LICT CORPORATION

2021 ANNUAL REPORT

LICT Corporation

(Y)our Family

COMMUNICATION • EDUCATION • ENTERTAINMENT

DATA • TECHNOLOGY • VOICE • VIDEO

Financial Highlights

(In thousands, except for share amounts)

Calendar Year	2021	2020
Revenues	$129,160	$124,174
EBITDA from Operating Units[a]	57,841	57,554
Capital Expenditures	31,192	28,232
Net Income	24,824	37,268
Diluted Earnings Per Share	1,368	1,982
Diluted EPS Excluding One-Time Items[a]	1,368	1,336
Shares outstanding at Year End	17,871	18,533

Giving Back

Calendar Year	2021	2020
Shareholders	$ 922	$ 893
Teammates	183	247
Total Contributions	$1,105	$1,140

(a) One-time items excluded from EPS calculation, net of tax 2020, Sale of Modoc and AWS Topeka Spectrum

Letter from the Chair and Chief Executive Officer

Dear Partners/Owners,

Last year I started our Annual Report by stating "How does one even begin to summarize 2020?"

As I write this 2021 report, we are faced with even more challenging short-term dynamics. We still have lingering and recurring economic challenges from COVID. The logistical challenges and the shortage of goods and services, coupled with a spike in wages, has created an inflation that has been compared with the 1970s. Some have even suggested that the period following the end of WWII would be a more appropriate comparison in terms of the shortage of goods that businesses and consumers need. We are watching this dynamic unfold.

Added to the concerns over infection and inflation, we are horrified by the recent and ongoing invasion of Ukraine.

Our own country's internal challenges unfold in day-to-day hostile confrontations between differing points of view as opposed to tolerant and understanding conversations between those perspectives. Despite these challenges, we feel reasonably optimistic that America and its system of capital allocation, the rule of law, and meritocracy - with all of the flaws inherent in each of these institutions - will continue to be the best of all alternatives that have unfolded.

COMMITMENT TO COMMUNITY - (Y)OUR "S" ESG

Let me echo comments that we have made in previous reports. In 2016, LICT borrowed a page from publicly traded GAMCO, which in turn borrowed the idea from Warren Buffett's Berkshire Hathaway, giving registered shareholders the opportunity to designate $100 per share to a 501(c) 3 charity. In 2021, these designated contributions totaled $1.2 million. Since the inception of the program, LICT has contributed over $6.5 million to charitable entities by way of contributions designated by registered shareholders and teammates.

LICT and (Y)OUR FUTURE---PROJECT SAAS

Remote work, remote education, and telemedicine all require connectivity and speeds that can only be achieved through a change in the way we serve our communities.

To accelerate and deliver what is required, a tidal wave of funds is flowing through programs such as the Alternative Connect America Model and the ReConnect Program, in addition to LICT shareholder capital.

New entities are being formed at an accelerating rate and business models are being changed in order to receive these funds. These funds will then be used to overbuild geographic areas where incumbents like ourselves have previously served the communities and where we are now adapting to the new speed requirements at a hastened pace.

- <u>SPEED</u> – We will be stepping up our capital expenditure budget, which has been robust compared to similar RLEC companies. We envision spending a quarter of a billion dollars over the next 5 years. Contrast this with a comparable amount being spent over the last 10 years. In both cases, the government partly funded and will likely continue to fund these expenditures. We will re-examine and deliver our capabilities to best serve our communities.

- ACCESSIBILITY - We will examine our historically served markets and adjacencies efficiently and effectively. Along these lines, we have added and are continuing to add speed to the capabilities of our individual systems. We are also adding teammates at corporate to understand where broadband, fixed wireless, and other types of services need to exist.

- AFFORDABILITY - We intend to re-examine each of our communities, households, and businesses to determine how we may assist in meeting the costs of broadband, voice, and other services. This includes the creation of targeted bundles and pricing.

- SERVICE - As your local provider of communication services, we understand our communities, how to service individual businesses, and, most importantly, individual residents' needs. We will step up our operations by adding more teammates to each location to visit and be available.

The Numbers and Other

- Revenues in 2021 were $129 million versus $124 million in 2020. EBITDA was unchanged at roughly $58 million with capital expenditures of $31 million versus $28 million in 2020.
- We participated in two Spectrum Auctions: 107 and 110. We are committed to acquiring Spectrum, ideally to serve our communities, but will remain prudent regarding the resources we have and the competitive economics of acquiring spectrum.
- We continue to use our cash flow to increase the underlying intrinsic value of LICT as well as maintain financial flexibility. At December 31, 2021, LICT had net cash of $15 million net of all debt.
- Our share buyback has been more active in recent years. In 2021, we reduced our year-end share count to 17,871 from 18,533 in 2020. We prefer buybacks to cash dividends as we repurchase shares below what we believe is our best estimate of intrinsic value, while providing liquidity for shareholders. We have shared with you our target of 40% plus or minus of net income as a soft financial number for the board to permit share repurchases.
- We are looking at acquisitions in our existing footprint as well as examining non-core opportunities to help teammates bring service to existing and new communities.

I thank Avrum Gray and Robert Dolan for serving on our board and underscore the notion that both will remain with us as Directors Emeritus and trusted advisors.

We thank our community leaders, Board of Directors, General Managers, and Teammates who work to better the communities we serve.

We thank our shareholders for their continued confidence in LICT.

Mario J. Gabelli

(Y)our Teammates

Cal-Ore Telephone (California/Oregon) - Joddie Amidon, Lori Anderson, Mario Andreatta, Michael Atkinson, Sabino Bocanegra, Charles Boening, Danielle Burrow, Bryan Courtier-Coates, Kevin Donahue, Jeremy Estep, Marc Estep, Carolyn Field, Kevin Fine, Tamara Harper, Brandon Hensley, Robert Hensley, Paul Hensley, Melinda Hill, Joleen Hogan, Elizabeth Jimenez, Yvonne Kilano, Trey Liblin, Dan Morrison, Keith Nielson, Kristi Olson, Shannon Pannell, Ana Marie Perez, Chris Randolph, Marcus Silva, Jennifer Skoog, Ryan Stevenson, Joan Tennison, Andrew Ulbricht, Scott Wimp, Rodney Wood, Jerry Vazquez

Haviland Telephone (Kansas) – Brandon Adams, Aaron Adams, Alex Brensing, DeAnn Baker, Rochelle Barber, Vesta Charbonneau, LaDonna Erker, Giuseppe Ferrara, Sabrina Freeman, Mildred Hannan, Michael Harding, Nathan James, Lori Larsh, Sue Leppert, Kay Lewis, Steve Lewis, Robert Long, James Mevey, Ryan Oren, Sandra Raynes, Casey Smith, Jayci Smitherman, Brent Swingle, Diane Thompson, Jayne Thompson, Kevin Volavka, Mark Wade, Lyle Whitaker

JBN Telephone (Kansas) - William Atwood, Russell Bacon, David Callison, Jan Charles, Glenn Chiles, Brian Coffman, Sheri Cothran, Janet Curtis, Jeremy Dallas, Rita Davis, Taelor Belshe, Travis Feltner, Amanda George, Ben Jepson, Diane Kathrens, Lance Lyman, Susan McGhee, Travis Peek, David Schraer, Judy Sextro, Jacob Sherer, Jay Stewart, Austin Taylor, Jamika Teel, Christopher York, Brian Nelson, Daniel Mitchell, Kyle Edwards, Josh Lowery, Blaine Thruston, Jarrett Bell, Audrey Wade, Megan Millies

CS Technology (Iowa/Wisconsin) – Kent Dau, Bruce Duling, Brent Lindle, Chris Garrison, Donn Wilmott, James Neyen, Tyler Bindrum, Rober Villarrel, John Holland, John Ewert, Tony Dahms, Dylan Huizenga, Kent Mattoon, Abbigail Stolley, Jolene Pingel, Amber Swanton, Steven Collier, Mason Happel, Nick Matje, Melissa Beuthien, Willis Holland, Sibusiso Dlamini, Deb Schuppener, Dayna Wilberding, Jerome Cullen, Nicholas Averkamp, Jesse Longhenry

Michigan Central Broadband (Michigan) - John Allen, David Barresi, Todd Beauchamp, Katie Corey, Stacey Dani, Amber Dutton, Joey Dombrowski, Ethan Fuson, Blaine Gadda, Gail Grayson, , Bart Hall, Kyle Hovland, Jason Hubbard, Sarah Hunt, Matt Kelley, Matt Lawson, Gordon Leese, Amanda Meade, Timothy Nakkula, Valerie Parrish, Andrew Perttunen, Suanne Piche, Linda Rhode, Karen Rochon, Becky Schetter, Cathy Starzynski, James Temple, Larry Thompson, Eric Tickler, Lori Van, Ronald Wells, Christine Wolf, Lori Wolsker, Dale Zuelch

Western New Mexico Telephone (New Mexico) - Rudy Arambula, Wayne Baxter, Matthew Brown, Patrisha Jo Bryant, Jessica Trujillo-Burns, Jacinto Cardenas, Rylan Carver, Becky Cooper, Jeromy Curnutt, Jamie Diaz, Tomas Enriquez, Lisa Feigley, Willie Fletcher, Elizabeth Gardner, Kyle Goar, Jackie Gonzales, James Guck, Mariah Guck, Jonathan Hawkins, Brian Jarvis, Evelyn Jerden, Jason Jimenez, Brandi Jump, Marvin Kartchner, Helen Keen, Jack Keen, John Keen, Billie Knight, Aaron Laney, Rob Larson, Tyler Leyba, Alex Lopez Natasha Lopez, Gary Mailman, Tamra Ann Manning, Nancy May, Daniel Meszler, Michael Montoya, Gary Nicklaw, Vanessa Orosco, Alec Munoz-Paez, Carrie Rice, Belinda Rogers, Holly Rogers, Stewart Rooks, David Rowell, Melissa Saenz, Leburt Saulsbury, Justin Taylor, Jane Tibbs, Brendan Trujillo (part time), Gary Trujillo, Vince Vega, Shelli Watkins, Marci Watson, Kory Webb, Kandra Young

