally a routine matter without substantial cost and the Company has determined that no legal, regulatory, contractual, competitive, economic, or other factors currently exist that limit the useful life of the licenses. Indefinite-lived intangible assets such as wireless licenses, based on generally accepted accounting principles, should be tested as indefinite-lived intangible assets for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value of our indefinite-lived intangible assets might be impaired. The impairment test consists of a comparison of the estimated fair value with the carrying value. An impairment loss would be recorded as a reduction in the carrying value of the related indefinite-lived intangible assets and charged to results of operations. Management assesses potential impairments to their indefinite-lived intangible assets, including wireless licenses, annually and when there is evidence that events or changes in circumstances indicate that an impairment condition may exist.

Estimates of the fair value of the Company's wireless licenses are based primarily on available market prices, including successful bid prices in FCC auctions and selling prices observed in wireless license transactions, pricing trends among historical wireless license transactions, our spectrum holdings within a given market relative to other carriers' holdings and qualitative demographic and economic information concerning the areas that comprise our markets. No impairment losses have been identified in the consolidated financial statements.

### **Fair Value Measurements**

The Company has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets or liabilities for the period ended December 31, 2024.

### **Telecommunications Plant**

Telecommunications plant assets are stated at cost. The cost of additions to telecommunications plant are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. Contributions in aid to construction are credited to the applicable plant accounts. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of property are charged to expense.

### **Depreciation**

The Company utilizes composite depreciation methods for each telecommunications plant account. Depreciation is computed by applying composite rates to the monthly balance for all classes of telecommunications plant. Depreciation rates for each account are determined based on management's estimate of the average useful life of the assets along with future cost of removal and salvage factor estimates.

### **Recoverability of Long-Lived Assets**

The Company reviews its long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If a review indicates that the carrying value of such asset is not recoverable as determined based on projected undiscounted cash flows related to the asset over its remaining life, the Company would determine whether an impairment loss should be recognized. No impairment losses have been identified in the consolidated financial statements for the years ended December 31, 2024 and 2023.

### **Estimated Self-Insurance**

The Company self-insures the health care benefits of its employees. To provide for the self-insured benefits, the Company has set up an estimated liability for any claims incurred prior to the year-end. In addition, the Company has entered into a stop-loss agreement whereby their costs for these self-insurance plans are subject to a ceiling, after which the costs will be covered by an insurance contract. Any differences between the estimated liability and the actual benefits will be reflected in the subsequent year's consolidated statement of income.

### **Income Taxes**

Income taxes are provided for the tax effects of transactions reporting in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes are established for all temporary differences resulting from the use of different accounting methods reported for financial accounting and income tax purposes. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2024 and 2023, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

## Sales Taxes

The Company has customers in North Dakota and its municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from operating revenues and operating expenses.

## Revenue Recognition

The Company earns revenues from multiple sources. The Company's contracts with customers do not include a significant financing component.

The following summarizes the revenue generated from contracts with customers and revenues outside the scope of ASC 606 for the years ended December 31, 2024 and 2023:

	2024	2023
End user revenues	\$ 13,539,142	\$ 13,489,801
Carrier access and special access billing	3,687,664	4,168,184
Facilities contract revenues	1,143,777	1,128,612
Other contracted revenues	1,127,503	1,111,335
Revenue from contracts with customers	19,498,086	19,897,932
Other revenues		
Lease revenues (outside scope of ASC 606)	328,425	324,587
Federal support revenues (outside scope of ASC 606)	12,115,697	12,104,710
Total revenues	\$ 31,942,208	\$ 32,327,229

### End User Revenues

End user revenues include revenues from residential and business customers for local telephone, internet, and video services. End user revenues also includes subscriber line charges billed to customers. The Company's performance obligation for these services is the promise to provide goods and services to customers. The Company bills customers in advance and recognizes revenues over the period of time in which the customer simultaneously receives and consumes the services. The Company bills on the 1st of each month for that month's services; therefore, there are no unbilled or deferred revenues. End user goods and services are considered to be distinct as the customer can benefit from the goods and services either on their own or together with other resources that are readily available to the customer. The Company's promise to provide a good or service to the customer is separately identifiable from other promises in the contract. End user services are billed to customers based on the published rates and are often bundled together at a discounted rate. If goods and services are bundled together, the transaction price is allocated to the respective goods and services based on the rates at which each good or service is sold under standalone service rates. Discounts are not allocated to revenues established by federal or state tariffed rates.

Long-distance revenues are billed in arrears as they are based on usage during the month. The customer simultaneously receives and consumes the benefits of service during the month, thus revenue is recognized over time. As such, each month the Company estimates usage and recognizes the related revenue for any usage during the month which has not been billed.

Carrier Access and Special Access Billing Revenues

Carrier access billing revenues are received from charges established to compensate the Company for the origination, transport and termination of calls of long distance, wireless and other interexchange carriers. Carrier access revenues are billed at tariffed access rates for both interstate and intrastate calls and are recognized into revenue monthly based on the period the access was provided. The Company estimates usage and recognizes related revenue for any usage during the month which has not been billed.

Special access billing relates to billings for dedicated voice and data service connections to customers. Special access revenues are billed to customers in advance of the month of service and are recognized over the period of time in which the customer simultaneously receives and consumes the services.

