Consolidated Financial Statements
September 30, 2020 and 2019

Endeavor Communications

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Independent Auditor's Report

The Board of Directors
Clay County Rural Telephone Cooperative, Inc.
d/b/a Endeavor Communications
Cloverdale, Indiana

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Endeavor Communications, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, equities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Endeavor Communications as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
March 24, 2021

Endeavor Communications
Consolidated Balance Sheets
September 30, 2020 and 2019

	2020	2019
Assets		
Current Assets	[redacted]	
Cash and cash equivalents		
Accounts receivable, net		
Lease receivable		
Income taxes receivable		
Inventory		
Other current assets		
Total current assets		
Investments and Noncurrent Assets		
Certificates of deposit		
Investment - Indiana Fiber Network, LLC		
Investment - Indiana Video Network, LLC		
Other investments		
Deferred income taxes		
Goodwill, net of accumulated amortization		
Intangibles		
Lease receivable		
Total investments and noncurrent assets		
Property, Plant and Equipment		
In service		
Under construction		
Total investment in plant		
Less accumulated depreciation		
Net property, plant and equipment		

	2020	2019
Liabilities and Equities		
Current Liabilities	[redacted]	
Current portion of long-term debt		
Accounts payable		
Patronage capital credits payable		
Accrued income taxes		
Accrued taxes other than income taxes		
Customer deposits		
Deferred revenue		
Other current liabilities		
Total current liabilities		
Noncurrent Liabilities		
Long-term debt, less current portion		
Deferred revenue		
Other noncurrent liabilities		
Total noncurrent liabilities		
Equities		
Patronage capital		
Other equities		
Total equities		

	2020	2019
Operating Revenues	[redacted]	
Local network		
Network access		
Internet		
Video		
Technology sales and services		
Other nonregulated		
Miscellaneous		
Total operating revenues		
Operating Expenses		
Cost of technology sales and services		
Plant specific operations		
Plant nonspecific operations		
Video programming		
Customer operations		
Corporate operations		
Depreciation		
Operating taxes		
Total operating expenses		
Net Operating Margin		
Other Income (Expense)		
Investment income		
Gain on disposal of assets		
Amortization		
Interest expense		
Other nonoperating		
Total other (expense) income		
Net Margin Before Income Taxes		
Income Tax Expense (Benefit)		
Net Margin		

Other Equities

[redacted]

Balance, October 1, 2018	
Allocation of calendar year margins	
Net margin	
Retirements of patronage capital	
Disbursements from education and community fund	
Balance, September 30, 2019	
Allocation of calendar year margins	
Net margin	
Retirements of patronage capital	
Disbursements from education and community fund	
Balance, September 30, 2020	

	2020	2019
Operating Activities	[redacted]	
Net margin		
Adjustments to reconcile net margin to net cash from operating activities		
Depreciation and amortization		
Gain on sale of assets		
Gains from equity investments		
Patronage capital allocations from investments		
Change in assets and liabilities		
Accounts receivable		
Inventory		
Other assets		
Lease receivable (sales type lease)		
Deferred income taxes		
Accounts payable		
Accrued and other liabilities		
Net Cash from Operating Activities		
Investing Activities		
Purchase of property, plant and equipment, net		
Proceeds from sale of assets		
Change in inventory used for construction		
Cash (paid for) received from business acquisition		
Proceeds from other investments		
Purchases of other investments		
Net Cash used for Investing Activities		
Financing Activities		
Advances on long-term debt		
Principal payments on long-term debt		
Disbursements from education and community fund		
Retirements of patronage capital		
Net Cash from (used for) Financing Activities		
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year		
Cash and Cash Equivalents, End of Year		

	2020	2019
Supplemental Disclosure of Cash Flow Information	[redacted]	
Cash payments for interest		
Net cash payments for income taxes		
Business acquisition		
Current assets, net of cash		
Deferred income taxes		
Goodwill		
Intangibles		
Property, plant and equipment		
Current liabilities		
Deferred revenue		
Long-term debt		
Contingent liability		
Net cash paid (received)		
Supplemental Disclosure of Noncash Investing Activities		
Accounts payable incurred for purchases of property plant and equipment		
Accounts receivable for reimbursement of property plant and equipment costs		

Note 1 - Summary of Significant Accounting Policies

General

Clay County Rural Telephone Cooperative, Inc. d/b/a Endeavor Communications (the "Cooperative") is a provider of telecommunications exchange, local access, long distance, internet, video and security services to customers in a service area located in central Indiana. The Cooperative, through its subsidiaries, also provide managed information technology (IT) solutions, hardware and software sales and other IT related solutions for customers.