CentraCom (Utah) - Aaron Davis, Abdiel Silva, Alexander Rugg, Alexandra Roundy, Alisa Faatz, Angela Galbraith, Ann Nielsen, Arlene May, Austin Hathaway, Barrett Hilton, Benjamin Pehrson, Bert Cox, Brad Harwell, Bradley Welch, Bradly Hardy, Brandon Childs, Bret Broadhead, Bryce Bair, Calvin Shelley, Carl Cornista, Casey Cox, Chad Wray, Christopher Jolley, Clay Anderson, Clint England, Cory Cox, Dan Kendall, Daniel Barton, Daniel Madsen, Daniel Roberts, David Barlow, David Barton, Dennis Sampson, Donald Cohee, Duane Jensen, Eddie Cox, Eloisa Lemus, Eric Forbush, Erin Williams, Eris Cloward, Faylyn Catmull, Gayle Earl, Iven Cox, Jacob Owens, Jakob Howcroft, James Maendl, Janet McFarland, Jared Wahlberg, Jason Anderson, Jason Cox, Jason Hathaway, Jason Lewellyn, Jeff Petersen, Jeffrey Cox, Jeramy Johnson, Jerry Johnson, Jess Earl, Jolynn Peterson, Jonathan Fuller, Jonathon Gale, Jose Soriano, Julie Hansen, Julie Nielsen, Kaleb Litster, Kelby Hoenicke, Keller Wheeler, Kenneth Carlson, Kenny Roberts, Kenyon Anderson, Kevin Olson, Kevin Arthur, Kevin Dutt, Kolten Kendall, Kord Staples, Kristene Hansen, Kristie Ison, Laramy Draper, Larry Hawkins, LaTaya Boylan, Les Haskins, Leslee Jensen, Lexi Welch, Lissette Mendez, Lynn Litnak, Makenzie Gray, Manase Tesi, Mary Gavrila, Megan Cook, Mike Plows, Monte Christensen, Nathan Abrams, Nathan Palmer, Nina Blackman, Olivia Clyde, Pam Rigby, Parker Earl, Patrick Coates, Paul Peckham, Paul Rymer, Randy Stewart, Reina Espinoza, Richard Carpenter, Richard Johnson, Robert Jenkins, Robert Nielsen, Roland Terry, Ryan Shaw, Sean Rawlinson, Shayne Thompson, Spencer Lewis, Staci Turner, Sterling Monk, Steven Cox, Swen Cox, Tammy Bowers, Tanner Nelson, Tanner Spaulding, Thompson Coles, Timothy Beesley, Todd Anderson, Todd O'Neal, Tory McArthur, Travis Williams, Trayson Thompson, Tyler Schlappi, Tyrel Sackett, Virgil Chappell, Wesley Brailsford, Wyatt Johnson, Zach Naumu

Report of the Chief Operating Officer

Kevin M. Errity
Chief Operating Officer
Team member since 2021

Operations Report:

At LICT we faced challenges in 2021, but I am happy to report that we had another year of growth and achievement for the company. Covid has continued to play a role in all our markets, and we have taken all the proper steps to make sure our employees and customers are safe. In the last 2 years Covid has forced us to review the broadband landscape and increase the bandwidth to all our customers. With the need for remote work, tele education and tele medicine it has pushed us to deliver higher broadband speeds via fiber, co-ax, or fixed wireless to all our customers both residential and business. All our subsidiaries have focused on delivering the best of speeds and continue to do so with the that we have ongoing in each of our markets.

Infrastructure funding:

In 2021 we saw a tremendous increase in Federal and State grant opportunities to bring gigabit speeds to rural America. At LICT we saw this opportunity and participated in both Federal and State grant and loan applications. Re-Connect 3 opened in the 4th Qtr. of 2021 and it provided $1.15B to bring gigabit speed to rural areas across America. LICT played a role in the application process, and we look forward to continuing the process. Reconnect 4 will be released in the 3rd Qtr. Of 2022 and will bring an additional funding amount of $2Billion.

In 2022 we plan to see the roll out of the $64.5B Infrastructure Bill. This money will be allocated to all the states. We are still waiting to understand the parameters of this application process. Either way LICT will continue to focus on these opportunities that will allow us to extend our footprint and bring the best of broadband to our existing and new customers.

Management Team:

LICT has a very experienced and tenured team throughout all our companies. Our General Managers have an average of over 25 years' experience in the industry. That experience has been grown in the territories they support today. This allows our General Mangers to foster the strongest relationships with their communities. The relationships start at the towns we serve to the municipal levels and the State.

Looking Ahead:

LICT will continue to support Broadband and fiber expansion in each of our markets. We will continue transition our markets from Telecommunications companies to aggressive Broadband operators. LICTs goal is to deliver the best broadband speed to all of our customers in the communities we operate in. Our service offerings will continue to grow to our existing base and new markets. We will actively continue to work with the Sates and the Federal government and pursue all Grant and Loan funding opportunities in 2022. I'm excited to be part of the LICT team during this transformational time of Broadband and we look forward to continuing the success across all of our markets.

Kevin M. Errity

Report of the Vice President - Finance

Stephen J. Moore
Vice President- Finance
Team member since 2014

During 2021, our goal of enhancing and extending the services we provide was front and center as we worked to provide high-speed broadband connectivity needed to meet the demand amplified by virtual work and distance learning in the many rural communities. The ever-increasing demand for access to high-speed broadband is nothing short of remarkable, during the year we adjusted and increased our capital spending program to deploy fiber to address needs and meet competition.

Several state grant programs were available to us in 2021, and we were able to submit and were awarded grants that will result in broadband fiber deployment in the coming years. During the 4th quarter of 2021 the LICT team worked on the planning and creation of applications for the $1.2 billion federal Reconnect III grant/loan program. We submitted eight Reconnect III grant applications in the 1st quarter of 2022 and eagerly await preliminary award announcements. We believe that these programs, combined with our access to capital and our solid financial base have positioned (y)our company to invest in and give back to our communities.

For the year, (y)our company:

- Gave back to our communities through charitable donations of $1.1 million in the names our shareholders and team members. We have made over $7.0 million in charitable donations over the past four years.
- Invested $31.2 million in our network to expand our fiber network and increase high speed data services to a growing number of consumers and businesses in the rural markets we serve.
- We ended the year with cash of $62.5 million and outstanding debt of $47.3 million for a net cash position of $15.2 million.

Operating Results

- Revenues were $129.2 million in 2021, an increase of 3.9% from $124.2 in 2020 driven by a $6.2 million increase in non-regulated revenues.
- EBITDA from Operations was $57.9 million in 2021 compared to $57.6 million in 2020. This change was driven by a $2.0 million increases in non-regulated EBITDA offset by a $1.6 million reductions in regulated EBITDA compared to 2020.

	Year Ended December 31,		Increase	
	2021	2020	(Decrease)	Percent
	(In Thousands)			
Revenues				
Regulated	$61,583	$62,829	$(1,247)	(2.0%)
Non-regulated	67,577	61,345	6,233	10.2%
Revenues	$129,160	$124,174	$4,986	4.0%
EBITDA				
Regulated operations	$29,234	$30,914	$(1,679)	(5.4%)
Non-regulated operations	28,607	26,640	1,966	7.4%
EBITDA from operations	57,841	57,554	287	0.5%
Corporate expense	(3,854)	(3,652)	(202)	(5.5%)
Charitable donations	(1,105)	(1,140)	35	3.1%
EBITDA	$52,882	$52,762	$120	0.2%

Operations – We are proud of our operational achievements in 2021. Our subsidiaries were able to increase broadband speeds for our customers while adding new services, expanding our network territory to expand our addressable market and drive overall revenue growth. Our 2021 capital spending program deployed over 600 miles of fiber and the increased our fixed wireless solutions where fiber was not a cost-effective solution. This spending contributed to the non-regulated year over year revenue growth of 10.2%, as well as meeting our commitment to increase broadband speed offerings and expand our presence and availability.

We continued our strategic initiative of participating in FCC spectrum auctions in 2021 and were successful in acquiring several spectrum licenses. Auction 107 3.7 Ghz, which started in 2020, completed in January of 2021. While Auction 110 began in November of 2021 and ultimately ended in January of 2022. In addition, we continued our share repurchase program. The company repurchased 662 shares, or 3.6% of our outstanding shares, at an average price of $22,987 per share for a total of $15.2 million**.**

2022 Outlook –To meet our goals in 2022, our focus is to continue to increase our deployment of fiber in both our existing and expansion markets. We will look to participate in the various Federal and State grant funding programs to help support our investments. These investments enable us to increase both our speed and footprint of highspeed broadband connectivity for the communities that we serve and to grow our revenue base.

We expect the continued growth of our non-regulated services and expansion markets combined with stable regulated revenues, mostly due to A-CAM, while we continue to invest in our network and speed offerings. We expect total revenue to grow by 4%. EBITDA from Operations is expected to remain consistent with 2021 EBITDA as we incur incremental expense to support this growth while also faced with inflation and supply chain delays. Our capital spending is forecasted to grow from our all-time high of $31.2 million in 2021 as we expand our fiber network. As mentioned previously, we believe that our financial condition and credit facility have us well positioned to continue our capital expenditure program and at the same time having the flexibility for acquisitions.

Our commitment to execute our strategic business plan will enable us to better serve our communities, our customers, and our shareholders. One specific action to implement this plan is the spin-off to our shareholders of a majority interest of our Michigan properties. We will remain flexible and available to our communities, as we understand the importance of available and affordable high-speed data connectivity, and we are dedicated to deliver high-speed broadband to the largest number of residential and business customers possible.

Stephen J. Moore

Report of the Senior Vice President – Regulatory Dynamics

Evelyn C. Jerden
Senior Vice President
Regulatory Dynamics
Team member since 1992

2021 was a challenging year for the world and our customers due to the COVID-19 pandemic. One regulatory response to assist consumers was the creation of the temporary Emergency Broadband Benefit ("EBB") Program by the Federal Communications Commission ("FCC") to help low-income households pay for broadband service as appropriated by the Consolidated Appropriations Act of 2021. LICT strongly embraced rolling out the EBB program to help our eligible broadband consumers. In 2022, Congress and the FCC transitioned the temporary EBB to the long-term Affordable Connectivity Program ("ACP") and LICT has adopted the ACP as well.

The EBB and ACP Programs are instrumental in helping our subscribers stay connected. Today, access to affordable, high-speed broadband service is essential. Broadband speeds previously deemed acceptable are now insufficient for most everyday requirements. Sufficient bandwidth is necessary for work, school, tele-medicine and entertainment and this was substantiated by the pandemic. Broadband can be the difference between being having a job or being unemployed or being seen by a doctor now or waiting weeks or months. We believe that most Americans agree that having affordable high-speed broadband available is a necessity of life.

LICT continues its commitment to increase broadband speeds. Fiber has been deployed in certain of our areas but there are still many locations that cannot get desired broadband speeds. Not since FDR's administration, has the telecommunications industry experienced such significant infrastructure investment by government. In the 1930s, it was determined that all Americans should have voice service at an affordable rate. This philosophy is now being expanded by Congress and the FCC to broadband service and funds are being made available to accomplish this goal.

LICT provides broadband service to some of the most rural portions of the nation. The cost to upgrade this broadband service by providing fiber to the home to serve portions of the country where there may not even be one household per square mile has been cost prohibitive. However, now due to numerous Federal and State grant and Universal Service Fund ("USF") programs, LICT anticipates serving more of the sparsely populated, rugged terrain portions of the country with fiber.

While the grant programs are extremely competitive and LICT cannot guarantee being successful in our applications, we are working hard to obtain grants that provide broadband funding for customers located in the frontier and remote areas which we serve. Grants, combined with the FCC's Alternative - Connect America Cost Model ("A-CAM") USF mechanism and state USF programs are the key to LICT providing rural America with sufficient and affordable broadband service.

Broadband is at a transformational point in the United States and LICT is poised to take this to its full potential in the areas we serve. I am confident that LICT will significantly increase broadband speed and provide affordable rates, and that the future is bright for LICT's customers, shareholders and team members.

Evelyn C. Jerden

Utah

2021 continued with many challenges and opportunities. In spite of the many challenges faced as a result of COVID 19, the CentraCom team worked diligently to provide the broadband services that our communities required. The pandemic and the various responses only intensified the need for our broadband service as many of our customers continue the transition to remote work and distance learning. The CentraCom team members continue to work diligently in providing essential services while maintaining safety procedures.

Eddie L. Cox (l) -President
I. Branch Cox (r) - Chief Executive Officer
Team members since 2001

CentraCom is actively participating in the Affordable Connectivity Program. Currently, there are over 400 subscribers benefiting from this service in Utah and Nevada. CentraCom continues to make certain people do not lose their broadband or telephone connectivity as a result of the continued effects of COVID 19 circumstances.

