

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

December 31, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,389,129	\$ 5,363,681
Accounts receivable, less allowance for doubtful accounts of \$0 in 2020 and 2019	856,523	659,179
Marketable securities	7,479,975	6,538,992
Materials and supplies	316,701	250,628
Prepaid expenses	57,935	36,247
Income tax receivable	365,819	239,520
<b>Total Current Assets</b>	<u>14,466,082</u>	<u>13,088,247</u>
<b>Other Assets and Investments:</b>		
Non-regulated equipment, net	235,177	184,258
Other investments	260,872	246,763
<b>Total Other Assets and Investments</b>	<u>496,049</u>	<u>431,021</u>
<b>Property, Plant, and Equipment:</b>		
In service	30,986,124	30,254,208
Under construction	584,475	361,707
	31,570,599	30,615,915
Less accumulated depreciation	16,497,285	15,202,992
<b>Property, Plant, and Equipment, net</b>	<u>15,073,314</u>	<u>15,412,923</u>
	<u>\$ 30,035,445</u>	<u>\$ 28,932,191</u>

See accompanying notes to consolidated financial statements.

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<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>2020</u>	<u>2019</u>
<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 592,994	\$ 950,262
Accounts payable	57,463	53,693
Accrued expenses	<u>19,252</u>	<u>50,905</u>
<b>Total Current Liabilities</b>	<u>669,709</u>	<u>1,054,860</u>
<b>Noncurrent Liabilities:</b>		
Deferred income taxes	2,145,100	1,887,300
Long-term debt	<u>10,583,936</u>	<u>11,179,353</u>
<b>Total Noncurrent Liabilities</b>	<u>12,729,036</u>	<u>13,066,653</u>
<b>Stockholders' Equity:</b>		
Common stock, \$10 par value, 5,000 shares authorized, 1,067 shares issued and outstanding	10,670	10,670
Retained earnings	<u>16,626,030</u>	<u>14,800,008</u>
<b>Total Stockholders' Equity</b>	<u>16,636,700</u>	<u>14,810,678</u>
	<u>\$ 30,035,445</u>	<u>\$ 28,932,191</u>

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES**

**Consolidated Statements of Operations**

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Local network	\$ 44,418	\$ 58,756
Network access	5,159,041	6,171,177
Internet	2,295,572	2,285,294
Long-distance	5,543	17,920
Non-regulated operations	211,100	191,691
Miscellaneous	48,283	46,192
	<u>7,763,957</u>	<u>8,771,030</u>
Total Operating Revenues		
Operating Expenses:		
Plant specific	1,092,066	1,163,101
Plant nonspecific	465,699	577,554
Customer	322,177	366,380
Corporate	939,171	936,590
Internet	1,647,284	1,463,973
Non-regulated operations	128,432	164,582
Depreciation	1,533,945	1,474,409
Other operating taxes	230,693	248,245
	<u>6,359,467</u>	<u>6,394,834</u>
Total Operating Expenses		
	<u>1,404,490</u>	<u>2,376,196</u>
Operating Income		
Other Income (Expense):		
Investment income	1,244,197	803,806
Allowance for funds used during construction	6,873	6,497
Other expense	(103,883)	(127,068)
Interest expense	(276,833)	(367,012)
	<u>870,354</u>	<u>316,223</u>
Total Other Income, net		
	2,274,844	2,692,419
Income Before Income Tax		
	448,822	534,425
Income Tax Expense		
	<u>\$ 1,826,022</u>	<u>\$ 2,157,994</u>
Net Income		

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES****Consolidated Statements of Changes in Stockholders' Equity**

Years Ended December 31, 2020 and 2019

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	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance, December 31, 2018	\$ 10,670	\$ 12,573,267	\$ 68,747	\$ 12,652,684
Cumulative effect of change in accounting principle	-	68,747	(68,747)	-
2019 net income	<u>-</u>	<u>2,157,994</u>	<u>-</u>	<u>2,157,994</u>
Balance, December 31, 2019	10,670	14,800,008	-	14,810,678
2020 net income	<u>-</u>	<u>1,826,022</u>	<u>-</u>	<u>1,826,022</u>
Balance, December 31, 2020	<u>\$ 10,670</u>	<u>\$ 16,626,030</u>	<u>\$ -</u>	<u>\$ 16,636,700</u>

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 1,826,022	\$ 2,157,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,533,945	1,474,409
Non-regulated depreciation	72,700	152,009
Change in deferred taxes	257,800	156,229
Net (gains) losses on sale of marketable securities	393	(21,396)
Unrealized gain on marketable securities	(861,160)	(478,640)
Changes in operating assets and liabilities:		
Accounts receivable	(197,344)	(6,319)
Materials and supplies	(66,073)	36,647
Prepaid expenses	(21,688)	12,832
Income tax receivable	(126,299)	(63,850)
Accounts payable	3,770	(98,283)
Accrued expenses	<u>(31,653)</u>	<u>(101,245)</u>
Net Cash Provided by Operating Activities	<u>2,390,413</u>	<u>3,220,387</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(1,194,336)	(733,661)
Change in other investments	(14,109)	(15,587)
Purchases of marketable securities	(3,457,452)	(3,682,998)
Proceeds from sales of marketable securities	3,377,236	1,108,973
Purchases of non-regulated equipment	<u>(123,619)</u>	<u>(104,568)</u>
Net Cash Used by Investing Activities	<u>\$ (1,412,280)</u>	<u>\$ (3,427,841)</u>

See accompanying notes to consolidated financial statements.

**THE TOLEDO TELEPHONE CO., INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows, continued**

Years Ended December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	\$ <u>(952,685)</u>	\$ <u>(1,066,861)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,448	(1,274,315)
Cash and Cash Equivalents, beginning	<u>5,363,681</u>	<u>6,637,996</u>
Cash and Cash Equivalents, ending	\$ <u><u>5,389,129</u></u>	\$ <u><u>5,363,681</u></u>
Cash Paid During the Year for:		
Interest, net of amount capitalized	\$ <u><u>269,960</u></u>	\$ <u><u>360,515</u></u>
Cash Paid During the Year for:		
Income tax	\$ <u><u>317,321</u></u>	\$ <u><u>442,046</u></u>

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