The Cooperative follows the Federal Communications Commission's (FCC) Uniform System of Accounts for Class A and B Telephone Utilities as required by the Rural Utilities Service (RUS).

Rates charged to customers for local services are established by the Board of Directors. Toll and access rates are subject to state and FCC regulations.

Principles of Consolidation

The consolidated financial statements include the accounts of Clay County Rural Telephone Cooperative, Inc. and its wholly owned subsidiaries, Vertical Integrated Applications, LLC and Synergetics DCS, Inc. All significant intercompany transactions have been eliminated in the consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Cooperative considers all cash deposits with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

The Cooperative'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 Cooperative provides various services to its customers. The unconditional right to consideration is represented by contract receivables which are presented on the consolidated balance sheet as accounts receivable.

Accounts receivable are uncollateralized customer obligations due under terms established by the Board of Directors. Past due balances are subject to disconnection of service. The carrying amount of accounts receivable is reduced by an amount that reflects management's best estimate of amounts that will not be collected. Management individually reviews all notes receivable and accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Allowances for uncollectible accounts receivable were $58,872 and $67,346 as of September 30, 2020 and 2019, respectively.

The beginning and ending balances for customer accounts receivable and unbilled revenues, net of allowances for doubtful accounts, and contract liabilities were as follows for the years ended September 30, 2020 and 2019:

	[redacted]
Customer receivables	
Billed	
Unbilled	
Total customer receivables	
Contract liabilities	
Customer deposits	
Deferred revenue	
Total contract liabilities	

Materials and Supplies

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

Investments

The Cooperative classifies its debt securities into held-to-maturity, trading, or available-for-sale categories. Debt securities are classified as held-to-maturity when the Cooperative 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 sheets 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 September 30, 2020 and 2019, the Cooperative had no investments in debt securities classified as trading or available-for-sale.

The Cooperative's investments in subordinated certificates with Rural Telephone Finance Corporation and certificates of deposit are classified as held to maturity and valued at amortized cost, which approximates market value.

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 margins. Investments in equity securities without readily determinable fair values are measured at cost (including patronage allocations) minus impairment and adjusted for any observable price changes in orderly transactions of identical securities or similar securities of the same issuer. Investments in equity securities without readily determinable fair values are considered annually for indicators of impairment. There were no impairment indicators for the years ended September 30, 2020 and 2019.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets. The Company adopted Accounting Standards Update (ASU) 2014-02, *Intangibles- Goodwill and Other: Accounting for Goodwill* during the year ended September 30, 2019. This accounting alternative allows management to elect to amortize goodwill over a 10-year life. In accordance with the adoption of this accounting alternative for goodwill, the Cooperative also elected to test goodwill for impairment, upon the occurrence of one or more triggering events, at the reporting unit level. As of September 30, 2020 and 2019 the carrying value of the Company's goodwill was not considered impaired.

Intangibles

Intangibles consist of a trade name associated with an acquisition. The Cooperative performed an analysis at the acquisition date and determined that there were no regulatory, contractual, competitive, economic, or other factors that limited the useful life of the trade name at that time. Therefore, the Cooperative treats the trade name intangible asset as an asset with an indefinite life. As such, the intangible asset will not be amortized and will be tested for impairment. As of September 30, 2020, the carrying value of the Cooperative's trade name was not considered impaired.

Property, Plant and Equipment

Additions to communications plant are recorded at cost and accounted for using group methods consistent with regulatory requirements. The cost of additions to plant includes contracted work, direct labor and materials, and allocable overheads. When units of the communications plant is retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and replacements and renewal of items determined to be less than units of property are charged to maintenance.

Property, plant and equipment owned by the subsidiaries is accounted for on an individual basis. When subsidiary property, plant and equipment are sold or retired, the original cost and accumulated provision for depreciation are removed from the accounts and any gain or loss recognized is recognized in the statement of operations.