CentraCom continued substantial support to local schools and communities. The Local10 streaming of local events and high school activities experienced an incredible viewer increase both state and nationwide. CentraCom lived-streamed over 1,100 events, resulting in over 250,000 unique users and 1,660,000 page views. A 175% increase from the previous year. This has enhanced the CentraCom brand reputation and recognition in the community and throughout the state of Utah.

CentraCom continued to expand its fiber network throughout Utah, adding fiber facilities along the Wasatch Front and in the rural areas of Utah including new FTTH deployment in three ILEC municipalities. CentraCom has connected over 1,500 homes to fiber internet. The company now has over 1,800 route miles of fiber; this is an addition of over 200 miles of fiber in a single year.

CentraCom also continues to see unprecedented growth in broadband services via our cable modem, fixed wireless and FTTH. In 2021 there was a net addition of 2,250 broadband customers representing 13% growth. At the end of 2021, the company had 19,469 residential broadband customers.

In 2022, CentraCom is looking forward to continued growth in its operations, as well as supporting the communities it serves.

Branch Cox
Eddie Cox

Western New Mexico

Daniel Meszler
General Manager
Team Member since 2019

Western New Mexico Communications and Telephone ("WNM") companies operates in approximately 17,000 square miles of Southern New Mexico. We currently have over 5,020 miles of plant of which includes over 830 fiber route miles, of which approximately 10 fiber route miles were installed during 2021 to support our operations.

WNM remains dedicated to the communities it serves as we continue to be impacted by the Covid-19 pandemic. Since the beginning of the pandemic, WNM has supported our local communities and schools giving students the resources they need to be successful while distance learning, having commenced several projects to deliver fiber connectivity to local schools. Additionally, WNM provides WIFI hotspots throughout the communities we serve, allowing for added connectivity for those in need. Annually, WNM has supported over 50 local organizations in one fashion or another and is well known for its charitable assistance to the communities it serves.

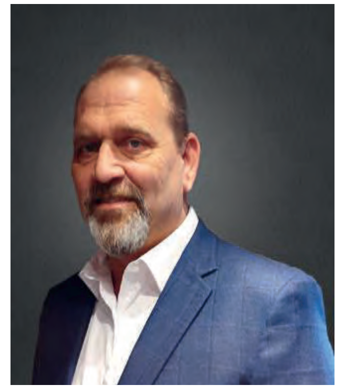
The WNM team continues our expansion efforts of broadband fiber delivery in strategic areas as well as providing wireless delivery solutions to broaden our network reach to rural businesses and residences. The use of 5ghz wireless as well as newly acquired licensed frequencies enables the capability to provide high bandwidth solutions to additional customers while still providing a cost-effective internet solution to small businesses and residential consumers. WNM continues to enhance and expand its service footprint along with increased business product solutions for commercial clients while also providing bundled services of internet and IPTV for residential consumers.

WNM continues to develop ways to increase operational efficiency while increasing high-speed broadband offerings and market footprint for business and residential customers. We continue to grow the mutual relationships we have with the communities we serve, which in turn provide for additional prospects for market growth.

The continued leveraging of local recognition, expansion in breadth and quality of our services, delivery platforms and focus on efficient operational performance will allow the organization growth in the communities we serve. As we look forward into 2022, we are encouraged by continued strength in market demand for broadband expansion into rural markets, aided by funding at both federal and state levels. We are excited about the opportunities ahead in 2022.

Daniel Meszler

Michigan



Philip Truran
President
Team member since 2021

It's an exciting time at Michigan Broadband Services!

The need for Work from Home capabilities, Remote Learning and Telemedicine continued to drive demand for greater broadband connectivity as we endured the second year of the Covid Era. The Michigan team is responding by concentrating on aggressively expanding our products and customer base, in both Business and Residential services.

We have also been laser focused on improving efficiency and leveraging our core competencies to reduce operational costs and increase shareholder value. As a result, Michigan Broadband Services has experienced a Year over Year increase in unregulated EBITDA of 22% and a 2% increase in overall operating profits.

Our network expansion is bringing greater accessibility and affordability to our served communities, translating into incremental economic opportunity to unserved and underserved markets. We are aggressively pursuing grant opportunities to assist us in expanding our footprint and transforming our existing service network.

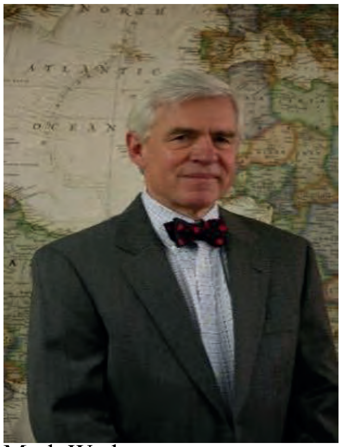
In 2021, we invested in improving broadband speeds and availability in our regulated telephone areas of North Land O' Lakes and Lake Gogebic. Additionally, we developed a plan for investing aggressively outside our regulated areas to expand the number of homes passed by 30%, and homes passed by fiber services by a factor of 10. This will effectively double our fiber miles with speeds up to 10 GIG by the end of 2022.

Our employees continued to participate in charitable contributions. As a corporation, we contributed to 5 deserving organizations in 2021: The Women's Resource Center; Safe Harbor; Veterans in Crisis; The Father Fred Foundation' and Menominee County Victims Services.

Expect great things from Michigan Broadband Services in 2022 as we continue to prioritize accessibility to affordable, high-speed broadband to rural markets while striving to generate optimal risk-adjusted returns within our Michigan operations.

Phillip Truran

Kansas



Mark Wade
President
Team member since 1990

Our Kansas operations include 2 ILEC's, J.B.N. Telephone and Haviland Broadband, which provide broadband and voice services in 27 small towns. Under these brands, we serve about 3,700 broadband and 3,400 voice subscribers, and about 550 out-of-area broadband subscribers. Currently, about 20% of these "in-territory" subscribers are served via Fiber to the home ("FTTH"), while 45% of the "out-of-territory" subscribers are served via FTTH. Giant Communications, Inc., our Kansas non-regulated services company, provides broadband, video and voice services in Holton and nine other towns in northeast Kansas. Giant serves approximately 2,400 cable modem broadband subscribers and almost 900 video customers, in each case, comprised largely of residential use. Giant also provides broadband to an additional 1,000 subscribers in these areas, 31% of which are FTTH, and the remainder fixed wireless.

The impact of the Covid-19 pandemic during 2021 was much less than the previous year. Although we closed some offices briefly and some employees worked from home, the financial impact on our Kansas operations was not material. The demand for quality broadband at homes, businesses, and schools continued to increase, although at a reduced rate from the previous year, down from a year on year growth rate of 14% to about 8%.

As anticipated, the Kansas Department of Commerce program for broadband expansion called Connectivity Emergency Response Grant ("CERG") morphed into Broadband Acceleration Grants ("BAG"). As we successfully participated in CERG, we won a small rural project in the original BAG program.

Giant continues to extend its high-speed network capabilities in the Topeka market, expanding distribution fiber off our established rectilinear routes. We also continue to aggressively place fiber for customers in the adjacent Jefferson and Jackson County areas, with currently about 59 fiber route miles in the area.

Haviland continues its close relationship with the town of Greensburg with exclusively FTTH service. We began to duplicate the success there in the out-of-territory town of Coldwater. Where possible, we significantly increased broadband speeds, retailing a residential 1 Gigabit service. We moved about 25% of our broadband subscribers to faster speeds. By year's end, 35% of broadband subscribers were being offered speeds in excess of 25 megabits per second.

The Kansas operations developed primarily in and around rural service areas and reflect our founders' commitment to their communities' rural values. Investment in our networks to improve broadband speed and reliability needed by our subscribers is the most significant contribution we can make to our rural communities.

Mark Wade

California-Oregon

Dan Morrison
General Manager
Team Member Since 2013

Cal-Ore Telephone (COT) and affiliates provide broadband and regulated voice services along the Oregon Border in NE Siskiyou County, California and NW Modoc County, California. Cal-Ore Communications (COM) provides non-regulated broadband and voice services in southern Klamath County, Oregon and along the Interstate 5 corridor in Siskiyou County, California.

Cal-Ore finished 2021 with 499 fiber route miles and 709 copper route miles, extending our network reach and providing even more access and affordability to rural and underserved communities. Cal-Ore Communications grew to 3300 broadband customer connections. Cal-Ore Telephone had 1700 customer voice lines at year-end.

In 2021, Cal-Ore lived our brand promise of Local, Trusted and Professional; continuing to work diligently to serve our communities and emergency responders during extreme wildfires across our service territories. Two very impactful fires in Siskiyou County California were the Antelope fire burning over one hundred and forty-five thousand acres, and the Tennant fire burning over ten thousand acres. These fires affected our customers, employees, and neighbors, making 2021 a challenging year for sure. Cal-Ore was able to provide broadband service in short order to emergency fire camps setup in the area to combat the fires. In addition, we provided significant donations to help support local fire departments, schools, animal shelters and food banks.

As we enter 2022, Cal-Ore begins an aggressive strategy to increase our Fiber-To-The-Home (FTTH) reach and customer base, offering our 1 Gigabyte service to more communities and residents. We have a strong team and strong communities, all focused on improving broadband connectivity in areas that have increasing needs for faster broadband service.

In 2022 the Cal-Ore team will continue to focus on achieving results, and to support our customers and our team members, while keeping our focus on the communities we serve. We remain committed to strengthening the communities in which we live and work. We are excited about the many opportunities we have in 2022 to continue to add higher bandwidth fiber-optic facilities to local schools, hospitals, and homes while continuing to extend our fiber and high-speed wireless connectivity to more under-served communities and customers.

Dan Morrison

Iowa and Wisconsin

Donn Wilmott,
General Manager
Team member since 2010

As the impact of the global pandemic extended into 2021, our operations in Iowa and Wisconsin stepped up to share "essential front line" responsibility for the communities we serve. Never has the need for broadband been more a part of our lives. Early on, we acted swiftly to help our served communities, including the children of our local school districts that had no internet at home. In doing so we activated public Wi-Fi hotspots in the parking lots of a local library and two nearby churches. We implemented Internet access in homes that required Internet for distant learning in cooperation with our local school district.

2021 brought more construction in Wisconsin, expanding rural FTTH capabilities for 1,108 homes. Phase one of this four-year project is now complete bringing 640 homes within the Cuba City exchange onto our network with rural fiber. Belmont, Wisconsin's rural fiber build starts this spring and is scheduled for completion in 2023. As we enter 2022 the town of Eldridge, Iowa has committed to an accelerated FTTH buildout. Once completed, the Eldridge build-out will bring an additional 1,775 homes into fiber coverage. Fueling some of our planned FTTH investments is increased grant awards at the state level. We secured an Iowa NOFA #6 grant during the fall of 2021 for some of our more remote customers, supporting fiber build-out to an additional 1,100 homes slated for completion by spring of 2025.

Iowa and Wisconsin revenues and EBITDA in 2021 totaled $12.9 million and $5.7 million.

