



**KINGDOM**

KINGDOM TELEPHONE COMPANY

KINGDOM TECHNOLOGY SOLUTIONS

**2023**

# **ANNUAL REPORT**

# NOTICE OF 2024 ANNUAL MEETING

**Kingdom's Annual Meeting will be held virtually.**

**For more information please read this report and/or visit the link below.**

The Annual Meeting of the Shareholders of Kingdom Telephone Company, a corporation with its principal office in Auxvasse, Missouri, will be streamed via YouTube on March 14, 2024 beginning at 6:30 p.m. go to: [www.kingdomtelco.com/Annual-Meeting](http://www.kingdomtelco.com/Annual-Meeting) to view live or see the recorded event.

**6:30 p.m.**

**Meeting Called to Order and Introductions; Verification of Quorum**

Adam Elley, President

**Notice of Meeting and Proof of Publication**

Bennie Young, Secretary

**Verify electronic approval of the minutes of the 2023 Annual Meeting**

Adam Elley, President

**Verify electronic approval of the 2023 Financial Reports**

General Manager

**Election Results, Old & New Business**

Brydon, Swearngen & England, General Counsel

Mokane Exchange:

Williamsburg Exchange:

At-Large Southern Exchange:

David Horstman

Jake Anderson

Craig Timmerberg

Adam Elley

\*These shareholders have been nominated by the Committee on Nominations appointed by the Board of Directors pursuant to the bylaws. **No** additional nominations can be made at the meeting.

**General Manager's Report**

General Manager

**Questions**

Email to [questions@kingdomtelco.com](mailto:questions@kingdomtelco.com) or call 386-2021 and leave your question in the voice mailbox.

All questions received prior to the meeting will be addressed during the meeting. We will follow up with any questions not addressed during the meeting.

**Prize Drawings**

All members who vote electronically are eligible.  
See inside back cover for details.

**Adjourn**

Adam Elley, President

# BOARD OF DIRECTORS



## OFFICERS

(FRONT ROW, FROM LEFT TO RIGHT)

**Jake Baumgartner**, Vice-President, Auxvasse Exchange

**Adam Elley**, President, At-Large Southern Exchange

**Bennie Young**, Secretary-Treasurer, Hatton Exchange

## BOARD MEMBERS

(BACK ROW, FROM LEFT TO RIGHT)

**Brenda Bader**, Big Spring Exchange

**Scott Whalen**, At-Large Northern Exchanges

**David Horstman**, Mokane Exchange

**Eugene "Butch" Richards**, Tebbetts Exchange

**Jake Anderson**, Williamsburg Exchange

**Doug Lensing**, Rhineland Exchange

# REPORT: ADAM ELLEY, BOARD PRESIDENT

As I reflect on this 2023 report, I am reminded of how important the Board's fiduciary responsibility is. It is a topic that should be repeated so everyone understands the meaning. A Board of Directors of any company, whether a cooperative or just any "for profit" company, has a legal obligation to act in the best interest of the company and shareholders.

What does it mean? In the case of Kingdom Telephone, it means that we make sure we try to do what is best for our members. We hire a leader for the company who manages the day-to-day operations and makes valid recommendations to the Board for future expansion. We review the activities and financials on a monthly basis. We require our manager to do his/her due diligence on every investment. We make sure we do feasibility studies on future projects to help make decisions about spending current funds or borrowing new funds. In other words, we do our homework and take our jobs very seriously.

Kingdom was faced with our Federal Universal Service funds terminating in 2026 if not 2024 due to competitive overlap. These funds have allowed Kingdom to build a network of services for our members that includes the latest technologies available. We have spent millions of dollars creating this network and millions more keeping it up to date. We will always be spending money because technology will force us to. Granted, we think fiber will take us decades into the future, but it is the electronics that will continue to change and need updated. The good news from 2023 is that the FCC realized these millions of dollars in networks needed to continue to be supported and upgraded and extended USF for 15 additional years. We have five more copper areas to upgrade to fiber which will make Kingdom 100% fiber to the premise.