Recoverability of Long-Lived Assets

The Cooperative 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 Cooperative would determine whether an impairment loss should be recognized. No impairment losses have been identified in the consolidated financial statements.

Depreciation

Depreciation is computed by applying composite rates to the monthly balance for all classes of property, plant and equipment except subsidiary property, plant and equipment depreciation which is computed by applying rates to each individual asset.

Patronage Capital

The Cooperative operates on a cooperative basis for the benefit of its members. As such, amounts received from providing telecommunications and information services in excess of the costs to provide those services are considered capital contributions and allocated to members in the form of patronage capital credits. Patronage capital credits are retired at the discretion of the Board of Directors.

The long-term debt agreements with lenders contain restrictions on retirements of patronage capital. The restrictions are related in general to the Cooperative's adjusted net worth and assets as defined in said agreements.

Fair Value Measurements

The Cooperative 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.

The fair value measurement guidance is applicable to the Cooperative for its goodwill impairment testing and the determination of the fair value of assets acquired in the current year business acquisition (Note 12). Fair value determinations for these assets and measurements were determined using significant unobservable Level 3 inputs.

Revenue Recognition

The Cooperative accounts for customer revenues under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The Cooperative earns revenues from multiple sources. The Cooperative'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 September 30, 2020 and 2019:

	[redacted]
End user revenues	
Carrier access billing revenues	
Technology sales and services	
Other contracted revenues	
Revenues from contracts with customers	
Other revenues (outside the scope of ASC 606)	
Federal support revenues	
Total operating revenues	

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 Cooperative's performance obligation for these services is the promise to provide goods and services to customers. The Cooperative bills customers in advance and recognizes revenues over the period of time in which the customer simultaneously receives and consumes the services. 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 Cooperative'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.

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 Cooperative estimates usage and recognizes the related revenue for any usage during the month which has not been billed.

Carrier Access Billing Revenues
Carrier access billing revenues are received from charges established to compensate the Cooperative 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.

Technology Sales and Services
Technology sales and services revenues are received from customers for managed network services, hardware and software sales, cloud and hosting solutions, full-service computer installation, repair and service, and network design and maintenance. Revenues are recorded over time for monthly services or a point in time for nonrecurring items.

Other Contracted Revenues
Other contracted revenues include directory and other miscellaneous revenues contracted monthly or annually and recognized over the term of the individual contracts.

Federal Support Revenues
The Cooperative'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).

In 2011, the FCC approved an Order on Intercarrier Compensation and Universal Service Fund (USF) reform and announced the issuance of a Further Notice of Proposed Rulemaking on long-term USF reform and transition toward a National Broadband Plan. In March 2016, the FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) that reforms the High Cost USF Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program: 1) Annual Rate of Return Reduction from 11.25% to 9.75% (25 basis point reduction per year) beginning July 1, 2016; 2) Provides support for stand-alone broadband; 3) Requires broadband deployment based on the number of locations lacking service and the cost of providing service; 4) Requires allowances for capital investments and limits on operational expenses; and 5) Phases out support for areas served by a qualifying competitor.

The 2016 order focused on the rate-of-return carriers and included specific changes to existing funding mechanisms as well as a new funding mechanism and provided rural communications providers with greater certainty about future support. The order included specific changes to existing funding mechanisms as well as a new funding mechanism and provided rural communications providers with greater certainty about future support. One of the major changes introduced by the 2016 Order is the creation of the A-CAM, a new CAF support mechanism for rate-of-return carriers. Rate-of-return carriers had the option to select the A-CAM option or continue relying on the legacy support mechanism as modified and renamed CAF-BLS.

During 2019, an alternative A-CAM II support option was offered to companies receiving legacy rate-of-return support in which a company would receive equal annual payments over 10 years as a replacement of the legacy-based support. Companies that accept this offer are required to meet certain broadband deployment targets and will incur penalties and repayment of support if the required commitments are not met.

The Cooperative did not select either of the fixed support models. As such, they continue receive their support based on the legacy cost-based support mechanism.

Pension Costs

The policy is to fund pension costs accrued.

Advertising Costs

The Cooperative expenses advertising costs as they are incurred.

