

BUILDING ON *SUCCESS*



Blackfoot

Connect to more.

2018 Member Report



Team Blackfoot at the Special Olympics Montana summer games.

Building a great team.

A Message from Tom Eggenesperger, Board President

Greetings! On behalf of your Board of Trustees, welcome to our 65th Annual Blackfoot Member-Owner Meeting.

I am pleased to report Blackfoot will record another stellar year thanks to the leadership of your CEO, Jason Williams, and the hard work of our growing work force. Today, you will learn more about Jason's vision to transform our company and I think you will agree the future is very bright.

Over the past two decades, Blackfoot has evolved to become a regional leader in advanced telecommunications services. We've expanded our service area footprint and added products and services that give our members access to the very best technology available. Over the past year, we have completed fiber optic broadband installation to nearly all of our local schools to help advance the educational needs of our students. Look for us in your community as we continue to invest in facility upgrades to residential and business members.

While we are proud of our many technology accomplishments, our deepest source of pride is that we have remained steadfastly true to our membership roots. Our service area communities are the backbone of Blackfoot and we will continue to donate to programs, projects and events that our members care about.

Success nearly always involves change and while that may be daunting at times, the expertise, experience and dedication of our more than 180 employees ensures that Blackfoot will continue to deliver reliable and innovative services with exceptional customer service.

Sincerely,

YOUR BOARD

Tom Eggenesperger
President

District 8: Noxon, Heron, Thompson Falls, Trout Creek

Geof Wilson
Vice President

District 9: Haugan, De Borgia, Saltese, St. Regis, Superior

Cindy Lewis
Secretary/Treasurer

District 2: Condon, Seeley Lake

Jim Blush

District 7: Charlo, Moiese, Plains, Paradise

Ross 'Butch' Friede

District 2: Drummond, Gold Creek, Hall, Philipsburg

Les Iverson

District 3: Avon, Elliston, Potomac, Greenough, Ovando

Stuart Morton

District 5: St. Ignatius, Ravalli

Jim Newberg

District 4: Arlee, Dixon

John Teague

District 6: Alberton, Alberton South, Alta, Clinton, Powell (ID)



CEO, Jason Williams featured here in a Facebook photo shoot!

Building a bright future.

A Message from Jason Williams, Chief Executive Officer

Welcome cooperative members! I am pleased to share with you the very positive results of 2017, as well as our plans to build upon this success going forward.

Last year was transformative for Blackfoot. As a result of modernized regulations from the Federal Communications Commission, we were finally able to offer you better products and services at more competitive prices. In addition, we were able to offer members our Robocall Blocker service which blocks pesky and unwanted automated phone calls to your landline phone. Our customers have signed up for this free service in large numbers!

In 2017, we began to receive stable and predictable Universal Service Fund support. This enables us to take a long-term approach to capital investment in our cooperative service areas. We constructed nearly 100 miles of new fiber optic cable in St. Ignatius. This year, we have plans to deploy more than 100 miles of fiber in Arlee and Charlo. Blackfoot will continue to invest tens of millions of dollars in network upgrades over the next several years in your cooperative.

I am pleased to report that our customer satisfaction scores for 2017 are better than ever! This is an indication that we continue to improve and build on the amazing experiences we strive to provide for all of our customers.

Lastly, I would like to thank all of our member-owners for your continued support of Blackfoot. Without you, none of the exciting things we are doing would be possible!

Sincerely,

IN 2017...



295

construction projects were completed



29

new employees joined our team



91%

of customers rated us as trustworthy in our 2017 satisfaction survey



CFO, Stacey Mueller is responsible for all financial activity.

Financial performance.

Summary of Financial Results

Blackfoot Telephone Cooperative, Inc. produced solid financial results in 2017. The cooperative assets grew to \$115.8M, liabilities declined to \$41.4M and member equity grew to \$74.4M. The cooperative produced \$10.25M in net income, invested \$14.4M in plant assets, paid \$1.19M in capital distributions, \$2.8M in debt payments and increased member equity by \$9.9M.

Letter from the Auditor

We are pleased to inform the members of Blackfoot Telephone Cooperative, Inc. that we have completed the 2017 audit of the cooperative and its subsidiaries. We have issued an unmodified opinion dated February 28, 2018, that states that the audited consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, members' equity and cash flows for the years then ended, present fairly, in all material respects, the consolidated financial position of the cooperative in conformity with accounting principles generally accepted in the United States of America. The audited financial statements are available at the cooperative office in Missoula for inspection by members of the cooperative.

We also have the responsibility to report on various matters to the Board of Trustees that include any discovery of material errors, irregularities or possible illegal acts. We did not have any such findings in the course of our 2017 audit.

Moss Adams, LLP | Spokane, Washington

IN 2017...



\$115.8M

in Blackfoot assets



\$9.9M

increase in member equity



\$1.19M

back to our customers via our Capital Credit distribution



Trustee, Butch Friede presenting funds to the Helmville Community Club with MEC.

Building relationships.