Since we were faced with loss of federal funding, we expanded into Mexico, Moberly, Montgomery City, and Centralia. This gave us a great deal of potential customer base. Adding the grant areas to all these projects, we have a lot to do in the next 5 -6 years. The grants and the copper area have a timeline attached. The grants require that we spend 25% of the cost before we can get reimbursed the remaining portion from the grant funds. So, in 2024 we will likely be building the ILEC copper areas, the Reconnect 2 grant area that we began in October 2023, and hopefully, begin construction on the Reconnect 3 grant area. During these years of construction, we will likely have short term debt as we will have to pay for the construction and materials prior to getting reimbursed. We have a requirement to deposit the same amount into a pledged grant account, effectively tying up the money twice, until USDA approves and sends us the grant funds. I know it doesn't make sense at all, but these are the rules. So, the board and our manager have a great deal of fiduciary responsibility in cash flow management so not to burden the company with undue debt.

The future of our industry and company changes day by day. We used to see cell phones as our biggest threat, now we compete with other providers serving the same areas as we serve with Internet. It used to be all about the phone line, now it is all about the Internet. Twenty-five years ago, we had no competition, Internet was called dial up, and the best part, most people had two phone lines so they could use the internet and talk at the same time. Now, we sell a service called Gigabit and multi-Gigabit which is more than 20,000 – 40,000 times faster than dial up. My point: with the speed of change in the industry, it is more important than ever that we take our fiduciary responsibility very seriously.

One thing will be certain, the Board of Kingdom Telephone has every confidence that our company will continue to provide you with the latest technology and the best customer service to meet your needs. Until next time, I want to thank you for being a loyal member and tell you I am honored to serve as your Board President.



# REPORT: RENÉE REETER, CEO

Dear Members,

This will be my last report to you as I have decided to retire. My husband and I have built a home in Kansas City, where we are closer to our family. As I am preparing to leave Kingdom behind, I would like to think I have played a big part in setting it up for the future. When I started in 2015, expenses were out of control and we were faced with the future loss of Universal Service (USF), so we worked to replace it. June 16, 2022, we fully replaced a nineteen-year average of USF with our Phynx Fiber division. Later, we applied and were awarded a little over \$28 million dollars in grant funds, of which we have begun construction on the first award in Audrain County. The second larger award is still going through environmental clearance involving the Osage Nation Tribe. These grants give the company so much growth potential when combined with the other Phynx Fiber communities, nearly doubling the physical size, and giving us the opportunity to potentially quadruple our original customer base. Kingdom is operating on lean efficiency and no doubt is set for the future. The Board and I have always thought that if the government ever decided to continue USF, Kingdom would just be better off and in August of 2023 they did just that, extending it for an additional 15 years. We had no choice but to plan as we did in the event the extension didn't happen. They cut it close, since 2024 was likely our end, they only made it official a few months early. With that extension came a lot of additional requirements. One of which was the focus on cyber security policies and procedures. This one was not a burden as we have been concentrating on cyber security for more than a year, so we were ready. Another requirement was that we offer the Affordable Connectivity Program or "ACP", which gives qualified consumers a \$30 discount on Internet services. More information can be found at [getinternet.gov](https://getinternet.gov) or <https://kingdomtelco.com/affordable-connectivity-program/>. This combined with lifeline discount credits for those who qualify make quite a difference in our members' bill each month.

I have worked in this industry for nearly 25 years, living through a lot of changes. It has been an exciting, frustrating, and continually changing time. Once we were heavily controlled by the Missouri Public Service Commission, as most of our service offerings were considered intra-state only. But now, since Internet is our primary service, and since when you get on the Internet you can reach any place in the world, it is considered an inter-state program and is therefore regulated by the Federal Communications Commission or the "FCC". Universal service is a federal program as well, so for now, the FCC makes most of the rules for our industry. Sometimes, the rules change based on which administration is in office and for the most part they try to protect consumers from the bad players, which is understandable. The problem is that they throw so many new things at us at once, it causes small companies like Kingdom with smaller budgets and smaller staff to spend a lot of time on those things while keeping up with the day-to-day aspects of running the business. But this is the way it is, so we do our part and follow the rules we are given.

Before I completely sign off, let me cover the Annual Meeting process. We will again have a virtual meeting that will be streamed but will also be available for later viewing. As before, the information on how to view is included in this annual report. Members can simply go to our website and click a link to access the meeting.

Also, electronic voting will be like it has been the last few years. Details related to this are also in this report. Just like before, voting credentials will be mailed to members in February as well as emailed to those members who have valid emails on file. I hope you remembered to update your email addresses online if it changed. This allows Kingdom to get your voting credentials to you much faster. Members can vote online or in person at our office between February 23, beginning at 8:00 a.m. and March 13, ending at 12:00 noon.

