TABLE OF CONTENTS

Letter from the President & GM ..........................................................01
Board of Directors...........................................................................02
Employees..................................................................................03
New Logo ..................................................................................04
Financials....................................................................................05-06
Introducing BAND..........................................................................07-08
Scholarship Winners .................................................................09-11
Reporting Trouble & Non-Discrimination Statement..................12
811/Call Before You Dig ...............................................................12
On behalf of the Directors and Employees, welcome to United Communications’ 67th Annual Meeting. We appreciate your patronage and look forward to working for you in the years to come. United had a solid financial year in 2018, with a margin of $5,570,830.

We are continuing to deploy fiber optic cable. This year we are plowing to the rural areas of Rolette, and the southern part of the rural Dunseith exchange. We have contracts in place to complete our fiber build in 2020. Thank you for your continued patience and support during this upgrade of facilities. We have been deploying fiber without using loan funds, as this strengthens our Cooperative.

Rural companies and their associations have been working with the Federal Communications Commission (FCC) to bring financial stability to our industry. We have been hit with budget control mechanisms which have impacted our funding in the amount of $1,500,000 over the last couple of years. At its December 12th meeting, the FCC adopted the Universal Service Reform Order. The order focused on additional offers for the Alternative Connect America Model (A-Cam) Carriers and new model offers for existing legacy carriers, and ensured enough and predictable support for legacy rate of return carriers. This order was highly anticipated, and the Board and Management continue to review the order to make the right decisions for your Cooperative.

Ajit Pai, the Chairman of the FCC, has made combatting unlawful robocalls and malicious caller ID spoofing his top consumer protection priority. Robocalls, or unwanted calls with prerecorded messages, are one of the FCC’s top complaints. We are working closely with our consultants on industry-wide robocall mitigation efforts.

Since 2017, we have been actively promoting and installing ‘broadband only’ customers. These are customers that no longer wish to have a traditional phone line, but instead have only a broadband connection. As everything in our industry is shifting to focus on broadband, our state association has also changed its name from the North Dakota Association of Telephone Cooperatives (NDATC) to the Broadband Association of North Dakota (BAND). BAND is made up of United and 14 other companies like us in the state of North Dakota. You might have seen the commercials for BAND on local TV during the state basketball tournaments this winter.

Dakota Carrier Network (DCN) is another successful example of how United and 13 other independent companies work together. In the late ‘90s, the local North Dakota ‘telephone’ companies decided it would be beneficial to all of our customers if we created a company that would tie all of our fiber networks together. Now, DCN connects every school in the state and provides internet access to all K-12 schools and higher education, most branches of state government, county courthouses and more. The cooperative spirit across all our companies has achieved so much more than any of us could have done alone.

Video programming retransmission rates continue to increase to providers as the broadcast companies demand continued rate increases in order to continue to receive their content. We are left with no option but to pass these increases onto the subscribers.

As technology changes, things we never could have dreamed of are now a reality. With the help of security cameras and wireless access points from United Communications, a simple text message can alert you any time motion is detected when you’re not at home.

The United Communications Board of Directors and employees would like to thank the members of the cooperative for your loyalty and continued patronage. We will continue to bring the latest technology to serve all your needs. I would like to thank the Board of Directors for their support, and our employees for their hard work and dedication.
MANAGEMENT
Perry Oster, GENERAL MANAGER/CEO
Ross Feil, FACILITIES MANAGER
Kirsten Gendron, CUSTOMER SERVICE MANAGER
Tara Mikkelsen, CHIEF FINANCIAL OFFICER
Dennis Plummer, NETWORK MANAGER
Steve Swanson, INFORMATION SERVICES MANAGER

CENTRAL OFFICE
Jason Bott, CENTRAL OFFICE TECHNICIAN
Dave Hein, CENTRAL OFFICE TECHNICIAN
AJ Hensel, CENTRAL OFFICE TECHNICIAN

ACCOUNTING
Jayna Hoffarth, CASHIER/BOOKKEEPER
Denise Otto, ACCOUNTANT
customerservice/bottineau