Facilities Contract Revenues

Facilities contract revenues result from the Company sharing facilities for use in a fiber ring in the State of North Dakota. The Company's performance obligation under the contracts is to provide access to its fiber network which is connected to the fiber ring. The Company recognizes revenue monthly, as the ring users simultaneously receive and consume the benefits of the fiber ring network each month.

The Company also receives revenue from a related party for use of their networks through an agreed upon revenue sharing model. The Company recognizes revenue monthly, as the customers simultaneously receive and consume the benefits each month.

Other Contracted Revenue

Other contracted revenue includes directory and other miscellaneous revenues contracted monthly or annually and recognized over the term of the contracts.

Lease Revenues

Lease revenues from providing access to the Company's fiber and other assets. Lease revenues are not included within the scope of ASC 606 and accounted for under the accounting standards applicable to them. Generally, lease revenues are recognized on a month-to-month basis.

Federal Support Revenues

The Company's network access revenues include settlements based on its participation in federal revenue pooling arrangements which are designed to promote widely available, quality telephone service at affordable prices in rural areas. Federal pooling revenues are not included within the scope of ASC 606. The revenue pools are administered by the National Exchange Carriers Association (NECA).

During 2019, an alternative A-CAM II support option was offered to companies receiving legacy rate-of-return support. The Company accepted the FCC offer to begin receiving A-CAM support in place of the legacy rate-of-return support, effective retroactively to January 1, 2019. The Company will receive equal annual payments over 10 years as a replacement of the legacy-based support. The Company is required to meet certain broadband deployment targets and will incur penalties and repayment of support if the required commitments are not met.

### Pension Costs

The Company's policy is to fund pension costs accrued.

### Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses during the years ended December 31, 2024 and 2023 were \$129,350 and \$148,156, respectively.

### Subsequent Events

The Company has evaluated subsequent events through April 16, 2025, the date which the consolidated financial statements were available to be issued.

### Note 2 - Concentrations of Business and Credit Risk

The Company provides telephone, internet, and IPTV video service on account to its customers located in north central North Dakota. The Company also provides access service on account to various long-distance companies, which provide toll service to the Company's customers.

The Company receives a significant portion of revenues from pools administered by the National Exchange Carriers Association (NECA). Revenues from Alternative Connect America Cost Model funding and other support received through the NECA amounted to approximately 37.9% and 37.4% of the Company's total revenues for the year ended December 31, 2024 and 2023, respectively.

The Company maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2024 and 2023, the Company had approximately \$23,646,000 and \$28,833,000, respectively, in excess of FDIC-insured limits.

### Note 3 - Investments and Investment Income

Equity securities measured at fair value include the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Common stock and mutual funds	<u>\$ 1,669,344</u>	<u>\$ 1,568,603</u>

Investments in debt securities classified as held-to-maturity are recorded at amortized cost and consist of the following at December 31, 2024 and 2023:

	2024			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Corporate bonds	\$ 1,202,171	\$ 12,585	\$ (27,971)	\$ 1,186,785
Government bonds	8,725,359	14,219	(63,591)	8,675,987
Certificates of deposit	1,267,202	27,744	-	1,294,946
<b>Total debt securities</b>	<b>\$ 11,194,732</b>	<b>\$ 54,548</b>	<b>\$ (91,562)</b>	<b>\$ 11,157,718</b>

  

	2023			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Corporate bonds	\$ 1,546,565	\$ 10,505	\$ (39,964)	\$ 1,517,106
Government bonds	4,882,036	12,551	(22,192)	4,872,395
Certificates of deposit	2,026,883	7,810	(4,066)	2,030,627
<b>Total debt securities</b>	<b>\$ 8,455,484</b>	<b>\$ 30,866</b>	<b>\$ (66,222)</b>	<b>\$ 8,420,128</b>

Maturities of held-to-maturity debt securities at December 31, 2024 and 2023 are as follows:

	2024	2023
Due within one year	\$ 738,803	\$ 767,350
Due after one year through five years	8,416,823	5,567,454
Due after five years through ten years	2,039,106	1,868,568
Due after ten years	-	252,112
<b>Total debt securities</b>	<b>\$ 11,194,732</b>	<b>\$ 8,455,484</b>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Investment income and gains consists of the following the years ended December 31, 2024 and 2023:

	2024	2023
Interest income	\$ 1,711,322	\$ 1,347,308
Dividend income	94,525	53,868
Realized gain (loss) on investments	3,226	(43,267)
Unrealized gain on investments	92,426	89,461
<b>Total investment income</b>	<b>\$ 1,901,499</b>	<b>\$ 1,447,370</b>

**Note 4 - Fair Value Measurements**

There are three general valuation techniques that may be used to measure fair value, as described below:

1. Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
2. Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option- pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets and liabilities itemized below were measured at fair value using the market and income approaches. The market approach was used for Level 2 assets and liabilities. The income approach was used for Level 3 assets and liabilities.