I would like to thank the Board for the opportunity to have served them and you, our members! It has been an honor. I wish you and the company the best future possible in business and in health. Thank you!





# MINUTES FROM OUR ANNUAL MEETING

The annual meeting of stockholders of Kingdom Telephone Company (hereinafter the “Company”), was held on March 9, 2023 at the Corporation’s offices in Auxvasse, Missouri.

At 6:30 p.m., Adam Elley, President of the Company, announced that the meeting would be called to order and welcomed the stockholders to the 68th annual meeting of the Company.

President Elley stated that 517 of the Company’s 2,868 stockholders were represented at the meeting by electronic ballot. He thereupon declared a quorum present for conducting of the Company’s business. Director Doug Lensing led the invocation prayer, and CEO Renee’ Reeter led the Pledge of Allegiance. Secretary Young then read the notice of the meeting and proof of publication. The notice and proof of publication were ordered attached to these minutes.

CEO Renee’ Reeter announced that the 2022 Annual Meeting Minutes as reported in the 2022 Annual Report had been approved by a vote of 491-14. CEO Reeter announced that the 2022 Financial Report as printed in the 2022 Annual Report had been approved by a vote of 491-12.

The Company’s attorney, Brian McCartney, announced that the meeting would turn to the review of the results of the annual election of directors. He stated that three (3) directors were to be elected at the meeting: one from the Auxvasse Exchange, one from Big Spring Exchange, and one from the Tebbetts Exchange. He explained that voting was done electronically starting February 17, 2023 and ending March 8, 2023.

Mr. McCartney reported that the Nominating Committee had nominated Jake Baumgartner from the Auxvasse Exchange, Brenda Bader from the Big Spring Exchange, and Eugene “Butch” Richards from the Tebbetts Exchange. Mr. McCartney reported the following results from the election of directors as recorded and verified by Survey & Ballot Systems:

<b>EXCHANGE</b>	<b>NOMINEE</b>	<b>VOTES</b>
<b>Auxvasse</b>	<b>Jake Baumgartner</b>	<b>521</b>
<b>Big Spring</b>	<b>Brenda Bader</b>	<b>520</b>
<b>Tebbetts</b>	<b>Eugene “Butch” Richards</b>	<b>370</b>

Mr. McCartney thereupon announced that Jake Baumgartner from the Auxvasse Exchange; Brenda Bader from the Big Spring Exchange; and Eugene “Butch” Richards from the Tebbetts Exchange had been elected directors of the Company for a term of three (3) years and until their successors are elected and qualified. The verified results of the election were ordered attached to these minutes.

Mr. McCartney called for old business, and there was none. Mr. McCartney stated that no new business had been raised prior to the meeting as required by the bylaws.

CEO Reeter reported on the Company’s operations during the past year, including the electronic voting process, and CEO Reeter reviewed the Company’s financial performance, plans to replace Universal Service Fund support, buildout by Phynx Fiber, and the receipt of federal grants to expand fiber broadband service in Audrain and Montgomery Counties. No questions were submitted to the meeting.

President Elley and CEO Reeter recognized retiring Board member Gene Eldringhoff and presented Director Eldringhoff with a plaque for his years of service to the Company. Thereafter, the meeting was adjourned.

# BALANCE SHEET:

## YEARS ENDED DECEMBER 31, 2023 AND 2022

### UNAUDITED 2023

### AUDITED 2022

#### ASSETS

#### Current Assets

Cash & Cash Equivalents	\$ 13,824,003	\$ 13,201,845
Telecom Accounts Receivable	(5,685)	10,490
Other Receivables	690,902	669,006
Materials & Supplies	5,550,618	978,936
Prepaid Expenses	624,525	600,007
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Total Current Assets	\$ 20,684,363	\$ 15,460,284

#### Other Assets & Investments

Nonregulated Assets - Net	\$ 1,641,242	\$ 1,605,588
Other Investments	18,580,231	18,931,685
Deferred Tax Asset	-	-
Deferred Charges	210,648	154,805
	<hr/>	<hr/>
Total Other Assets & Investments	\$ 20,432,121	\$ 20,692,078