As we continue to grow our capabilities and full gigabit reach, we will continue to invest in our people and facilities while providing greater access to affordable, high-quality broadband and voice service to our customers. Our customers have come to respect and value the quality of service that our team members provide, and we are committed to earning that respect. We provide the best service possible at a price where our customers see value.
Continued focus in 2022 will be on edging out into rural areas contiguous to our existing ILEC boundaries, including areas where additional rural grant programs can support the extension of our network to bring gigabit speeds to rural customers in need. We anticipate our CS Technologies CLEC operations to continue to leverage the capital investments made in the Quad Cities and Dubuque, Iowa markets to extend the reach of our fiber network to additional rural communities in need of affordable high-speed connectivity.

Donn Wilmott

DESCRIPTION OF BUSINESS

BACKGROUND AND HISTORY OF LICT CORPORATION

LICT Corporation ("LICT" or the "Company" as used herein, "LICT" and the "Company" include our subsidiaries) was incorporated under the laws of the State of Delaware in 1996 as a subsidiary of Lynch Corporation (now "LGL Group Inc.") and was originally named Lynch Interactive Corporation. The Company was spun off from Lynch Corporation in 1999 and has been named LICT Corporation since March 2007. LICT's executive offices are located at 401 Theodore Fremd Avenue, Rye, New York 10580-1430. Its telephone number is 914-921-8821.

The Company is an integrated provider of broadband, voice and video services. It provides high speed broadband services, including internet access, through fiber optic facilities, copper-based digital subscriber lines ("DSL"), fixed wireless, and coax cable via cable modems. The Company also provides a number of other services, including video services through both traditional cable television services ("CATV") and internet protocol television services ("IPTV"), Voice over Internet Protocol ("VoIP"), wireless voice communications, and several related telecommunications services. On the voice side, the Company has traditionally operated as both a Rural Local Exchange Carrier ("RLEC", an incumbent local telephone company serving a rural area) and a Competitive Local Exchange Carrier ("CLEC", a local telecommunications provider which competes with the incumbent telephone company) in our expansion markets.

The Company's business development strategy is to expand its existing operations and service offerings through both internal growth and acquisitions. It may also, from time to time, consider the acquisition of other assets or businesses that are not directly related to its present businesses.

In 2007, we spun off to our shareholders shares in a wholly-owned subsidiary named CIBL, Inc. ("CIBL"). In 2010, we spun off to our shareholders ICTC Group Inc, ("ICTC"), which consisted of two broadband telecommunications companies operating in North Dakota, Inter-Community Telephone Company, LLC (an RLEC) and Valley Communications, Inc. (a CLEC). Both spin-offs have benefited the Company and the spun-off entities in a number of ways, serving to optimize their efficiency and future development.

In 2014, we sold our DFT Communications ("DFT") subsidiary, which held the telephone companies serving Dunkirk/Fredonia and Casadaga, New York, as well as a CLEC operation. This sale generated additional liquidity for the Company and returned ownership of DFT to the Maytum family, who had originally founded the telephone companies over a century ago. As part of the transaction, we retained, and subsequently exercised, the right to acquire a 20% minority equity interest in DFT.

On December 31, 2019, the Company completed the sale of its New Hampshire operations ("NH") to CIBL. The New Hampshire operation consists of the Bretton Woods Telephone Company, a Rural Local Exchange Carrier serving the Mt.Washington/Carroll, NH area, and World Surfer, Inc., a Competitive Local Exchange Carrier serving the same area. NH's contributions to LICT's consolidated operating results and financial position have been separately reported from amounts previously reported in 2019 as discontinued operations. As consideration for the sale of NH, LICT received 1,000 shares of CIBL common stock and recognized an after-tax loss on the sale of approximately $388,000. The sale of NH enables the Company to focus on its core geographic area, the central and western parts of the United States. The Company will continue to provide management services to NH and CIBL for a total of $125,000 per year. LICT now owns approximately 1% of CIBL's outstanding common stock.

On January 2, 2020, LICT closed the sale of its 25% minority interest in the MODOC RSA Limited Partnership ("MODOC"). A subsidiary of LICT had acquired this interest in MODOC in 1988.

The Company's shares are quoted on OTC Pink® under the symbol "LICT". The Company has approximately 85 stockholders of record. LICT disseminates quarterly and audited annual financial statements as well as press releases to its shareholders and the financial community.

COVID-19

LICT continues to closely monitor developments and is taking steps to mitigate the potential risks related to the COVID-19 pandemic to the Company, its employees and its customers. We provide essential broadband and voice services to our customers. To protect our employees while continuing to provide the communications services needed as many of its customers shelter in place, LICT adapted installation and repair service processes to limit customer contact and minimize employee contact with other employees. In addition, LICT changed technician dispatch procedures to further limit contact and provided personal protective equipment, including masks, gloves and sanitizing products. Customers must answer a series of screening questions before an appointment is scheduled and each technician is empowered to reschedule any in-person installation or repair if he or she determines that circumstances at the location present a health risk. Our teammates' dedication and work ethic have allowed us to continue providing critical services to our customers during this pandemic.

LICT has made numerous accommodations to provide service to families in need. While we have had some supply chain issues, we have not experienced significant interruptions. It is not possible to predict whether COVID-19 will cause future interruptions and delays. We understand the challenges facing our customers as our employees live in the communities we serve and are affected by many of the same obstacles.

COMMUNICATIONS OPERATIONS

Broadband Data and Voice Services

Organization and Locations

We provide services through subsidiary companies. The broadband data and voice services groups have been expanded through the selective acquisition of RLECs and other service providers, coupled with a renewed focus on bringing affordable connectivity to rural markets. Our service offerings include broadband internet access, long distance voice, cable television and VoIP. Since 1989, the Company has acquired thirteen RLECs, excluding RLECs which have been divested as described above. These operations range in size from approximately 800 to over 7,000 access lines with locations in California, Iowa, Kansas, Michigan, New Mexico, Utah and Wisconsin. At December 31, 2021, LICT's operations had deployed 5,832 miles of fiber optic cable, 11,522 miles of copper cable and 816 miles of coaxial cable. In addition, we operate 83 towers to serve fixed wireless broadband customers and lease space to other wholesale carriers.

Principal Products and Services:

Non-Regulated Services

Broadband and voice services. We provide non-regulated high speed broadband services, including internet access and data transport, in our traditional RLEC territories and adjacent areas. We also provide local telephone and other telecommunications services outside certain of our franchise areas through CLEC operations in nearby areas. The Company has established expansion markets (CLECs) in such varied locations as Dubuque, IA, the Quad Cities area (Davenport/Bettendorf, IA and Moline/Rock Island, IL), Holton, Wichita and Topeka, KS, Escanaba and Traverse City, MI, Las Cruces, Silver City and Deming, NM, Elko, Nevada, Klamath Falls, OR, and Provo/Orem and Salt Lake City, UT.

Cellular backhaul and other data transport services. We have constructed fiber optic facilities to numerous cell tower sites and are continuing to expand these facilities. This allows us to participate in the growing demand for wireless broadband services and opens new broadband opportunities in our markets. We expect continued demand for transport services from the wireless providers as mobile data usage grows, and we have secured a number of long-term contracts that will help support our revenue growth objectives for years to come. In addition, we are experiencing significant demand from schools, health care facilities, government agencies and other public institutions for data transport, particularly at our operations in Utah and California.

Subscription video. We provide video service in our Utah, Kansas, Iowa, New Mexico and Michigan locations. We have 4,117 video subscribers.

Hosted voice services. Hosted voice services are a cost-effective, scalable alternative to traditional on- premises business telephone systems. We are currently serving 8,571 "seats". (A "seat" is the unit by which hosted voice services are sold. Seats are equivalent to the number of IP, or Internet Protocol phones, or devices, at the customer's premises that can access the hosted voice service.). We believe that this is an attractive service offering which we can deliver in large markets near our existing RLEC operations.

Traditional Regulated RLEC Services

Local network services. We provide telephone wireline access services to residential and business customers in our service areas with a full range of calling features including call forwarding, conference calling, caller identification, voicemail and call waiting. We provide broadband services, by means of fiber optic, DSL, coaxial cable via cable modem, and wireless technology to both business and residential users. In our RLEC service territories, the broadband penetration levels of our subsidiaries are currently in the 80% range. We are continuing our efforts to increase our broadband customer base and to expand our broadband services. We also offer packages of telecommunications services which permit customers to bundle their basic telephone line with their choice of enhanced services, or to customize a set of selected enhanced features that fit their specific needs. As of December 31, 2021, total voice lines, including both ILEC and CLEC, but excluding hosted seats, were 30,687 as compared to 31,461 at December 31, 2020.

Network access services. We provide network access services to long distance and other carriers which involve the use of our network to originate and terminate interstate and intrastate telephone calls. Such services are generally offered on a month-to-month basis and the service is billed on a minutes-of-use basis. Access charges to long distance carriers and other customers are based on access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agencies for intrastate services.

This table summarizes certain operational data:

	Years Ended December 31,	
	2021	**2020**
Operations:		
Broadband Connections	21,945	19,446
Cable Modems	16,765	16,220
Wireless	5,229	4,159
Total Broadband Connections	43,939	39,825
In-Territory (RLEC) access lines[(a)]	23,644	24,005
Out-of-Territory (CLEC) lines	7,043	7,456
Total voice lines	30,687	31,461
% Residential	77%	76%
% Business	23%	24%
Video subscribers	4,117	4,406
Hosted voice seats [(b)]	8,571	8,047
Total Revenues		
Local service	5%	6%
Network access	43%	45%
Non-Regulated businesses [(c)]	52%	49%
Total revenues	100%	100%

(a) An "access line" is a telecommunications circuit between the customer's establishment and the central switching office.
(b) A "seat" is the unit by which we sell Hosted Voice services. Seats are equivalent to the number of IP phones or devices at the customer's premises that can access the service.
(c) Non-Regulated Businesses include Broadband Data, CATV, Hosted Voice, IPTV, and several other related services.

Expansion and Development of New Products and Services. The Company continually seeks to introduce new services based on technological advances and expanding commercial initiatives. Our subsidiaries constantly seek to expand their service offerings beyond their regulated geographic territories, primarily by establishing and developing broadband connections in adjoining or nearby areas where economically feasible. This is accomplished by building facilities utilizing fiber optic and coax cable, along with fixed wireless solutions, directly to the customer premises to provide services and when needed, leasing facilities from the local telephone company (the serving RLEC or, in non-rural areas, the Incumbent Local Exchange Carrier or "ILEC") or other carriers to reach customers.

As described in greater detail below, we expect future growth in operations to be derived from a broad range of activities, including providing service to new customers, primarily through broadband connections and providing a broader range of services to existing customers

In addition to organic growth opportunities, the Company routinely evaluates acquisition and other joint-venture or partnership opportunities. We typically seek companies with local management who wish to remain actively involved in maintaining the entrepreneurial spirit and operational expertise that we believe is critical to ensuring the continued success of their business post-acquisition. Telephone holding companies and others often compete aggressively for the acquisition of such properties, and the acquisitions are typically subject to the consent or approval of regulatory agencies on the Federal and state level. In addition, any acquisition is subject to various risks, including the ability to find and complete the transaction at an attractive price, and to successfully integrate and operate the acquired entity. Although our evaluation of potential acquisitions is ongoing, there can be no assurance that we will be able to identify suitable transactions or to conclude them successfully.

In April 2021, our Utah operations acquired the assets and operations of NeboNet, a fixed wireless internet service provider located in Nephi, Utah. At the time of the acquisition, NeboNet provided high speed wireless broadband service in the Utah counties of Juab and Box Elder. CentraCom will continue to offer these services and will look to expand the reach and increase bandwidth capabilities and offerings throughout its served communities.