The fair values of debt and equity securities are determined as follows as of December 31:

		2024		
		Fair Value		
Total		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities Common stock and mutual funds	\$ 1,669,344	\$ 1,669,344	\$ -	\$ -
		2023		
		Fair Value		
Total		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities Common stock and mutual funds	\$ 1,568,603	\$ 1,568,603	\$ -	\$ -

**Note 5 - Investments in Limited Liability Companies**

The Company accounts for the following investments in limited liability companies on the equity method:

North Dakota Long Distance LLC (NDLD)	11.10% Ownership
Dakota Carrier Network LLC (DCN)	8.13% Ownership
North Plains Utility Contracting LLC (NPUC)	25.00% Ownership
Dakota Video Network (DVN)	33.33% Ownership

The following represents the capital contributions, capital distributions, earnings, and losses on the investments recorded under the equity method for the years ending December 31, 2024 and 2023:

	2023	Capital Contributions (Distributions)	Current Earnings	2024
North Dakota Long Distance	\$ 55,038	\$ (35,000)	\$ 21,360	\$ 41,398
Dakota Carrier Network	6,645,049	(243,963)	546,001	6,947,087
North Plains Utility Contracting	604,742	-	23,811	628,553
Dakota Video Network	211,120	-	266,281	477,401
	<u>\$ 7,515,949</u>	<u>\$ (278,963)</u>	<u>\$ 857,453</u>	<u>\$ 8,094,439</u>

  

	2022	Capital Contributions (Distributions)	Current Earnings (Loss)	2023
North Dakota Long Distance	\$ 64,215	\$ (40,000)	\$ 30,823	\$ 55,038
Dakota Carrier Network	6,256,333	(242,464)	631,180	6,645,049
North Plains Utility Contracting	660,081	-	(55,339)	604,742
Dakota Video Network	209,551	-	1,569	211,120
	<u>\$ 7,190,180</u>	<u>\$ (282,464)</u>	<u>\$ 608,233</u>	<u>\$ 7,515,949</u>

The Company provides North Dakota Long Distance LLC certain management, customer service, billing and collection, and other services on a contractual basis. Amounts received under these contracts for the years ended December 31, 2024 and 2023, were approximately \$38,200 and \$40,900, respectively.

The Company agrees to provide certain bay and fiber optic cable facilities to Dakota Carrier Network, LLC. Under this agreement, the Company received revenues of approximately \$93,300 and \$90,000 for the years ended December 31, 2024 and 2023, respectively. The Company also agrees to lease circuit equipment on a short-term basis to and from Dakota Carrier Network, LLC. Under this agreement, the Company received approximately \$1,120,900 and \$1,228,800 for the years ended December 31, 2024 and 2023, respectively, and paid approximately \$327,600 and \$332,400 for the years ended December 31, 2024 and 2023, respectively.

The Company purchases licenses and video programming services from Dakota Video Network LLC. These purchases are considered to be priced at fair market value. No intercompany profits have been eliminated in recording the equity earnings of Dakota Video Network LLC. The Company made payments of approximately \$8,300 and \$9,000 to Dakota Video Network LLC for the years ended December 31, 2024 and 2023, respectively.

The Company purchases utility construction services from North Plains Utility Contracting LLC. These services are considered to be priced at fair market value. No intercompany profits have been eliminated in recording the equity earnings of North Plains Utility Contracting LLC. The Company made payments of approximately \$618,100 and \$467,600 to North Plains Utility Contracting LLC for the years ended December 31, 2024 and 2023, respectively. The Company also rents storage space to North Plains Utility Contracting LLC. Rents received from North Plains Utility Contracting LLC amounted to \$24,000 and \$26,000 for the years ended December 31, 2024 and 2023, respectively.

The Company has accounts receivable balances arising from the various affiliated transactions at December 31, 2024 and 2023, totaling approximately \$1,200 and \$3,800, respectively. The Company has accounts payable balances arising from the various affiliated transactions at December 31, 2024 and 2023, totaling approximately \$8,500 and \$8,300, respectively.

Summary financial information for the Company's equity investees for the year ended December 31, 2024, is as follows:

	North Dakota Long Distance LLC (Unaudited)	Dakota Carrier Network LLC (Audited)	North Plains Utility Contracting LLC (Unaudited)	Dakota Video Network LLC (Unaudited)
Revenues	\$ 1,863,102	\$ 54,641,443	\$ 2,844,173	\$ 859,173
Expenses	1,670,858	47,093,937	2,748,928	60,331
Net income	192,244	7,547,506	95,245	798,842
Assets	\$ 1,150,813	\$ 114,095,027	\$ 2,571,083	\$ 1,438,701
Liabilities	145,787	28,533,228	24,099	6,493
Equity	1,005,026	85,561,799	2,546,984	1,432,208

Summary financial information for the Company's equity investees for the year ended December 31, 2023, is as follows:

	North Dakota Long Distance LLC (Unaudited)	Dakota Carrier Network LLC (Audited)	North Plains Utility Contracting LLC (Unaudited)	Dakota Video Network LLC (Unaudited)
Revenues	\$ 2,216,040	\$ 52,672,962	\$ 2,010,217	\$ 77,713
Expenses	1,938,630	45,098,402	2,231,573	73,008
Net income (loss)	277,410	7,574,560	(221,356)	4,705
Assets	\$ 1,302,649	\$ 120,410,601	\$ 2,467,829	\$ 643,265
Liabilities	174,868	39,396,306	16,090	9,900
Equity	1,127,781	81,014,295	2,451,739	633,365

**Note 6 - Other Investments**

	2024	2023
CoBank subordinated capital stock	\$ 350,258	\$ 350,258
Patronage capital credit investments		
National Information Solutions Cooperative (NISC)	316,121	317,229
National Rural Telecommunications Cooperative (NRTC)	185,482	183,692
Other patronage capital credit investments	42,820	42,444
	544,423	543,365
BDCIH Wireless Investment	21,697	22,444
Wireless license	40,345	16,953
Total other investments	\$ 956,723	\$ 933,020