#### Property, Plant & Equipment

In Service	\$ 43,903,276	\$ 44,899,854
Under Construction	423,475	101,263
Less Accumulated Depreciation	22,877,783	22,455,709
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Net Property, Plant & Equipment	\$ 21,448,968	\$ 22,545,408

#### Total Assets

**\$ 62,565,452**

**\$ 58,697,770**

#### LIABILITIES & MEMBERS' EQUITY

#### Current Liabilities

Accounts Payable	\$ 167,660	\$ 526,579
Customer Deposits	19,937	17,051
Accrued Expenses	115,793	(259,711)
Other Current Liabilities	72,890	68,191
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Total Current Liabilities	\$ 376,280	\$ 352,110

#### Long-Term Debt

#### Long-Term Liabilities & Deferred Credits

	-	-
	\$ 424,633	\$ 440,476

#### Members' Equity

Memberships	\$ 28,890	\$ 29,090
Patronage Capital	60,464,690	56,876,980
Other Equity	1,270,959	999,114
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Total Members' Equity	\$ 61,764,539	\$ 57,905,184

#### Total Liabilities & Member Equity

**\$ 62,565,452**

**\$ 58,697,770**

# STATEMENT OF OPERATIONS:

## YEARS ENDED DECEMBER 31, 2023 AND 2022

	UNAUDITED 2023	AUDITED 2022
<b>Operating Revenues</b>		
Local Network	\$ 491,530	\$ 545,137
Network Access	5,522,450	5,421,821
Miscellaneous	281,720	289,092
Uncollectables	623	818
Total Operating Revenues	\$ 6,296,323	\$ 6,256,868
<b>Operating Expenses</b>		
Plant Specific	\$ 699,218	\$ 846,709
Plant Non-Specific	354,006	345,442
Customer	261,788	275,983
Corporate	1,078,926	935,453
Depreciation/Amortization	1,618,195	1,742,353
Operating Taxes	495,511	422,526
Total Operating Expenses	\$ 4,507,644	\$ 4,568,466
Operating Margin	\$ 1,788,679	\$ 1,688,402
<b>Other Income (Expense)</b>		
Investment & Dividend Income	\$ 518,927	\$ 126,336
Net Nonregulated Income/(Loss)	2,096,753	1,665,946
Other Interest Expenses	(2,411)	0
Miscellaneous Income/(Loss)	3,085	(236,979)
Non-Operating Taxes	(208,200)	(211,695)
Total Other Income (Expense)	\$ 2,408,154	\$ 1,343,608
Margin Available for Fixed Charges	\$ 4,196,833	\$ 3,032,010
<b>Fixed Charges - Interest on Long-Term Debt</b>	-	-
<b>Net Margin</b>	<b>\$ 4,196,833</b>	<b>\$ 3,032,010</b>

A complete copy of the Financial Statements audited by Forvis, LLP may be seen during regular office hours at:

Kingdom Telephone Company  
211 South Main Street  
Auxvasse, Missouri



# PRIZES!

All members who voted electronically will be eligible for drawings.

**One (1) year of Free Internet**

valued at \$65 per month

**OR**

**One (1) year of  
Telephone bill credit**

value at \$26.90 per month  
(excluding taxes and fees)

We will also be drawing for:  
**One hundred (100)  
\$20 bill credits**



**211 S. Main Street, P.O. Box 97  
Auxvasse, MO 65231-0097**

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ONLY THE INDIVIDUALS SHOWN ON THE MAILING LABEL ARE ELIGIBLE SHAREHOLDERS.

## **A GUIDE TO VOTING**

### **Who is a shareholder?**

Only those named on your monthly billing or the label of the Annual Meeting Notice are recorded as shareholders. No other person is eligible to vote, or to win a prize from the Annual Meeting. If a shareholder wants to add a person to their share, they must contact our office at 386-2241 and complete the proper document.

### **How do I vote electronically?**

All members will receive a unique login and will be able to cast vote via the internet beginning 8:00 a.m. on February 23, 2024 until 12:00 p.m. on Wednesday, March 13, 2024. The login information will be sent via mail from Survey & Ballot Systems on Kingdom letterhead. In addition, a reminder email will be sent to those members who have an email on file.

### **How do I vote if I do not have Internet service?**

All members can come to the headquarters at 211 S Main, Auxvasse during business hours beginning February 23, 2024 through 12:00 p.m., Wednesday, March 13, 2024 to cast their electronic vote.