In October 2021, CST Communications, the Company's Iowa operation, acquired a tower from Kuhl Electric and Automation, Inc. which will enable us to provide high speed wireless broadband service with Scott County, Iowa.

All our current in-territory companies offer broadband internet access service, either directly or through affiliated companies. At December 31, 2021, broadband access customers totaled 43,939, compared to 39,825 at December 31, 2020, a year-over-year increase of approximately 10.3%. Our companies have substantially increased their broadband subscriber base, but this growth has been offset by a decrease in our traditional telephone service resulting from several factors, including competition from wireless and cable companies. Expansion market affiliates of all our in-territory telephone companies offer broadband, VoIP, and long-distance services.

Federal and state government broadband infrastructure funding programs have rapidly increased over the last few years. There have been four major broadband funding sources including 1) The Coronavirus Aid, Relief and Economic Security ("CARES") Act (March 27, 2020), 2) The Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act (December 27, 2020), 3) The American Rescue Plan ("ARP") (March 11, 2021) and 4) Infrastructure Investment and Jobs Act ("IIJA") (November 15, 2021).

LICT has been, and will continue to be, actively reviewing available broadband infrastructure programs to determine eligibility. Most, but not all, of these programs provide funding through the states. LICT subsidiaries have applied for state broadband grants in Iowa, Wisconsin, Kansas, Michigan, and Utah and, in several cases, have been successful grant recipients. Some of the state grant applications, including Wisconsin and Michigan, are still in process and it is not possible to predict if the grant will be awarded to the LICT subsidiary. Iowa was awarded a $4.3 Million grant in 2021 with required matching funds from the Company and has commenced the engineering work on the multiple-year project build in 2022. Utah has also been awarded approximately a $1 Million grant, with associated company provided matching funds, and has engineering underway in 2022. Kansas has been the successful recipient of several smaller state grants and has already completed the majority of the required build-out.

One major source of potential federal broadband grant funding is through the U.S. Department of Agriculture ("USDA") Rural Development Broadband ReConnect III Program ("ReConnect III") under which LICT subsidiaries submitted eight broadband grant applications. The majority of broadband grants fund 50% to 80% of the project costs, with the Company required to utilize their own funds for the balance of the project cost. ReConnect III grants have four different types of broadband applications including one category funding 100% of the project cost for some of the most rural, unserved portions of the country. LICT currently has three of its eight ReConnect III grant applications for 100% grant funding. It will not be known until later in 2022 if LICT subsidiaries were successful ReConnect III grant recipients.

Below we offer a state-by-state review of our subsidiaries' expansion and development of new products and services:

Utah

CentraCom, based in Fairview, Utah, is successfully providing high-capacity Ethernet circuits over its extensive fiber network to schools, hospitals, government users, cell towers and private business facilities. The Company also continues to aggressively invest and grow our expansion markets (CLEC) business operations in the Provo/Orem, UT area. CentraCom continues to deploy fixed wireless broadband Internet to (1) protect existing service areas by providing more adequate speed than the DSL was capable of at greater distances, and (2) open up additional competitive service areas. The Company partly due to the Nebo Net acquisition, added 1,131 fixed wireless subscribers for 58% growth from the previous year's numbers. CentraCom also continues to see growth in cable modem Internet customers. In 2021, there was a net addition of 346 cable modem customers representing 3% growth. At the end of 2021, the company had 19,469 residential broadband customers. Finally, CentraCom continues to deploy Fiber to the Home (FTTH) in many new subdivisions and has begun citywide deployments to increase speed and reliability while adhering to the latest technological build protocols in order to ensure that our broadband capabilities meet or exceed the levels of bandwidth desired by our subscribers. At year end 2020 we had deployed 615 Fiber to the Home customers, and in 2021 we added 889 customers for 145% growth. We expect to maintain that level of growth for the next few years.

New Mexico

In 2021, WNM Communications Corporation ("WNM") continued its expansion of broadband facilities to additional service footprint areas by building out additional fiber optic miles, wireless platforms and associated electronics to support the expansion of faster broadband services in our in-territory and out-of-territory areas. The operations deployed additional fiber optic routes and wireless point to multipoint broadcast utilizing newly acquired spectrum licenses to increase our capability of serving both our business and residential subscribers. This continued the activity of expanding marketable locations in serviceable areas for high bandwidth through-put via fiber while also providing a cost-effective solution for residential and small business internet. This activity has allowed WNM to increase reliability and broadband speeds to the number of subscribers, leading to incremental revenue opportunities. WNM is not only increasing speed profiles for service in its regulated areas, but also expanding its penetration of out-of-territory areas in Las Cruces, Silver City and Deming markets. Non-Regulated revenue grew year over year by 8.5% along with EBITDA growth of 5.3%. This performance was generated through increased operational efficiency via scale, additional deployments of business solutions and residential internet and IPTV in the markets WNM serves.

Kansas

In 2022, Haviland Broadband, will complete its out-of-territory FTTH expansion in the Comanche county seat of Coldwater, using targeted marketing methods to obtain customers. We currently have substantial numbers of customers on our fixed wireless broadband service who we anticipate will migrate to faster FTTH service. Not only will newly-converted subscribers see speed improvements, moving wireless city customers to fiber service will improve service to rural wireless customers. In Greensburg, we have captured about 65% of the broadband market, most of which were previously served by AT&T or another competitor.

Having completed a FTTH build in Argonia last year, Haviland anticipates completing FTTH builds in its largest town, Conway Springs, and in the town of Haviland. Our plan is to begin projects in other towns, where population and competition warrants. By 2024, we will have permanently protected over 40% of our ILEC broadband subscribership with fiber.

JBN will also complete FTTH projects in 2 additional ILEC towns in 2022, completing FTTH to remaining towns in 2023. These FTTH builds are anticipated to protect over 50% of our ILEC's broadband subscribership.

In 2021, our Kansas ILECs deployed fixed wireless via licensed CBRS (Citizens Broadband Radio Service) and non-regulated spectrum around several of its rural areas. Although slower than FTTH, the capital cost is less than 10% of FTTH in the rural areas and time-to-market is much faster. J.B.N. plans to expand this coverage in 2022. Having acquired millimeter wave (24 and 28 Ghz) spectrum via F.C.C. auction, in 2022, we will begin testing the use of this wide swath of spectrum for its potential use in broadband service.

Giant Communications, Inc., an affiliate of J.B.N. Telephone Company, has developed a substantial cloud-based voice service offering to businesses in Kansas, hosted on our equipment, and leveraging our existing switching equipment and data networks. Currently, Giant serves nearly 1,100 business or school accounts in Wichita, Topeka, and our traditional footprints. The company serves approximately 4,100 seats (the cloud equivalent of phone lines), representing 9% growth over 2020. About half our revenue is in or near our traditional cable modem footprint, with the remainder being in expansion markets. In the metro Topeka area, most of the company's broadband, cloud, and managed I.T. services are provided over its own fiber. In 2022, we intend to continue to opportunistically extend our fiber network in Topeka. Recently-added feature sets in our hosted-voice service should provide additional value to mid-sized businesses for the future.

Early in 2022, Giant will replace its traditional cable TV service with a streaming service in order to increase speeds. Late in the year, Giant anticipates rehabilitating its cable modem plant sufficient to begin offering synchronous residential broadband speeds of up to 1 gigabit per second.

In Kansas, the 8-year Broadband Acceleration Program ("BAG") moves into its 2nd year. We have pending grant applications for J.B.N. and Haviland for a fiber broadband build in a small town and a rural area respectively, which would cover about 150 locations. Each of our Kansas entities intends to continue our aggressive pursuit of BAG grants.

In addition, Giant has a pending application at the federal National Telecommunications and Information Administration ("NTIA") to provide broadband over a large tribal area in partnership with the tribal governing entity, covering about 800 potential subscriber locations.

While these two programs are not well-suited for very rural areas, the federal ReConnect3 program prioritizes applications covering the lowest density rural geographies. Accordingly, both J.B.N. and Haviland submitted program applications which would cover large areas with about 500 current and potential locations.

If awarded, our corresponding build efforts will support the acceleration of our broadband expansion plans. Irrespective of the outcome of our various outstanding grant applications, J.B.N. and Giant plan to continue to increase broadband capabilities, upgrading approximately 300 existing subscribers to gigabit service.

Iowa/Illinois

CS Technologies, Inc. ("CST") provides high speed broadband and voice services to the Quad Cities and Dubuque, IA areas. CST has built a 20-mile metro fiber network in Dubuque and a 60-mile metro fiber network in Davenport and Bettendorf, IA. CST now serves approximately 1,200 CLEC customers and 3,850 lines in the Quad Cities and Dubuque.

In 2021, we began a FTTH project in Eldridge, Iowa scheduled for completion in 2022 that would pass 1,750 locations. We have committed to convert the towns of Long Grove and Parkview by year-end 2024, bringing another 1,050 homes within our fiber network. In 2021, Central Scott Telephone Company was awarded a State of Iowa Broadband Grant, this grant will enable us to build out an additional 1,200 rural homes within our exchange by the end of 2025 In total by year end 2024 we anticipate having over 4,000 homes in Iowa connected with FTTH. Network conversions and transition work will continue into 2025 and beyond as we decommission the copper plant that once served this exchange.

Wisconsin

Our commitment to FTTH in Wisconsin has created enhanced capabilities for our 2,400 plus residential homes and businesses. Cuba City now has 100% FTTH including its most rural portions. Expanding on our Cuba City build-out in 2018, in 2020 we launched a 4-year plan to over-build the rural portion of the exchanges of both Cuba City and Belmont, WI. Our 884 home Cuba City project is now complimented with the completion during February, 2022 of our 640 home Cuba City project. Our Belmont FTTH project is anticipated to add 468 connected homes, which would aggregate 1,108 homes under the four-year plan started in 2020. We look forward to the successful completion of the Belmont/Cuba City FTTH project in 2023.

California/Oregon

Cal-Ore Communications is based in Dorris, CA, with offices in Klamath Falls, OR. The Company owns approximately 165 fiber route miles serving broadband customers. At year-end 2021, Cal-Ore Communications had 938 fiber broadband customers, 719 wireless internet customers, 1643 DSL customers, and 1615 voice lines (of which 395 are VoIP). In 2022, Cal-Ore Communications will continue to expand our fiber and high-speed wireless build-out in California including communities in Mt. Shasta, Weed and Dunsmuir.

At year-end 2021, Cal-Ore Telephone had 1121 residential lines and 579 business lines. Cal-Ore Telephone's network consists of 334 fiber route miles and 709 copper route miles.

Michigan

In 2021, Michigan Central Broadband Company ("MCBC") added 14 fiber route miles, along with associated new technology, to expand our ability to provide faster broadband connections to our valued customers. With 635 total fiber route miles combined in our regulated telephone exchanges and competitive fiber markets of Escanaba and Traverse City, we achieved 112% and 123% year over year growth in our non-regulated revenues and EBITDA, respectively. Contributing to this growth was 87% growth in business-to-business fiber connections and other managed services revenues. Residential broadband revenues grew by 107% due to increased demand for services during the pandemic. Our ACAM construction plan continued in 2021 and the company's year-end reporting requirements were achieved. The Michigan team is optimistic in its growth aspirations for 2022 as we maintain our focus on increasing broadband speeds and value-added service offerings to our rural customer base.