Income Taxes

The Cooperative's tax requirements are under Section 501(c)(12) of the Internal Revenue Code. The Cooperative's tax status is determined by whether or not 85% or more of its revenues are member sourced as outlined by IRS rules. If the Cooperative meets the 85% requirement, it is a tax-exempt cooperative, and is subject to income tax only on net unrelated business income. As a non-exempt cooperative, income tax is paid on income from non-patronage sources. The Cooperative generally will not pay income tax on net margins from patronage sources, provided the margins are allocated to members as capital credits on a timely basis. For 2020 and 2019, the Cooperative was a non-exempt cooperative.

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 Cooperative 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 September 30, 2020 and 2019, the unrecognized tax benefits accrual was zero. The Cooperative will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Concentrations of Business and Credit Risk

The Cooperative provides telephone service on account to its members located in central Indiana. The Cooperative also provides access services on account to various long-distance companies which provide toll service to the Cooperative's members.

The Cooperative also receives a significant portion of its revenues from participation in state and federal support programs. The mechanisms and regulation of these programs are subject to changes that may significantly impact future revenues of the Cooperative. The Cooperative received approximately 29% and 36% of its operating revenues from state and federal support programs in 2020 and 2019, respectively.

The Cooperative maintains its cash accounts in several commercial banks. The accounts at these institutions are generally insured by deposit insurance limits of the FDIC. At times during the year, the Cooperative's balances at certain institutions exceeded this limit. The Cooperative has not experienced any losses in such accounts.

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.

Change in Accounting Principles – Revenue from Contracts with Customers, ASU 2014-09

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenues from Contracts with Customers* (Topic 606). The guidance provides a principles-based approach for determining revenue recognition and supersedes all prior guidance. The core principle of ASU 2014-09 is that an entity will recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. Additionally, the guidance ASU 2014-09 provides additional disclosures related to revenue.

The Cooperative elected to apply the new guidance on a modified retrospective basis on October 1, 2019. The Cooperative did not identify any significant differences in the timing or amount of revenues recorded. As such, implementation did not have a significant impact on the financial position, results of operations, or cash flows of the Cooperative and there was no cumulative adoption adjustment needed for the effect of the change in accounting principle.

Change in Accounting Principles – Financial Instruments – Overall, ASU 2016-01

Effective October 1, 2019, the Cooperative adopted FASB Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which affects current U.S. GAAP primarily as it relates to the accounting for equity investments and the presentation and disclosure requirements for financial instruments. The standard had no material impact on the amounts recorded in the Cooperative’s financial statements and eliminated certain fair value disclosures for financial instruments. The standard also requires the Cooperative to adjust equity securities currently accounted for on the cost method of accounting to fair value as of the date that an observable transaction occurred that established a fair value for the equity security.

Subsequent Events

The Cooperative has evaluated subsequent events through March 24, 2021, the date on which the consolidated financial statements were available to be issued.

Note 2 - Investments – Indiana Fiber Network, LLC

[redacted]

Note 3 - Investments – Indiana Video Network, LLC

[redacted]

[redacted]

[redacted]

	2020	2019
First National Bank mortgage note 3.99% note due in quarterly installments through 2035	[redacted]	
Paycheck Protection Program (PPP) 1.00% note due in monthly installments beginning January 2021 through June 2022		
Total long-term debt		
Less current portion		
Long-term debt, less current portion		

Substantially all assets are pledged as security on these notes. The mortgage covenants require the Cooperative to meet certain financial ratios and other requirements. Management believes the Cooperative is in compliance with these covenants.

The Cooperative has been approved by the Rural Telephone Finance Cooperative (RTFC) for a secured term loan to fund telecommunications plant construction. RTFC requires the Cooperative to purchase RTFC Subordinated Capital Certificates (SCC) when each advance is taken in the amount of 10% of the advance. A portion of the loan amount is used to purchase the Certificates. This loan is collateralized by the Cooperative's assets. Each advance is to be repaid quarterly over a seven-year period. The interest rate will be determined with each advance. The Cooperative must maintain certain financial ratios to retain this long-term debt. As of September 30, 2020, the Cooperative had unadvanced funds available on this loan in the amount of $6,111,111.

The Cooperative was awarded a $1,356,500 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Cooperative is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Cooperative has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended September 30, 2020. The Cooperative will be required to repay any remaining balance after the forgiveness is recognized in monthly payments starting in January 2021 through June 2022, including interest accrued at 1 percent.