**Note 7 - Telecommunications Plant**

	Depreciation Rates	2024	2023
Land and support assets	2.71 - 20.96%	\$ 14,869,112	\$ 13,622,600
Central office switching equipment	5.00 - 14.29%	47,664,638	47,015,232
Information origination and termination	14.32%	37,371	37,371
Cable and wire facilities	2.51 - 5.30%	85,192,184	86,479,735
Leased telecommunications equipment	14.29 - 20.00%	1,008,618	892,686
Internet equipment	20.00%	596,875	596,875
Video equipment	14.29%	3,894,644	4,058,705
Total in service		153,263,442	152,703,204
Under construction		287,387	352,588
Total telecommunications plant		\$ 153,550,829	\$ 153,055,792

**Note 8 - Income Tax Expense/Deferred Income Taxes**

TPC, Inc. and North Dakota Telephone Company are C-Corporations required to pay federal and state income taxes. The operations of the subsidiary are included in the consolidated federal and state income tax returns filed by the parent company and the affiliate owned by the parent company. Current taxes are allocated based on taxable income (loss) and deferred taxes are allocated on a stand-alone basis.

The companies follow the asset and liability method for accounting for income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary difference between the financial reporting basis and the tax basis of the companies' assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. Deferred income taxes result from transactions which enter into the determination of taxable income in different periods than recorded for financial reporting purposes. The companies' principal sources of deferred federal and state income taxes are due to differences in depreciation on assets for tax purposes and differences in the basis of partnership investments resulting from accelerated depreciation deducted by the partnership for tax purposes.

The components of the deferred income tax (assets) liabilities recognized in the consolidated balance sheets consist of the following:

	2024	2023
Accelerated depreciation and amortization	\$ 5,152,579	\$ 6,127,134
Equity method investments	262,279	339,774
Other	(76,976)	(71,033)
Net deferred income tax liability	\$ 5,337,882	\$ 6,395,875

The income tax expense is reflected in the consolidated statements of income as follows:

	2024	2023
Operating taxes - federal income	\$ 1,504,601	\$ 1,826,361
Operating taxes - state income	83,522	121,652
Total operating	1,588,123	1,948,013
Nonoperating taxes - federal income	589,878	385,759
Nonoperating taxes - state income	126,565	82,783
Total nonoperating	716,443	468,542
Total income tax expense	\$ 2,304,566	\$ 2,416,555

The provision for income taxes charged to income for the years ended December 31, 2024 and 2023, consists of the following:

	2024	2023
Federal income tax computed at statutory rates	\$ 2,767,661	\$ 2,791,587
State income tax computed at statutory rates	594,898	600,592
Deferred income taxes - accelerated depreciation	(974,555)	(936,561)
Deferred income taxes - other	(83,438)	(39,063)
Total income tax expense	\$ 2,304,566	\$ 2,416,555

## Note 9 - Pension and Retirement Plans

### Pension Plan

The Company has a contributory defined benefit pension plan covering substantially all employees. The National Telephone Cooperative Association (NTCA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The RS Plan sponsor's Employer Identification Number is 52-0741336 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. The RS Plan meets ERISA minimum funding requirements. In total, the RS Plan was over 80 percent funded on January 1, 2024 and 2023 based on the PPA funding target and PPA actuarial value of assets on those dates.

The Company's contributions to the RS Plan in 2024 and 2023 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. During 2024 and 2023, the Company made contributions to the RS Plan based on 12.90% and 12.05%, respectively, of eligible employee compensation plus a contribution surcharge of between 5.16%-5.42% for 2024 and 5.46%-5.74% for 2023 of eligible employee compensation. The current contribution surcharge is effective through December 31, 2024. The Company's total contributions to the RS Plan for the years ended December 31, 2024 and 2023 were approximately \$972,300 and \$891,000, respectively. Future contribution requirements are determined each year as part of the actuarial valuation of the RS Plan and may change as a result of plan experience.

**Defined Contribution Plan**

Employees of the Company are also eligible for a 401(k) savings plan. The plan is offered through Alerus Financial. The Company made a contribution of up to 4% of employees' base wages for the years ended December 31, 2024 and 2023. The Company made annual contributions of approximately \$210,800 and \$200,300 in 2024 and 2023, respectively.

**Note 10 - Common Stock**

	2024	2023
Issued 3,726 shares of common stock to United Telephone Mutual Aid Corporation	\$ 3,726,000	\$ 3,726,000
Issued 3,726 shares of common stock to Polar Communications Mutual Aid Corporation	3,726,000	3,726,000
Issued 1,748 shares of common stock to Dakota Central Telecommunications Cooperative	1,748,000	1,748,000
Total common stock	\$ 9,200,000	\$ 9,200,000

**Note 11 - Contingencies**

The telecommunications industry is subject to voluminous and complex laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown or unasserted at this time.

In addition, during the normal course of business, the Company may become involved in litigation. Management assesses the probable outcome of unresolved litigation and investigations and determines the appropriate accounting recognition or disclosure based on their assessment. At December 31, 2024 and 2023, the Company had no loss contingencies accrued.