LICT Corporation Cautionary Note

There is no assurance that the Company can successfully acquire or develop new businesses or make acquired or expanded businesses profitable within a reasonable period of time. New businesses, and in particular any CLEC business, may be expected to operate at a loss initially and for a period of time. In addition, competition in the CLEC and other telecommunications businesses is substantial and may increase in the future.

Regulatory Environment. The LICT subsidiaries that provide telecommunications services are subject to varying degrees of Federal and state regulation. Our operating telephone companies are regulated by the FCC with respect to interstate telecommunications services and by state regulatory agencies with respect to intrastate telecommunications services. They are also subject to local government regulation in some instances, such as the use of local streets and rights of way. The FCC and the state authorities do not regulate all providers that come under their jurisdiction in the same way. While some regulation of ILECs has eased as competition has increased, in general, regulation of ILECs (which includes RLECs) remains more highly regulated and comprehensive than the regulation of CLECs. The extent and nature of regulation, by the FCC and by states, is evolving for various reasons, such as Congressional and judicial mandates, public policy decisions and other factors.

A-CAM

In 2021, no modifications were made to the FCC's Alternative - Connect America Cost Model ("A-CAM") and A-CAM II programs. In 2017, ten of the Company's ILECs elected to participate in the FCC's A-CAM program which provided a substantially greater, predictable, set amount of support. A-CAM replaced the existing High Cost Loop Support ("HCLS") and Connect America Fund-Broadband Loop Support ("CAF-BLS") high cost support mechanisms. The FCC required all affiliated companies in a state to make a unified decision to elect A-CAM and A-CAM II on a statewide basis. The LICT companies adopting A-CAM in 2017 were, by state, as follows: Michigan (Upper Peninsula Telephone Company and Michigan Central Broadband Company); California (Cal-Ore Telephone Company, Inc.); Iowa (Central Scott Telephone Company, Inc. and Dixon Telephone Company); Utah (Central Utah Telephone, Inc.; Bear Lake Communications Inc.; and Skyline Telecom); Kansas (Haviland Telephone Company, Inc.; and J.B.N. Telephone Company, Inc.); and New Mexico (Western New Mexico Telephone Company, Inc.). In 2019, LICT's Wisconsin operations, Belmont Telephone Company, Inc. and Cuba City Telephone Exchange, Inc., adopted A-CAM II.

While A-CAM requires build- out to speeds of 10/1 and 25/3, LICT continues to exceed these speed requirements whenever and wherever possible.

During 2018 and 2019, the FCC expanded and extended A-CAM through December 31, 2028 for companies whose support was initially capped. LICT accepted both the 2018 and 2019 A-CAM program expansions requiring the provision of greater broadband speed to a number of locations. Although A-CAM and A-CAM II mandated differing broadband deployment milestones, performance testing requirements and reporting requirements, both A-CAM and A-CAM II are required to maintain voice and existing broadband service. A-CAM has 10/1 Mbps and 25/3 Mbps build-out requirements. The 10/1 Mbps requirements commenced in 2020 and increase 10% per year and must be completed by 2026. The 25/3 commences in 2022 with the final 25/3 Mbps milestone in 2028; thus, LICT must comply with two different sets of milestones through 2028 for A-CAM. The December 31, 2021, A-CAM build-out milestone required that 50% of the 10/1 Mbps locations be built and LICT has complied with this build-out requirement. A-CAM II build-out milestones commence in 2022 and go through 2028 and are at 25/3 Mbps. There are no 10/1 Mbps milestones for A-CAM II companies.

The original Order stated that in year eight of the A-CAM program, the FCC shall conduct a determination as to the extent to which support will be extended after the end of the 10-year period ending in 2028. The FCC opened a docket to review the future of high-cost USF, including A-CAM, to determine the post-2028 USF mechanisms.

A-CAM and A-CAM II revenues were $32.0 million and $32.1 million, in 2021 and 2020, respectively. The annual A-CAM transitional decrease for our California and Iowa companies will be completed in 2023 and LICT's total A-CAM will be $31.9 million annually from 2023 through 2028.

Some of our A-CAM recipients also receive USF from the states in which they operate. Those subsidies totaled $7.9 million and $7.4 million in 2021 and 2020 respectively. In 2020, due to the additional A-CAM revenues, Central Utah's state USF was reduced from $0.7 million to zero; however, it was reinstated to $0.4 million for 2021. Although we expect that states will continue to support broadband deployment, it is unclear if or to what extent the other state support revenues may be affected by A-CAM.

National Exchange Carrier Association

LICT's telephone subsidiaries are all rural, rate-of-return companies for interstate regulatory purposes. Rate-of-return companies receive support based on their costs or the costs of similarly situated companies through formulas developed by the National Exchange Carrier Association ("NECA") referred to as "average schedules". LICT has five average schedule companies and eight cost-based companies. Cost companies determine interstate revenues through cost studies computed based on the Company's own interstate costs, subject to the FCC caps and phase-downs. RLECs electing A-CAM or A-CAM II cannot participate in NECA's Common Line ("CL") tariffs and access revenue pool; however, the FCC permits A-CAM and A-CAM II companies to remain in NECA's tariff for access rates. In addition to receiving A-CAM or A-CAM II revenues, all of LICT's RLECs continue to participate in NECA's Traffic Sensitive ("TS") pool for both special access and switched access.

Interstate access revenue for rate-of-return carriers is based on an FCC regulated rate-of-return on investment and recovery of operating expenses related to interstate access. TS Switched Access was frozen at 2011 projected tariff revenue requirement levels at 11.25% rate-of-return and is phased down 5% per year effective July 1st of each year. The allowable interstate TS Special Access rate-of-return is being phased down over a six-year phased transition of 25 basis points per year from July 1, 2016 through July 1, 2021, from 11.25% to 9.75%. The TS Special Access rate-of-return will remain at 9.75%, absent a future change by the FCC. A-CAM was set at 9.75% rate-of-return and remains constant through 2028.

The FCC rules mandate that the frozen switched access portion of the NECA TS pool earns the frozen 11.25%; however, the special access portion of the NECA TS pool earns whatever rate-of-return the special access tariff rates produce given the actual demand during the year and based on the actual costs of the RLECs participating in the TS pool.

Intercarrier Compensation

The transition of terminating Intercarrier Compensation ("ICC") culminated to a default bill-and-keep arrangement as of July 1, 2020. LICT receives certain access charge revenues from other carriers to transport and terminate calls that originate on those carriers' networks. The FCC discussed modifying originating ICC in various proceedings but has not yet done so. There is no active FCC Notice of Proposed Rulemaking ("NPRM") underway to modify originating access and it is not possible to predict the impact of any future changes to originating ICC.

Eligible Telecommunication Carrier

The FCC requires all companies receiving federal USF support to obtain designation by their state regulator annually as an eligible telecommunications carrier ("ETC") in order to continue to receive USF. All of our subsidiaries receiving federal USF are currently designated as ETCs and we expect that they will continue to be so designated.

Intrastate Access Revenues

Our subsidiaries are compensated for their intrastate costs through a bill and keep intrastate access charge. (i.e., there are no intrastate access revenue pools). Intrastate access charge revenues are based on intrastate access rates filed with the state regulatory agency. The FCC requires that the company's intrastate access charge rates be at or below interstate rates by July 1st of each tariff year; therefore, the LICT companies were required to reduce their intrastate rates on July 1, 2021 and will continue with each subsequent interstate tariff filing thereafter, as needed.

Voice over Internet Protocol

VoIP services are prevalent across the nation, including in the areas served by LICT companies. Competition from VoIP services has a detrimental impact on current and future revenues and creates additional uncertainty for us. It is not possible to predict the extent to which these complementary or substitutable services impact our current or future revenues. Because of the rural nature of their operations and related low population densities, our RLEC subsidiaries are generally high-cost operations which receive substantial federal and state support. In at least some areas, the regulatory environment for RLEC operations is becoming less supportive than has historically been the case, which may enhance the competitive impact of VoIP. The FCC's regulations provide that all carriers originating and terminating VoIP calls will be on equal footing in their ability to obtain compensation for this traffic.

Competitive Developments. In addition to the VoIP competition described above, competition in the telecommunications industry is increasing across the board. Competition in the Company's wireline telecommunications markets is growing fastest in the areas close to larger towns or metropolitan areas. All of our telephone companies have historically been monopoly wireline providers in their respective areas for local telephone exchange service, but the competitive aspect of the regulatory landscape is continually evolving. We now experience competition in most locations from long distance carriers, from cable companies for voice, data and video, from internet service providers for internet access, or from wireless carriers. Competition is resulting in a continuing loss of access lines and minutes of use, and in the conversion of retail lines to wholesale lines, which negatively affects revenues and margins from those lines. Competition also puts pressure on the prices we are able to charge for some services, particularly for some non-residential services. The total number of competitors is difficult to estimate since many of the companies do not have a local presence, but instead compete for customers via the internet using VoIP or through wireless operations. It is difficult to estimate how much traffic is lost to VoIP or wireless competitors.

Wireless and Other Interests. The Company has other, less than 50% owned interests, which contribute significant value to the Company.

DFT Communications ("DFT"). A wholly-owned subsidiary owns a 20% interest in DFT, which offers local and long distance telephone service, business telephone systems, internet service, security systems, wireless communications and call center services to areas in Western New York and portions of Pennsylvania.

Aureon Network Services, Inc. ("Aureon") formerly Iowa Network Services, Inc. A wholly-owned subsidiary owns 1,115 shares of Aureon participating preferred stock and 172 shares of Aureon common stock – equating to a 2.56% economic interest. Aureon provides wireline telecommunications access and transport services, long distance, video, and internet to the exchanges of participating telephone companies and others retail and wholesale customers.

CVIN LLC ("CVIN"). A wholly-owned subsidiary owns an interest of approximately 2.3% in CVIN, which owns and operates a fiber optic network in the Central Valley and northern areas of California. CVIN provides certain telecommunication support services to its ownership affiliates and others. CVIN generates approximately $22 million in annual revenue and approximately $14 million in annual EBITDA.

Kansas Fiber Network ("KFN"). Two wholly-owned subsidiaries jointly own an interest of approximately 3% in KFN, a statewide fiber network which was formed in early 2009 by approximately thirty Kansas RLECs. KFN is currently providing fiber optic transport and other services to both its RLEC owners and other customers.

Federal Communications Commission ("FCC") Auctions. In February 2005, Lynch 3G participated in the FCC's Auction 58 for PCS Spectrum and was high bidder for two licenses, Marquette, MI, and Klamath Falls.

Lynch PCS Corporation G, a wholly-owned subsidiary, holds a PCS license in Las Cruces, NM which covers a population of approximately 281,000.

Advanced Wireless Services ("AWS") Spectrum. In September 2006, Lynch AWS Corporation participated in the FCC's Auction No. 66 and was high bidder for an AWS license in Topeka, KS. The licenses cover a population of approximately 476,000. This license was sold on November 2, 2020 for $3.9 million.

600 MHz Spectrum. In January 2017, LICT wireless Broadband Company acquired two 600 MHz licenses in the Broadband Spectrum Auction in Traverse City and Alpena, Michigan. The license covers a total population of approximately 511,000.

The Company participated in FCC Auction 101-28 GHz and Auction 102- 24 GHz during 2019. Auction 101 was completed on January 24, 2019 and Auction 102 was completed on May 28, 2019. In Auction 101, LICT acquired 10 licenses of 28 GHz spectrum in Kansas and Nevada. In Auction 102, LICT acquired 47 licenses of 24 GHz spectrum in California, Iowa, Kansas, Michigan New Hampshire, New Mexico, Utah, and Wyoming.