Peggy Lider, CUSTOMER SERVICE REPRESENTATIVE
Trish Martian, CUSTOMER SERVICE REPRESENTATIVE

outside plant – bottineau

Kurt Carpenter, NETWORK TECHNICIAN
Kendall Fugere, COMBINATION TECHNICIAN
Lance Halvorson, LINEMAN-INSTALLER
Norm Reitan, PLANT ENGINEER

customerservice/plant records – rolla

Laurie Bercier, CUSTOMER SERVICE REPRESENTATIVE
Tara Trottier, PLANT RECORDS

outside plant – rolla

Wade Belgarde, COMBINATION TECHNICIAN
Sam Booth, NETWORK TECHNICIAN
Justin Longie, MAINTENANCE
Russ Lund, COMBINATION TECHNICIAN
Farrell Morin, LINEMAN-INSTALLER
Tony Page, LINEMAN-INSTALLER
Mitch Poitra, COMBINATION TECHNICIAN
Cole Schroeder, LINEMAN-INSTALLER

information technology – langdon

Dave Bakke, INFORMATION SERVICES TECHNICIAN
Matt Geddes, INFORMATION SERVICES TECHNICIAN
Tim Goff, INFORMATION SERVICES TECHNICIAN
Jim Strong, NETWORK ENGINEER

outside plant – langdon

Gerald Delvo, CABLE SPlicer
Tony Hanson, COMBINATION TECHNICIAN
Riley Kuchar, NETWORK TECHNICIAN
Todd Gette, NETWORK TECHNICIAN
Matt Lowery, LINEMAN-INSTALLER
Jason McLean, LINEMAN-INSTALLER
Drew McQuarie, LINEMAN-INSTALLER

customerservice/plant records – langdon

Danielle Andresen, CUSTOMER SERVICE REPRESENTATIVE
Tasha Christianson, CUSTOMER SERVICE REPRESENTATIVE
Robyn Ramberg, CUSTOMER SERVICE REPRESENTATIVE
Brenda Veer, CUSTOMER SERVICE REPRESENTATIVE
Kori Howatt, CUSTOMER SERVICE REPRESENTATIVE
Mikan Lovcik, CUSTOMER SERVICE REPRESENTATIVE
Tonya Peterson, PLANT RECORDS
Andrea Fetsch, PLANT RECORDS
Caitlin Kreklau, PLANT RECORDS
Rebecca Feist, PLANT RECORDS
Suzanne Bott, PLANT RECORDS
Lori Ullyott, PLANT RECORDS

information technology – rolla

Jade Gores, INFORMATION SERVICES TECHNICIAN
Matthew Odermann, INFORMATION SERVICES TECHNICIAN

outside plant – rolla

Drew McQuarie, LINEMAN-INSTALLER

customerservice – bottineau

Peggy Lider, CUSTOMER SERVICE REPRESENTATIVE
Trish Martian, CUSTOMER SERVICE REPRESENTATIVE
Our hardworking team of North Dakota residents is dedicated to continually improving on our services and building rural connections to better serve our customers. As our progression in technology continues to evolve, so do we.

Our dedication to development and growth can be seen in our recent brand enhancement efforts. This includes our new logo, exterior building updates and storefront sign at headquarters.

As our brand evolves, we strengthen our focus on connecting all of North Dakota – Yesterday. Today. Tomorrow.
# Financial Statements

**Condensed Consolidated Balance Sheet**

**December 31, 2018**

## Assets

### ASSETS (What We Own)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$10,053,165</td>
<td>$6,256,291</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,650,003</td>
<td>2,039,014</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>723,231</td>
<td>1,284,692</td>
</tr>
<tr>
<td>Income Tax Receivable</td>
<td>39,126</td>
<td>-</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>724,492</td>
<td>528,918</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>13,190,017</td>
<td>10,108,915</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>31,666,296</td>
<td>30,930,673</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td>31,666,296</td>
<td>30,930,673</td>
</tr>
<tr>
<td><strong>PLANT, PROPERTY, &amp; EQUIPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wireline Plant</td>
<td>97,664,237</td>
<td>112,603,945</td>
</tr>
<tr>
<td>Cable &amp; Internet Plant</td>
<td>6,340,282</td>
<td>6,434,164</td>
</tr>
<tr>
<td>Non-Operating Plant</td>
<td>500</td>
<td>17,597</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(56,340,174)</td>
<td>(70,767,129)</td>
</tr>
<tr>
<td><strong>NET PLANT</strong></td>
<td>47,664,845</td>
<td>48,288,577</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$92,521,158</td>
<td>$89,328,165</td>
</tr>
</tbody>
</table>