The Company is a defendant in legal proceedings arising in the normal course of its operations. While the outcome of these matters cannot be predicted with certainty, management believes the disposition of these proceedings will not have a significant impact on the consolidated financial position of the Company.

**Note 12 - Leases**

The Company leases certain equipment and land for various items under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2097.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Company estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Company's applicable borrowing rates and the contractual lease term.

Total lease costs for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	\$ 15,715	\$ 15,933

The following table summarizes the supplemental cash flow information for the year ended December 31, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 15,715	\$ 15,933

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2024	2023
Weighted-average remaining lease term:		
Operating leases	64.1 years	46.0 years
Weighted-average discount rate:		
Operating leases	3.00%	3.00%

Future minimum lease payments under noncancelable operating leases with terms greater than one year at December 31, 2024 are:

2025	\$ 3,460
2026	2,435
2027	1,000
2028	1,000
2029	1,000
Thereafter	<u>66,000</u>
Total lease payments	74,895
Less interest	<u>(41,557)</u>
Present value of lease liabilities	<u><u>\$ 33,338</u></u>



Supplementary Information  
December 31, 2024 and 2023  
**TPC, Inc. and Subsidiary**

TPC, Inc. and Subsidiary  
Consolidating Balance Sheets  
December 31, 2024

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 478,923	\$ 24,211,430	\$ -	\$ 24,690,353
Accounts receivable				
Telecommunications, net	-	149,298	-	149,298
Other	3,959,211	1,540,320	(3,959,314)	1,540,217
Materials and supplies	-	940,611	-	940,611
Investments in debt securities	-	738,803	-	738,803
Prepayments	-	607,876	-	607,876
	<u>4,438,134</u>	<u>28,188,338</u>	<u>(3,959,314)</u>	<u>28,667,158</u>
<b>Total current assets</b>				
	<u>4,438,134</u>	<u>28,188,338</u>	<u>(3,959,314)</u>	<u>28,667,158</u>
<b>Noncurrent Assets</b>				
Investment in subsidiary	76,077,407	-	(76,077,407)	-
Investments in debt securities	-	10,455,929	-	10,455,929
Investments in equity securities	-	1,669,344	-	1,669,344
Investments in limited liability companies	-	8,094,439	-	8,094,439
Other investments	-	956,723	-	956,723
Operating lease right-of-use asset	-	33,339	-	33,339
Prepayments	-	196,721	-	196,721
	<u>76,077,407</u>	<u>21,406,495</u>	<u>(76,077,407)</u>	<u>21,406,495</u>
<b>Total noncurrent assets</b>				
	<u>76,077,407</u>	<u>21,406,495</u>	<u>(76,077,407)</u>	<u>21,406,495</u>
<b>Telecommunications Plant</b>				
In service	-	153,263,442	-	153,263,442
Under construction	-	287,387	-	287,387
Total investment in plant	<u>-</u>	<u>153,550,829</u>	<u>-</u>	<u>153,550,829</u>
Less accumulated depreciation	<u>-</u>	<u>116,343,232</u>	<u>-</u>	<u>116,343,232</u>
	<u>-</u>	<u>37,207,597</u>	<u>-</u>	<u>37,207,597</u>
<b>Net telecommunications plant</b>				
	<u>-</u>	<u>37,207,597</u>	<u>-</u>	<u>37,207,597</u>
<b>Total assets</b>	<u>\$ 80,515,541</u>	<u>\$ 86,802,430</u>	<u>\$ (80,036,721)</u>	<u>\$ 87,281,250</u>

TPC, Inc. and Subsidiary  
Consolidating Balance Sheets  
December 31, 2024

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Liabilities and Stockholders' Equity</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 103	\$ 4,685,994	\$ (3,959,314)	\$ 726,783
Current maturities of operating lease liability	-	2,503	-	2,503
Advance billing and customer deposits	-	104,124	-	104,124
Accrued income taxes	-	123,143	-	123,143
Accrued taxes - other	-	84,107	-	84,107
Other current liabilities	-	195,748	-	195,748
<b>Total current liabilities</b>	<b>103</b>	<b>5,195,619</b>	<b>(3,959,314)</b>	<b>1,236,408</b>
<b>Noncurrent Liabilities</b>				
Operating lease liability, less current maturities	-	30,835	-	30,835
Deferred revenue	-	160,687	-	160,687
Deferred income taxes	-	5,337,882	-	5,337,882
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>5,529,404</b>	<b>-</b>	<b>5,529,404</b>
<b>Stockholders' Equity</b>				
Common stock	9,200,000	807,950	(807,950)	9,200,000
Other equities	-	32,587,659	(32,587,659)	-
Retained earnings	71,315,438	42,681,798	(42,681,798)	71,315,438
<b>Total stockholders' equity</b>	<b>80,515,438</b>	<b>76,077,407</b>	<b>(76,077,407)</b>	<b>80,515,438</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 80,515,541</b>	<b>\$ 86,802,430</b>	<b>\$ (80,036,721)</b>	<b>\$ 87,281,250</b>