The communities we serve are at the heart of everything we do. In 2017, Blackfoot contributed more than \$400,000 to local programs, projects and events that our member-owners care about. The best part is that we have fun doing it! Here are a few of our highlights from last year.

Connect with us on Facebook for more updates: [Facebook.com/GoBlackfoot](https://www.facebook.com/GoBlackfoot)

- Sixty Blackfoot volunteer ambassadors helped athletes of all ages and abilities compete in the turbo jav, softball throw and shot put events at the **Special Olympics of Montana** summer games in Missoula.
- When the community rallied to rebuild the grandstands at the **Helmville Rodeo** grounds, Blackfoot was there to lend our support. After all, the annual Labor Day Rodeo is one of our favorite events!
- Every year, we get involved in the **Thompson Falls Beautification Days**. You'll often find a Blackfoot bucket truck helping with tree trimming. We truly enjoy helping maintain the community we share.

Education continues to be a priority as we support learning for all ages. Academic scholarships, member learning and supporting our schools and teachers are core to Blackfoot's education efforts.

Learn more about our investments in education: [Blackfoot.com/Education](https://www.blackfoot.com/education)

- **Easy Access** is a free Blackfoot program offered only to our cooperative member-owners to learn computer skills in a classroom setting. Look for our fall schedule in spring 2018!
- **The EEE Program** is a partnership between Blackfoot, Missoula Electric Cooperative and Energy Partners that provides funding for classroom technology for schools across our shared service areas. To date, EEE has provided over \$500,000 to 70+ schools across Western Montana.
- **August Institute** is an education technology conference and Blackfoot is the proud premiere sponsor. We also provide scholarships to send teachers from our schools and help inspire innovation in the classroom.

IN 2017...



375

causes, projects and organizations received support from Blackfoot



\$50K

was pledged to wildfire relief efforts



18

free Easy Access classes delivered to members



Service Tech, Bob Martinez helping deliver quality services in our cooperative.

Better experiences.

Technology is only as good as the user's experience. Blackfoot's aim is to listen to the needs of our members and deliver solutions that provide real value and help make your life easier. Below are a few popular home and business services available to our members.

- **Modem Assurance: Replacement and support when you need it.** One low monthly fee for your home or business gets you a new modem and no-charge replacement assurance if your modem fails while you're enrolled in the plan. Plus, access to 24/7 premium tech support.
- **Robocall Blocker: Stop those annoying robot calls!** This free home feature blocks the receipt of calls that originate from computerized auto dialers that are known spammers, fraudulent callers and telemarketers.
- **Tech Home: World class security for your home devices.** Blackfoot's Tech Home plans help keep your connected devices safe and secure. Plans include online file backup, firewall protection, password management tools, parental controls, anti-virus software and 24/7 premium tech support.
- **Ergo: Upgrade your office communications at no upfront cost.** Ergo is Blackfoot's hosted IP phone solution that ensures your company stays current with the latest in digital voice communications. One competitive monthly fee includes use of a new state-of-the-art system, phone service, tech support, and all required upgrades and maintenance.
- **Network Protection Services: World class security for your business.** With NPS, Blackfoot installs and manages anti-virus, as well as pushes Windows updates to your network. Our technical experts monitor, support and fortify your network and PCs against malicious intrusions 24/7, ensuring your critical business information is always secure.

Visit Blackfoot.com to learn more about our products and services for your home and business!

NEW IN 2017:



Social

Ideal for social media, email browsing and streaming music



Stream

Ideal for streaming movies, shows and online gaming



Connected Home

Ideal for connecting multiple devices and users in your home

Agenda: April 21, 2018

Registration & Reception: 9am.....	Blackfoot Team
Community Corner	United States Forest Service, Region 1
Partner Spotlight.....	Missoula College
Pianist.....	Lauree Saylor
Call to Order: 10:30am	Tom Eggensperger, President
National Anthem	Aaron Jennings, Blackfoot Employee
Invocation	Mike McGowan, Zootown Church
Welcome & Opening Remarks	Tom Eggensperger, President
Report on Quorum	Tom Eggensperger, President
Report on Notice & 2017 Minutes	Cindy Lewis, Secretary/Treasurer
Financial Report	Stacey Mueller, CFO
Scholarship Awards Presentation	Jason Williams, CEO
State of the Cooperative	Jason Williams, CEO
Old & New Business	Tom Eggensperger, President
Bylaw Amendment	Aaron Neilson, VP-General Counsel
Nomination & Election of Trustees*	Aaron Neilson, VP-General Counsel
Prizes & Adjournment	Blackfoot Team

*Up For Election: District 2, District 4, District 9

View this report online at Blackfoot.com/AnnualMeeting

Community Corner



Partner Spotlight

**MISSOULA
COLLEGE**
UNIVERSITY OF MONTANA

Stay connected with us!



MISSION

To improve our customers' ability to communicate, collaborate and compete by delivering superior technology solutions through trusted relationships.

CORE VALUES



We are trustworthy, and at all times act with the highest integrity, transparency and personal accountability.



We are committed to the success of our customers, owners, the communities we serve and each other.



We are fiscally responsible.



Our vision: To enrich the lives of our customers, owners, and employees.