The Company participated in FCC Auction 105 – CBRS band which ended on August 25, 2020. In this auction, LICT acquired 162 licenses in 78 counties.

In Auction 904, also known as Rural Development Opportunity Fund or "RDOF", which ended on November 23, 2020, LICT was awarded 8 census block groups in 3 states. Auction 904 is a part of the Federal Communications Commission's Universal Service Fund supporting the expansion of broadband internet services to underserved rural areas of the United States. We have since returned the 1 census block in Iowa back to the FCC. LICT will receive support in the remaining 7 census blocks and we are required to build out fiber within 6 years.

The Company participated in FCC Auction 107 – 3.7 GHz band ended on February 18, 2021. In this auction, LICT acquired 5 licenses in Deming, New Mexico, Anamosa, Iowa, and Kanab, Saint George and Richfield, Utah. The 5 Partial Economic Area ("PEA") market licenses cover a total population of approximately 432,000.

FCC Auction 110 – 3.45 to 3.55 GHz band for next-generation wireless services began in October 2021 and ended in January 2022. Upon completion of the auction, LICT acquired market licenses in 12 PEA's that include Garden City, Kansas, Kanab, Logan, Saint George and Richfield, Utah, Alamogordo, Deming and Socorro, New Mexico, Escanaba and Traverse City, Michigan and Jackson, Wyoming.

We expect to participate in the FCC's future spectrum auctions in order to have the flexibility to accommodate present and developing needs of existing and future customers, as well as establish high-bandwidth opportunities.

There are many risks related to FCC wireless licenses, including, without limitation, the generally high cost of the licenses; the start-up nature of these businesses; the FCC's rules imposing build-out requirements on all spectrum licenses; the need to raise substantial funds to pay for the licenses and their build-out; the decisions on how best to develop the licenses and which technology to use; the small size and limited resources of our companies compared to other potential competitors; existing and changing regulatory requirements; additional auctions of wireless telecommunications spectrum; and the challenges of actually building out and operating new businesses profitably in a highly competitive environment featuring already-established cellular telephone operators and other new licensees. There are substantial restrictions on the transfer of control of licensed spectrum. There can be no assurance that any licenses granted to entities in which subsidiaries of LICT have interests can be successfully sold, financed or developed, thereby allowing LICT's subsidiaries to recover their investments.

Other Patents, Licenses, Franchises. The Company holds other licenses of various types, but it does not believe they are material to the conduct or results of its basic business and ongoing operations, which are its RLEC companies complemented by its CLEC operations.

Environmental Compliance. Capital expenditures, earnings and the competitive position of the Company have not been materially affected by compliance with current federal, state and local laws and regulations relating to the protection of the environment. We cannot predict the effect of future laws and regulations on its environmental compliance or the costs thereof.

Seasonality. No significant portion of the Company's business is regarded as seasonal. While the Company's Michigan operations usage varies somewhat during the year due to tourism and the presence of vacation homes, this variation is not material to LICT's operations or results as a whole.

Dependence on Particular Customers. The Company does not believe that its business is dependent on any single customer or group of customers. Most ILECs, including LICT's RLECs, received a significant amount of revenues in the form of access fees from IXCs. Bankruptcy of a significant IXC, or of several IXCs in the same period, could have a material adverse effect. We cannot predict which, if any, IXCs or other significant customers may go bankrupt in the future.

Government Contracts. In some instances, the Company provides service to the government under tariff and/or special contracts. Government contracts are not material to our operations as a whole and the elimination of those contracts would not significantly impact operations or financial results.

Employees. The Company had a total of 349 employees as of December 31, 2021, compared to 343 employees at December 31, 2020, including 6 corporate employees, with the remainder responsible for providing telecommunications services and support.

EXECUTIVE OFFICERS

The following list of the Company's senior executive employees as of December 31, 2021 sets forth the positions and offices with the Company held by each such person, and the principal employment by, or other service of these persons during past years.

Name	Officers and Positions Held	Age
Mario J. Gabelli	Chief Executive Officer since December 2010, Chairman since December 2004 (and also served as Chairman from September 1999 to December 2002), Vice Chairman from December 2002 to December 2004, Chief Executive Officer from September 1999 to November 2005.	79
Stephen J. Moore	Vice President - Finance from April 2014; prior to LICT, served as Controller North America – Poyry Management Consulting (USA) Inc. from January 2008 to October 2013, Controller at Dorian Drake International Inc. from June 1997 to December 2007.	57
Kevin Errity	Chief Operating Officer since May 2021; prior to LICT, served as Senior Vice-President and Board Member – Extenet Systems I Hudson Fiber Networks from May 2015 to April 2021, President at PAETEC Communications/Windstream Communications from 1999- 2014.	53
Evelyn C. Jerden	Senior Vice President – Regulatory Dynamics since December 2008, Senior Vice President - Operations from September 2003 to December 2008, Vice President-Regulatory Affairs from 2002 to 2003, Director of Revenue Requirements of Western New Mexico Telephone Company, Inc. from 1992 to present.	64
Christina M. McEntee	Secretary since June 2019; Chief Administrator since 2016; served as Executive Coordinator from 2008-2016.	57

The executive officers of the Company are elected annually by the Board of Directors and hold office until the organizational meeting in the next subsequent year and until their respective successors are chosen and qualified, or until their earlier resignation or removal.

REAL ESTATE PROPERTIES

The Company leases approximately 3,600 square feet of office space on customary commercial terms from an affiliate of its Chairman for its executive offices in Rye, New York. Annual lease payments are $126,017 or $28.00 per square foot, plus $3.00 per square in utilities per year. There is an annual escalation adjustment and the lease expires in December 2028. In September 2014, the Company sublet 485 square foot of its corporate office space to another affiliate of the Chairman. The sublet lease expires on December 5, 2023 and the base rental rate is $20,000 per annum. As of January 1, 2022 the company assumed the office space lease from this affiliate which they have vacated. This new space has a total of 1,642 square feet with a rate of $28.00 per square foot, plus $3.00 per square in utilities per year. There is an annual escalation adjustment and the lease expires in December 2023. In addition the Company terminated the sublet of 485 square feet effective January 1, 2022.

CentraCom and its subsidiaries and affiliates own a total of 11.1 acres at 20 sites, with an additional 5.8 acres at 29 sites which are under leases, permits or easements. These sites are located in the central, northeastern and midwestern areas of Utah. CentraCom's principal operating facilities are located in Fairview, Utah, where it owns a commercial office building containing 14,400 square feet, and a plant office and central office building containing 5,200 square feet. In addition, CentraCom has 4,804 square feet of office space, 5,760 square feet of warehouse space, 8,100 square feet of vehicle maintenance facilities, 6,352 square feet of protective cover and three rental homes. CentraCom owns smaller facilities used mainly for housing central office switching equipment with a total of 14,485 square feet in 32 various locations. In addition, the Company owns 1,042 miles of copper cable, 611 miles of coaxial cable and 2,181 miles of fiber optic cable running through rights-of-way within its 10,483 square mile service area and servicing 28 cellular towers with ethernet backhaul.

Western New Mexico Telephone Company, Inc. ("Western") owns a total of 16.9 acres at 15 sites located in southwestern New Mexico. Its principal operating facilities are located in Silver City, where Western owns one building with a total of 6,480 square feet housing its administrative offices and certain storage facilities, and another building of 216 square feet which houses core network equipment. In Cliff, New Mexico, Western owns six buildings with a total of 16,238 square feet which contain additional offices and storage facilities, as well as a vehicle shop, a fabrication shop, and central office switching equipment. Smaller facilities used mainly for storage and for housing central office switching equipment, with a total of 9,984 square feet, are located in Lordsburg, Reserve, Magdalena and five other localities in New Mexico. In addition, Western leases 1.28 acres. It also owns and operates 22 towers and 20 associated equipment buildings. Western has the use of 59 other sites under permits or easements at which it has installed various types of equipment either in small company-owned buildings (totaling 2,403 square feet) or under protective cover. Western also owns 4174 miles of copper cable and 820 miles of fiber optic cable within its service area of approximately 17,000+ square miles.

J.B.N. Telephone Company ("JBN") owns or leases a total of approximately 2.25 acres located in northeast Kansas. Its administrative and commercial office consisting of 7,000 square feet is located in Holton, Kansas and a 3,000 square-foot garage/warehouse facility is located in Wetmore, Kansas. JBN owns 15 smaller facilities housing broadband and switching equipment in small towns inside its ILEC territory. Giant Communications, Inc., its CLEC affiliate, owns a 1,200 sq. ft headend and communication tower on 3.1 acres near Holton, and, smaller facilities holding additional equipment in various small towns. Giant leases small office spaces in Wichita and Topeka. In Topeka, Giant owns a .5 acre lot that houses its permanent equipment. JBN with its affiliate Giant, owns 574 miles of fiber optic cable, 1,203 miles of copper cable, and 70 miles of coaxial cable.

Haviland Telephone Company (dba "Haviland Broadband") owns a total of approximately 3.9 acres at 21 sites located in south central Kansas. It has administrative and commercial offices in Haviland and Conway Springs totaling 13,375 square feet, some of which is leased to other parties. Haviland owns 19 other facilities housing garage, warehouse facilities, and central office switching equipment in several small towns in its ILEC area.

Haviland has approximately 1,408 miles of copper cable, 605 miles of fiber optic cable, and 3 communications towers.

Michigan Broadband Services ("MBS") operates 19 regulated telephone exchanges within the Upper and Lower Peninsulas of Michigan. MBS owns approximately 100 acres within these 19 exchanges located in the Upper and Lower Peninsulas of Michigan. MBS leases property to American Tower and owns a tower structure which generates lease revenue from a mobile operator. At its Carney, MI location MBS owns 11,200 square feet of space which is used for administrative, technical and customer service purposes. MBS also owns 23 smaller facilities housing garage, warehouse and central office switching equipment. It also owns and operates 635 miles of fiber optic cable as well as 2,118 miles of copper and 23 miles of coaxial cable.

MBS has leased office space in Traverse City, Michigan located within The Village at Grand Traverse Commons. This location is unique as the property and our office is served with MBS fiber optic facilities.

Central Scott Telephone Company ("Central Scott") owns 4 acres of land at 6 sites. Its main office in Eldridge, Iowa, contains 3,104 square feet of office, 341 square feet of storage space and 2,183 square feet utilized for its switching facilities. A nearby warehouse has 3,360 square feet of garage space together with office space for our technical operations. Central Scott, including its subsidiary CS Technologies, has 514 miles of copper cable, 315 miles of fiber optic cable and 112 miles of coaxial cable.

Cuba City Telephone Exchange Company ("Cuba City") and Belmont Telephone Company ("Belmont") are located in two small communities in Wisconsin. Cuba City Telephone is located in a 3,800 square-foot brick building which it owns on 0.4 acre in Cuba City. The building serves as the central office, commercial office, and garage for vehicle storage. The Company also owns a 0.1-acre site with a 1,400 square foot cement block building and a 600 square foot metal building for storage of materials and equipment. Belmont is located in a cement block building of 800 square feet on 0.5 acre of land in Belmont. The building houses its central office equipment. The companies own a combined total of 332 miles of copper cable and 114 miles of fiber optic cable.