TPC, Inc. and Subsidiary  
Consolidating Balance Sheets  
December 31, 2023

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 480,343	\$ 29,343,841	\$ -	\$ 29,824,184
Accounts receivable:				
Telecommunications, net	-	174,641	-	174,641
Other	3,958,995	1,443,126	(3,959,441)	1,442,680
Materials and supplies	-	950,254	-	950,254
Investments in debt securities	-	767,350	-	767,350
Prepayments	-	567,490	-	567,490
	<u>4,439,338</u>	<u>33,246,702</u>	<u>(3,959,441)</u>	<u>33,726,599</u>
<b>Total current assets</b>	<b>4,439,338</b>	<b>33,246,702</b>	<b>(3,959,441)</b>	<b>33,726,599</b>
<b>Noncurrent Assets</b>				
Investment in subsidiary	80,941,571	-	(80,941,571)	-
Investments in debt securities	-	7,688,134	-	7,688,134
Investments in equity securities	-	1,568,603	-	1,568,603
Investments in limited liability companies	-	7,515,949	-	7,515,949
Other investments	-	933,020	-	933,020
Operating lease right-of-use asset	-	47,850	-	47,850
Prepayments	-	312,475	-	312,475
	<u>80,941,571</u>	<u>18,066,031</u>	<u>(80,941,571)</u>	<u>18,066,031</u>
<b>Total noncurrent assets</b>	<b>80,941,571</b>	<b>18,066,031</b>	<b>(80,941,571)</b>	<b>18,066,031</b>
<b>Telecommunications Plant</b>				
In service	-	152,703,204	-	152,703,204
Under construction	-	352,588	-	352,588
Total investment in plant	<u>-</u>	<u>153,055,792</u>	<u>-</u>	<u>153,055,792</u>
Less accumulated depreciation	<u>-</u>	<u>111,870,061</u>	<u>-</u>	<u>111,870,061</u>
	<u>-</u>	<u>41,185,731</u>	<u>-</u>	<u>41,185,731</u>
<b>Net telecommunications plant</b>	<b>-</b>	<b>41,185,731</b>	<b>-</b>	<b>41,185,731</b>
<b>Total assets</b>	<b><u>\$ 85,380,909</u></b>	<b><u>\$ 92,498,464</u></b>	<b><u>\$ (84,901,012)</u></b>	<b><u>\$ 92,978,361</u></b>

TPC, Inc. and Subsidiary  
Consolidating Balance Sheets  
December 31, 2023

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Liabilities and Stockholders' Equity</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 446	\$ 4,529,649	\$ (3,959,441)	\$ 570,654
Current maturities of operating lease liability	-	14,511	-	14,511
Advance billing and customer deposits	-	104,555	-	104,555
Accrued income taxes	-	110,584	-	110,584
Accrued taxes - other	-	90,158	-	90,158
Other current liabilities	-	139,045	-	139,045
<b>Total current liabilities</b>	<b>446</b>	<b>4,988,502</b>	<b>(3,959,441)</b>	<b>1,029,507</b>
<b>Noncurrent Liabilities</b>				
Operating lease liability, less current maturities	-	33,339	-	33,339
Deferred revenue	-	139,177	-	139,177
Deferred Income Taxes	-	6,395,875	-	6,395,875
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>6,568,391</b>	<b>-</b>	<b>6,568,391</b>
<b>Stockholders' Equity</b>				
Common stock	9,200,000	807,950	(807,950)	9,200,000
Other equities	-	32,587,659	(32,587,659)	-
Retained earnings	76,180,463	47,545,962	(47,545,962)	76,180,463
<b>Total stockholders' equity</b>	<b>85,380,463</b>	<b>80,941,571</b>	<b>(80,941,571)</b>	<b>85,380,463</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 85,380,909</b>	<b>\$ 92,498,464</b>	<b>\$ (84,901,012)</b>	<b>\$ 92,978,361</b>

TPC, Inc. and Subsidiary  
Consolidating Statements of Income  
Year Ended December 31, 2024

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Operating Revenues</b>				
Local network access	\$ -	\$ 3,338,898	\$ -	\$ 3,338,898
Network access services	-	16,947,137	-	16,947,137
Miscellaneous revenue	-	407,746	-	407,746
Leasing, sales, and installation	-	1,048,183	-	1,048,183
Internet revenue	-	5,824,650	-	5,824,650
Video revenue	-	4,395,133	-	4,395,133
Wireless revenue	-	22,335	-	22,335
Uncollectible revenue	-	(41,874)	-	(41,874)
<b>Total operating revenues</b>	<b>-</b>	<b>31,942,208</b>	<b>-</b>	<b>31,942,208</b>
<b>Operating Expenses</b>				
Plant specific operations	-	5,598,506	-	5,598,506
Plant nonspecific operations	-	1,934,308	-	1,934,308
Video programming	-	3,362,603	-	3,362,603
Depreciation	-	7,754,995	-	7,754,995
Customer operations	-	1,813,057	-	1,813,057
Corporate operations	1,077	2,428,593	-	2,429,670
Operating taxes - other	-	90,414	-	90,414
Cost of sales and installations	-	1,202,390	-	1,202,390
Other internet expenses	-	352,449	-	352,449
Other video expenses	-	623,251	-	623,251
Other wireless expenses	-	21,259	-	21,259
<b>Total operating expenses</b>	<b>1,077</b>	<b>25,181,825</b>	<b>-</b>	<b>25,182,902</b>
<b>Net Operating (Loss) Income</b>	<b>(1,077)</b>	<b>6,760,383</b>	<b>-</b>	<b>6,759,306</b>
<b>Other Income (Expense)</b>				
Investment income	-	1,901,499	-	1,901,499
Subsidiary earnings	7,135,836	-	(7,135,836)	-
Other income	-	3,854	-	3,854
Other expenses	-	(82,209)	-	(82,209)
Interest expense	-	(362)	-	(362)
Earnings from investments in limited liability companies	-	857,453	-	857,453
<b>Total other income, net</b>	<b>7,135,836</b>	<b>2,680,235</b>	<b>(7,135,836)</b>	<b>2,680,235</b>
<b>Net Income Before Income Taxes</b>	<b>7,134,759</b>	<b>9,440,618</b>	<b>(7,135,836)</b>	<b>9,439,541</b>
<b>Income Tax (Benefit) Expense</b>	<b>(216)</b>	<b>2,304,782</b>	<b>-</b>	<b>2,304,566</b>
<b>Net Income</b>	<b>\$ 7,134,975</b>	<b>\$ 7,135,836</b>	<b>\$ (7,135,836)</b>	<b>\$ 7,134,975</b>