## Liabilities

### LIABILITIES (What We Owe)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$1,114,415</td>
<td>$1,134,302</td>
</tr>
<tr>
<td>Current Maturities of Long-Term Debt</td>
<td>2,205,736</td>
<td>2,101,863</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>1,075,660</td>
<td>1,043,216</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>4,395,811</td>
<td>4,279,381</td>
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<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Income Tax &amp; Other Obligations</td>
<td>6,895,083</td>
<td>6,058,010</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT LIABILITIES</strong></td>
<td>6,895,083</td>
<td>6,058,010</td>
</tr>
<tr>
<td><strong>LONG-TERM DEBT, NET OF CURRENT MATURITIES</strong></td>
<td>8,915,188</td>
<td>11,287,475</td>
</tr>
<tr>
<td><strong>TOTAL LONG-TERM DEBT</strong></td>
<td>8,915,188</td>
<td>11,287,475</td>
</tr>
<tr>
<td><strong>MEMBERS’ EQUITY</strong></td>
<td>72,315,076</td>
<td>67,703,299</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>72,315,076</td>
<td>67,703,299</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td>$92,521,158</td>
<td>$89,328,165</td>
</tr>
</tbody>
</table>
### Condensed Consolidated Statement of Operations

**DECEMBER 31, 2018**

#### REVENUE

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireline</td>
<td>$15,029,185</td>
<td>$13,493,483</td>
</tr>
<tr>
<td>Internet</td>
<td>3,267,555</td>
<td>3,074,327</td>
</tr>
<tr>
<td>Television</td>
<td>2,924,450</td>
<td>2,987,149</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,987,406</td>
<td>1,900,661</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>23,208,596</strong></td>
<td><strong>21,455,620</strong></td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Plant Specific Operations</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Nonspecific Operations</td>
<td>1,394,168</td>
<td>1,322,204</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>5,036,633</td>
<td>4,924,997</td>
</tr>
<tr>
<td>Customer Operations</td>
<td>1,693,253</td>
<td>1,915,234</td>
</tr>
<tr>
<td>Corporate Operations</td>
<td>1,792,486</td>
<td>1,872,409</td>
</tr>
<tr>
<td>Other Operating Taxes</td>
<td>30,179</td>
<td>42,527</td>
</tr>
<tr>
<td>Non-Regulated Expenses</td>
<td>7,785,885</td>
<td>7,181,621</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>21,287,610</strong></td>
<td><strong>20,031,753</strong></td>
</tr>
</tbody>
</table>

#### NET OPERATING MARGIN

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,920,986</td>
<td>423,867</td>
</tr>
</tbody>
</table>

#### NON-OPERATING

<table>
<thead>
<tr>
<th>Interest &amp; Dividend</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFUDC</td>
<td>64,539</td>
<td>22,783</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(755,161)</td>
<td>(854,165)</td>
</tr>
<tr>
<td>Impairment of Investment</td>
<td>(222,700)</td>
<td>(330,000)</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>(181,727)</td>
<td>(57,572)</td>
</tr>
<tr>
<td>Income from Affiliates</td>
<td>2,097,302</td>
<td>3,287,471</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING</strong></td>
<td><strong>4,478,742</strong></td>
<td><strong>4,454,982</strong></td>
</tr>
</tbody>
</table>

#### NET MARGIN BEFORE INCOME TAXES

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,399,728</td>
<td>4,878,849</td>
</tr>
</tbody>
</table>

#### INCOME TAX

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>828,898</td>
<td>(1,406,766)</td>
</tr>
</tbody>
</table>

#### NET MARGINS

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,570,830</td>
<td>$6,285,615</td>
</tr>
</tbody>
</table>
In late 2018, the North Dakota Association of Telecommunication Cooperatives (NDATC), the organization that represents North Dakota’s independent telecommunication industry, became BAND, the Broadband Association of North Dakota. The change in name reflects the commitment of the member organizations to evolve with the communication needs of North Dakotans, with an important shift from telephone to broadband. (You may recognize the name if you have watched the state high school championships.)