The scheduled principal repayments on the above debt are as follows:

2021	[redacted]
2022	
2023	
2024	
2025	
Thereafter	

Note 9 - Income Taxes

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

	[redacted]
Current	[redacted]
Federal	[redacted]
State	[redacted]
Deferred	[redacted]
Federal	[redacted]
State	[redacted]
Total income tax expense (benefit)	[redacted]

Deferred income tax assets (liabilities) consist of the following:

	[redacted]
Depreciation	[redacted]
Amortization	[redacted]
Accrued vacation	[redacted]
Deferred revenue	[redacted]
Net operating losses	[redacted]
Total deferred income taxes	[redacted]

Note 10 - Defined Contribution Pension Plan

[redacted]

[redacted]

[redacted]

Supplementary Information
September 30, 2020

Endeavor Communications

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Directors
Clay County Rural Telephone Cooperative, Inc.
d/b/a Endeavor Communications
Cloverdale, Indiana

We have audited the consolidated financial statements of Endeavor Communications as of and for the years ended September 30, 2020 and 2019, and our report thereon dated March 24, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 25 through 30 is presented for the 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
March 24, 2021

Assets	[redacted]
Current Assets	
Cash and cash equivalents	
Accounts receivable, net	
Lease receivable	
Inventory	
Other current assets	
Total current assets	
Investments and Noncurrent Assets	
Certificates of deposit	
Investment - Indiana Fiber Network, LLC	
Investment - Indiana Video Network, LLC	
Investment in subsidiary	
Other investments	
Deferred income taxes	
Goodwill	
Intangibles	
Lease receivable	
Total investments and noncurrent assets	
Property, Plant and Equipment	
In service	
Under construction	
Total investment in plant	
Less accumulated depreciation	
Net property, plant and equipment	

Liabilities and Equities	[redacted]
Current Liabilities	
Current portion of long-term debt	
Accounts payable	
Patronage capital credits payable	
Accrued income taxes	
Accrued taxes other than income taxes	
Customer deposits	
Deferred revenue	
Other current liabilities	
Total current liabilities	
Noncurrent Liabilities	
Long-term debt, less current portion	
Deferred revenue	
Other noncurrent liabilities	
Total noncurrent liabilities	
Equities	
Patronage capital	
Other equities	
Total equities	

Operating Revenues	[redacted]
Local network	
Network access	
Internet	
Video	
Technology sales and services	
Other nonregulated	
Miscellaneous	
Total operating revenues	
Operating Expenses	
Cost of technology sales and services	
Plant specific operations	
Plant nonspecific operations	
Video programming	
Customer operations	
Corporate operations	
Depreciation	
Operating taxes	
Total operating expenses	
Net Operating Margin	

Other Income (Expense)	[redacted]
Investment income	
Gain on disposal of assets	
Amortization	
Interest expense	
Subsidiary earnings	
Other nonoperating	
Nonregulated net income	
Total other income (expense)	
Net Margin Before Income Taxes	
Income Tax (Benefit) Expense	
Net Margin	

Operating Activities	[redacted]
Net margin	
Adjustments to reconcile net margin to net cash from (used for) operating activities	
Depreciation and amortization	
Gain on sale of assets	
Subsidiary earnings	
Gains from equity investments	
Patronage capital allocations from investments	
Change in assets and liabilities	
Accounts receivable	
Inventory	
Other assets	
Lease receivable (sales type lease)	
Deferred income taxes	
Accounts payable	
Accrued and other liabilities	
Net Cash from (used for) Operating Activities	
Investing Activities	
Purchase of property, plant and equipment, net	
Proceeds from sale of assets	
Change in inventory used for construction	
Cash paid for business acquisition	
Proceeds from other investments	
Purchases of other investments	
Net Cash (used for) from Investing Activities	

Financing Activities	[redacted]
Advances on long-term debt	
Principal payments on long-term debt	
Disbursements from education and community fund	
Retirements of patronage capital	
Net Cash from (used for) Financing Activities	
Net Change in Cash and Cash Equivalents	
Cash and Cash Equivalents, Beginning of Year	
Cash and Cash Equivalents, End of Year	