TPC, Inc. and Subsidiary  
Consolidating Statements of Income  
Year Ended December 31, 2023

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Operating Revenues</b>				
Local network access	\$ -	\$ 3,573,256	\$ -	\$ 3,573,256
Network access services	-	17,483,353	-	17,483,353
Miscellaneous revenue	-	385,141	-	385,141
Leasing, sales, and installation	-	1,050,781	-	1,050,781
Internet revenue	-	5,594,831	-	5,594,831
Video revenue	-	4,257,095	-	4,257,095
Wireless revenue	-	21,551	-	21,551
Uncollectible revenue	-	(38,779)	-	(38,779)
<b>Total operating revenues</b>	<b>-</b>	<b>32,327,229</b>	<b>-</b>	<b>32,327,229</b>
<b>Operating Expenses</b>				
Plant specific operations	-	5,351,443	-	5,351,443
Plant nonspecific operations	-	1,773,808	-	1,773,808
Video programming	-	3,105,504	-	3,105,504
Depreciation	-	7,548,920	-	7,548,920
Customer operations	-	1,625,764	-	1,625,764
Corporate operations	1,038	2,309,040	-	2,310,078
Operating taxes - other	-	96,318	-	96,318
Cost of sales and installations	-	1,155,064	-	1,155,064
Other internet expenses	-	369,358	-	369,358
Other video expenses	-	600,906	-	600,906
Other wireless expenses	-	21,611	-	21,611
<b>Total operating expenses</b>	<b>1,038</b>	<b>23,957,736</b>	<b>-</b>	<b>23,958,774</b>
<b>Net Operating (Loss) Income</b>	<b>(1,038)</b>	<b>8,369,493</b>	<b>-</b>	<b>8,368,455</b>
<b>Other Income (Expense)</b>				
Investment income	-	1,447,370	-	1,447,370
Subsidiary earnings	7,934,713	-	(7,934,713)	-
Other expenses	-	(73,619)	-	(73,619)
Interest expense	-	-	-	-
Earnings from investments in limited liability companies	-	608,233	-	608,233
<b>Total other income, net</b>	<b>7,934,713</b>	<b>1,981,984</b>	<b>(7,934,713)</b>	<b>1,981,984</b>
<b>Net Income Before Income Taxes</b>	<b>7,933,675</b>	<b>10,351,477</b>	<b>(7,934,713)</b>	<b>10,350,439</b>
<b>Income Tax (Benefit) Expense</b>	<b>(209)</b>	<b>2,416,764</b>	<b>-</b>	<b>2,416,555</b>
<b>Net Income</b>	<b>\$ 7,933,884</b>	<b>\$ 7,934,713</b>	<b>\$ (7,934,713)</b>	<b>\$ 7,933,884</b>

TPC, Inc. and Subsidiary  
Consolidating Statements of Cash Flows  
Year Ended December 31, 2024

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Operating Activities</b>				
Net income	\$ 7,134,975	\$ 7,135,836	\$ (7,135,836)	\$ 7,134,975
Adjustments to reconcile net income to net cash (used for) for operating activities				
Subsidiary earnings	(7,135,836)	-	7,135,836	-
Depreciation				
Telecommunications plant	-	7,380,298	-	7,380,298
Nonregulated plant	-	374,697	-	374,697
Earnings from equity investments	-	(857,453)	-	(857,453)
Distributions from equity investments	-	278,963	-	278,963
Realized gain on equity securities	-	(3,226)	-	(3,226)
Unrealized gains on equity securities	-	(92,426)	-	(92,426)
Noncash patronage capital credit allocations	-	(19,835)	-	(19,835)
Cash retirements from patronage investments	-	19,524	-	19,524
Deferred income taxes	-	(1,057,993)	-	(1,057,993)
Change in current assets and liabilities				
Accounts receivable	(216)	(71,851)	(127)	(72,194)
Prepayments	-	75,368	-	75,368
Accounts payable	(343)	97,667	127	97,451
Advance billing and customer deposits	-	(431)	-	(431)
Accrued income taxes	-	12,559	-	12,559
Accrued taxes - other	-	(6,051)	-	(6,051)
Other current liabilities	-	78,212	-	78,212
<b>Net Cash (used for) from Operating Activities</b>	<b>(1,420)</b>	<b>13,343,858</b>	<b>-</b>	<b>13,342,438</b>
<b>Investing Activities</b>				
Net plant additions and replacements	-	(3,718,183)	-	(3,718,183)
Proceeds from the sale of equity securities	-	196,950	-	196,950
Purchases of equity securities	-	(186,559)	-	(186,559)
Proceeds from the sale of debt securities	-	3,853,530	-	3,853,530
Purchases of debt securities	-	(6,608,258)	-	(6,608,258)
Materials and supplies	-	9,643	-	9,643
Purchase of other investments	-	(23,392)	-	(23,392)
<b>Net Cash used for Investing Activities</b>	<b>-</b>	<b>(6,476,269)</b>	<b>-</b>	<b>(6,476,269)</b>
<b>Financing Activities</b>				
Dividends received	12,000,000	-	(12,000,000)	-
Dividends paid	(12,000,000)	(12,000,000)	12,000,000	(12,000,000)
<b>Net Cash used for Financing Activities</b>	<b>-</b>	<b>(12,000,000)</b>	<b>-</b>	<b>(12,000,000)</b>