BAND was formed 65 years ago when a group of North Dakota telephone cooperatives met at the Patterson Hotel in Bismarck. Their mission: to guard against unfavorable legislation, and to ensure the highest quality communication systems were available across North Dakota. This mission has carried the organization through a revolutionary era of communication. At the time of the association’s creation, a majority of rural North Dakota residents had party-line service, wires were strung from pole to pole, and “long distance” calls were prohibitively expensive. Today, rural areas of the state have access to some of the fastest and most affordable broadband technology found anywhere in the United States.
As communication methods evolved around the world, BAND and its 18 member organizations have evolved with them. In the past decade, BAND has laid over 45,000 miles of fiber across North Dakota, keeping rural communities, families, and small businesses connected to the world.

Today, BAND and its member organizations continue to build on their 65-year-old promise: to evolve with the needs of its subscribers “at the end of the line.” Together, they are ensuring North Dakota is the most connected state in the United States.

Thanks for being a part of the journey.
The United Telephone Educational Foundation continues to support local area students in their journey to higher education and self-development. In the spring of 2019, 22 distinguished local seniors received scholarships.

Since 1991, the United Telephone Educational Foundation is proud to have given over $773,500 to graduating seniors and other first-term college students. This year’s selected recipients from central and eastern North Dakota will receive a total of $30,500 in scholarship funds.
SCHOLARSHIP WINNERS

Sadie Fetsch
LANGDON AREA HIGH SCHOOL

Rhiannon Giguere
LANGDON AREA HIGH SCHOOL

Erykka Gratton
LANGDON AREA HIGH SCHOOL

Ashtin Harildstad
CAVALIER HIGH SCHOOL

April Kratcha
LANGDON AREA HIGH SCHOOL

Lyle Lunday
SAINT JOHN PUBLIC SCHOOL

Faith Mattila
NORTH BORDER WALHALLA
HIGH SCHOOL

Emma Mitchell
MT. PLEASANT HIGH SCHOOL

Tera Mittleider
LANGDON AREA HIGH SCHOOL

Grant Munro
MT. PLEASANT HIGH SCHOOL
SCHOLARSHIP WINNERS

Callie Perry
MUNICH HIGH SCHOOL

Landrey Peterson
NORTH BORDER WALHALLA HIGH SCHOOL

Lexie Thibert
SAINT JOHN PUBLIC SCHOOL

Terrance Wallette
TURTLE MOUNTAIN COMMUNITY HIGH SCHOOL

Madeline Wilkie
MT. PLEASANT HIGH SCHOOL

Kaitlyn Wilmot
BOTTINEAU HIGH SCHOOL
TO REPORT TROUBLE DURING BUSINESS HOURS (MONDAY – FRIDAY 8AM – 5PM), CALL YOUR LOCAL OFFICE, OR CALL 1.800.844.9638 FOR AFTER-HOURS SUPPORT.

Langdon: 701.256.5156
Bottineau: 701.228.1101
Rolla: 701.477.1101
After Hours: 800.844.9638

This institution is an equal opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to the USDA by mail at: U.S. Department of Agriculture; Director, Office of Adjudication; 1400 Independence Avenue, S.W.; Washington, D.C. 20250-9410. Or send it by fax to (202) 690-7442 or email at program.intake@usda.gov.

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REPORTING TROUBLE

If you have any questions about your bill, long distance calls, or services, or if you want to order additional features, call 701.256.5156 or 800.844.9708.
Wednesday, July 24, 2019

Registration 1:00 pm
Call to Order (President) 2:00 pm
Lunch to Follow

Welcome
Reading of Notice of Annual Meeting
Reading of Minutes of Last Meeting
Election of Directors
Financial Report
President’s Comments
Adjournment