**TPC, Inc. and Subsidiary**  
**Consolidating Statements of Cash Flows**  
**Year Ended December 31, 2024**

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	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Net Change in Cash and Cash Equivalents	\$ (1,420)	\$ (5,132,411)	\$ -	\$ (5,133,831)
Cash and Cash Equivalents				
Beginning of year	480,343	29,343,841	-	29,824,184
End of year	\$ 478,923	\$ 24,211,430	\$ -	\$ 24,690,353
Supplementary Disclosures of Cash Flow Information				
Cash payments for income taxes, net	\$ -	\$ 3,350,000	\$ -	\$ 3,350,000
Supplemental Disclosure of Noncash Investing and Financing Activities				
Plant additions funded with accounts payable at year-end	\$ -	\$ 125,057	\$ -	\$ 125,057

TPC, Inc. and Subsidiary  
Consolidating Statements of Cash Flows  
Year Ended December 31, 2023

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
<b>Operating Activities</b>				
Net income	\$ 7,933,884	\$ 7,934,713	\$ (7,934,713)	\$ 7,933,884
Adjustments to reconcile net income to net cash (used for) from operating activities				
Subsidiary earnings	(7,934,713)	-	7,934,713	-
Depreciation				
Telecommunications plant	-	7,238,083	-	7,238,083
Nonregulated plant	-	310,837	-	310,837
Earnings from equity investments	-	(608,233)	-	(608,233)
Distributions from equity investees	-	282,464	-	282,464
Realized losses on equity securities	-	43,267	-	43,267
Unrealized gains on equity securities	-	(89,461)	-	(89,461)
Noncash patronage capital credit allocations	-	(2,283)	-	(2,283)
Cash retirements from				
patronage investments	-	16,677	-	16,677
Deferred income taxes	-	(975,624)	-	(975,624)
Change in current assets and liabilities				
Accounts receivable	(211)	193,704	566	194,059
Prepayments	-	450,435	-	450,435
Accounts payable	356	(53,347)	(566)	(53,557)
Advance billing and customer deposits	-	(13,082)	-	(13,082)
Accrued income taxes	-	(162,821)	-	(162,821)
Accrued taxes - other	-	(4,741)	-	(4,741)
Other current liabilities	-	101,203	-	101,203
<b>Net Cash (used for) from Operating Activities</b>	<b>(684)</b>	<b>14,661,791</b>	<b>-</b>	<b>14,661,107</b>
<b>Investing Activities</b>				
Net plant additions and replacements	-	(3,132,882)	-	(3,132,882)
Proceeds from the sale of equity securities	-	76,364	-	76,364
Purchases of equity securities	-	(1,085,932)	-	(1,085,932)
Proceeds from the sale of debt securities	-	1,559,623	-	1,559,623
Purchases of debt securities	-	(8,128,913)	-	(8,128,913)
Materials and supplies	-	17,458	-	17,458
Sale of other investments	-	673	-	673
<b>Net Cash used for Financing Activities</b>	<b>-</b>	<b>(10,693,609)</b>	<b>-</b>	<b>(10,693,609)</b>
<b>Financing Activities</b>				
Dividends received	2,000,000	-	(2,000,000)	-
Dividends paid	(2,000,000)	(2,000,000)	2,000,000	(2,000,000)
<b>Net Cash used for Financing Activities</b>	<b>-</b>	<b>(2,000,000)</b>	<b>-</b>	<b>(2,000,000)</b>

TPC, Inc. and Subsidiary  
Consolidating Statements of Cash Flows  
Year Ended December 31, 2023

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Net Change in Cash and Cash Equivalents	\$ (684)	\$ 1,968,182	\$ -	\$ 1,967,498
Cash and Cash Equivalents				
Beginning of year	<u>481,027</u>	<u>27,375,659</u>	<u>-</u>	<u>27,856,686</u>
End of year	<u>\$ 480,343</u>	<u>\$ 29,343,841</u>	<u>\$ -</u>	<u>\$ 29,824,184</u>
Supplementary Disclosures of Cash Flow Information				
Cash payments for interest	\$ -	\$ 111	\$ -	\$ 111
Cash payments for income taxes, net	-	3,555,000	-	3,555,000
Supplemental Disclosure of Noncash Investing and Financing Activities				
Plant additions funded with accounts payable at year-end	\$ -	\$ 66,379	\$ -	\$ 66,379