Cal-Ore Telephone Company ("Cal-Ore") Cal-Ore Telephone Company (Cal-Ore) owns a total of 35.4 acres at 8 sites located in north central California. Its principal operating facilities are in Dorris, CA, where Cal-Ore owns three buildings comprising a total of 4,727 square feet housing its administrative offices and central office switching terminals, 11,500 square feet of maintenance shop with offices and truck bays, and another building which houses record storage. Cal-Ore owns two buildings in Tulelake, CA with a total of 1,913 square feet containing business offices, central office switching terminals and storage facilities, as well as a vehicle maintenance shop of 4,450 square feet. Smaller facilities, used mainly for storage and for housing central office switching equipment, with a total of 1,893 square feet, are located in Macdoel, Tennant, and Newell, CA. Cal-Ore has the use of 5 other sites under permits or easements at which it has constructed six microwave towers and installed various items of equipment either in small company owned buildings (totaling 824 square feet) or under protective cover. One of these sites is in Klamath Falls, OR.

It is the Company's opinion that all of the facilities referred to above are in good operating condition and are suitable and adequate for present uses.

LEGAL PROCEEDINGS

See Footnote 13 to the Company's Audited Financial Statements.

RISK FACTORS

In addition to the risks noted above, any of the following risks could materially adversely affect our business, consolidated financial condition, results of operations or liquidity, or the market price of our common stock. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations, and other factors noted above.

Risks Related to Our Indebtedness

To operate and expand our business, service our indebtedness and complete future acquisitions, we will require a significant amount of cash. Our ability to generate cash will depend on many factors beyond our control. We may not generate sufficient funds from operations to repay or refinance our indebtedness at maturity or otherwise, to consummate future acquisitions or to fund our operations. A significant amount of our cash flow from operations will be dedicated to capital expenditures and debt service. As a result, there can be no assurance that the cash that we retain will be sufficient to finance growth opportunities, including acquisitions, and we may be required to devote additional cash to unanticipated capital expenditures or to fund our operations. Our ability to make payments on our indebtedness will depend on our ability to generate cash flow from operations in the future, as well as our ability to refinance existing debt. This ability, to a significant extent, will be subject to general economic, financial, competitive, legislative, regulatory and other factors that will be beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our indebtedness, to make payments of principal at maturity or to fund our capital expenditures and other liquidity needs.

We may also be forced to raise additional capital or sell assets and, if we are forced to pursue any of these options under distressed conditions, our business and the value of our common stock could be adversely affected. In addition, these alternatives may not be available to us when needed or on satisfactory terms due to prevailing market conditions, a decline in our business, legislative and regulatory factors or restrictions contained in the agreements governing our indebtedness.

Our indebtedness could restrict our ability to pay dividends on our common stock and have an adverse impact on our financing options and liquidity position. This indebtedness could have important adverse consequences for the holders of our common stock, including:

- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations, including under our existing credit facilities;
- limiting our ability in the future to obtain additional financing for working capital, capital expenditures or acquisitions;
- causing us to be unable to refinance our indebtedness on terms acceptable to us or at all;
- limiting our flexibility in planning for, or reacting to, changes in our business and the communications industry generally;
- requiring a significant portion of our cash flow from operations to be dedicated to the payment of interest and principal on our indebtedness, thereby reducing funds available for future operations, dividends on our common stock, capital expenditures or acquisitions;
- making us more vulnerable to economic and industry downturns and conditions, including but not limited to increases in interest rates; and
- placing us at a competitive disadvantage compared to those of our competitors that have less indebtedness.

The Company and certain of its subsidiaries are holding companies and rely on dividends, and other payments, advances and transfers of funds from operating subsidiaries and investments to meet debt service and other obligations. The Company and certain of its subsidiaries are holding companies and conduct all of their operations through operating subsidiaries. The Company and these holding subsidiaries currently have no significant assets other than equity interests in the operating subsidiaries. As a result, the Company and these holding subsidiaries rely on dividends and other payments or distributions from operating subsidiaries to meet their debt service obligations and all of their other financial needs or requirements generally. The ability of the Company's operating subsidiaries to pay dividends or make other payments or distributions to the Company and the non-operating subsidiaries will depend on their respective operating results and may be restricted by, among other things:

- the laws of their jurisdiction of organization;
- the rules, regulations and orders of state regulatory authorities;
- agreements of those subsidiaries; and
- the terms of agreements governing indebtedness of those operating subsidiaries.

The Company's operating subsidiaries generally have no obligation, contingent or otherwise, to make funds available to the Company or its other subsidiaries, whether in the form of loans, dividends or other distributions.

Our existing credit facilities and other agreements governing our indebtedness contain covenants that limit our business flexibility through operating and financial restrictions, including on the payment of dividends. Our existing credit facilities impose certain operating and financial restrictions on us. These restrictions prohibit, require prior lender approval of, and/or limit, among other things:

- incurrence of additional indebtedness and the issuance by our subsidiaries of preferred stock;
- payment of dividends on, and purchases or redemptions of, capital stock;
- a number of other types of payments, including investments;
- creation of liens;
- ability of each of our subsidiaries to guarantee indebtedness;
- specified sales of assets;
- creation of encumbrances or restrictions on the ability of our subsidiaries to distribute and advance funds or transfer assets to us or any other subsidiary;
- sale and leaseback transactions; and
- certain consolidations and mergers and sales and/or transfers of assets by or involving us.

Our existing credit facilities also require us to maintain specified financial ratios and satisfy financial condition tests, including, without limitation, a maximum total leverage ratio and a minimum interest coverage ratio. It is possible that a new credit facility, if we were successful in negotiating one, would contain similar provisions on some of these points. Our ability to comply with these covenants, ratios or tests contained in the agreements governing our indebtedness may be affected by events beyond our control, including prevailing and evolving economic, financial regulatory and industry conditions. A breach or violation of any of these covenants, ratios or tests could result in a default under the agreements governing our indebtedness. In current economic and financial circumstances, obtaining a waiver of such a breach or violation, or a modification of the covenant or other provision involved, may become more difficult and expensive.

Under certain conditions, covenants prohibit us from making dividend payments on our common stock. In addition, upon the occurrence of an event of default, the lenders under our existing credit facilities (or a new credit facility, following the consummation of such a transaction) could have the option to declare all amounts outstanding, together with accrued interest, to be immediately due and payable. If we were to be unable to repay those amounts, the lenders under our existing credit facilities (or a new credit facility, following the consummation of such a transaction) could proceed against the security granted to them to secure that indebtedness, or commence collection or bankruptcy proceedings against us.

If the lenders accelerate the payment of any outstanding indebtedness, our assets may not be sufficient to repay all of our indebtedness. Due to general economic conditions, conditions in the lending markets, the results of our business or for other reasons, we may elect or be required to amend or refinance our existing credit facilities (or a new credit facility, following the consummation of such a transaction), at or prior to maturity, or enter into additional agreements for indebtedness. Any such amendment, refinancing or additional agreement may contain covenants which could limit in a significant manner our operations, our competitiveness and/or our financial flexibility generally.

The price of our common stock may fluctuate substantially, which could negatively affect holders of our common stock. The market price of our common stock may fluctuate widely as a result of various factors, such as period-to-period fluctuations in our operating results, the volume of sales of our common stock, developments in the communications industry, the failure of securities analysts to cover our common stock or changes in financial estimates by analysts, competitive factors, regulatory developments, economic and other external factors, general market conditions and market conditions affecting the stock of communications companies in particular. Communications companies have in the past experienced extreme volatility in the trading prices and volumes of their securities, which has often been unrelated to operating performance. High levels of market volatility may have a significant adverse effect on the market price of our common stock and may generate litigation which could result in substantial costs and divert management's attention and resources.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of our common stock. Our stock is thinly traded, and future sales, or the availability for sale in the public market, of substantial amounts of it could adversely affect the prevailing market price of the stock. The market price of our common stock could decline as a result of the perception that a relatively high volume of sales could occur, whether or not such sales are actually contemplated by the Company or are actually made.

Risks Related to Our Business

We provide services to customers over access lines, and if we lose access lines, our business, financial condition and results of operations may be adversely affected. We generate revenue primarily by delivering voice and data services over access lines. We have experienced net access line losses in the past years. These losses resulted mainly from competition, the use of alternative technologies and, to a lesser degree, challenging economic conditions and the offering of DSL services, which has prompted most customers to cancel their second line service. In addition to line losses, the usage of our networks, generally measured in Minutes of Use ("MOUs"), has also been decreasing. It is reasonable to expect that we will continue to experience net access line and MOU losses in our markets. Our inability to retain access lines and the declining usage of the lines we do retain could adversely affect our business, financial condition and results of operations.

We are subject to competition that may adversely impact our business, financial condition and results of operations. As the incumbent telephone company, we historically had experienced little competition in our RLEC markets. However, many of the competitive threats confronting large communications companies, such as competition from VoIP, cable provider and wireless services, are becoming more widespread in the rural markets that we serve. Regulations and technology change quickly in the communications industry, and changes in these factors historically have had, and may in the future have, a significant impact on the competitive dynamics of our industry. In most of our rural markets, we are facing competition from wireless technology, which may increase as wireless technology improves. We are also likely to face increased competition from wireline and cable television operators. We may face additional competition from providers of wireless broadband, as that technology is entering an era of rapid expansion, VoIP, satellite communications and electric utilities. The internet services market is also highly competitive, and we expect that this competition will intensify. Many of our competitors have brand recognition, offer online content services, and have financial, personnel, marketing and other resources that are significantly greater than ours. We believe that a growing percentage of our current and potential customers will have access to a cable modem offering, and the cable industry is continuing to greatly increase its broadband capacities and eventually a wireless broadband offering.

In addition, consolidation and strategic alliances within the communications industry or the development of other new technologies could affect our competitive position. We cannot predict the number of competitors that will emerge from technological developments or as a result of existing or new federal and state regulatory or legislative actions. However, increased competition from existing and new entities could have a material adverse effect on our business, financial condition and results of operations. Competition may lead to loss of revenues and profitability as a result of numerous factors, including, but not limited to:

- loss of customers;
- reduced usage of our network by our existing customers, who may use alternative providers for long distance and data services;
- reductions in the prices for our services which may be necessary to meet competition; and/or
- increases in marketing expenditures and discount and promotional campaigns.

In addition, our provision of long-distance service is subject to a highly-competitive market served by large nationwide carriers that enjoy brand name recognition and have other financial and operational advantages over us.

We may face 5G Wireless Competition in the future. National wireless carriers provide service in most of our service territories. As wireless carriers continue to build out and enhance their voice and data networks and add 5G products and services intended to improve their high speed data service, we may experience increased competition which could have an adverse effect on our business, revenue and cash flow.

We may not be able to successfully integrate new technologies, respond effectively to customer requirements or provide new services. The communications industry is subject to rapid and far-reaching changes in technology, frequent new service introductions, competitive pricing changes and evolving industry standards. We cannot predict the effect of these changes on our competitive position, profitability or financial condition. Technological developments may reduce the competitiveness of our networks and require unbudgeted upgrades or the procurement of additional products that could be expensive, technologically complex and time-consuming to implement. In addition, new products and services arising out of technological developments may reduce the attractiveness of our services. If we fail to adapt successfully to technological changes or obsolescence, or fail to obtain access to important new technologies, we could lose customers and be limited in our ability to attract new customers and/or sell new services to our existing customers.

Our relationships with other communications companies are material to our operations and their financial difficulties may adversely affect our business, financial condition and results of operations. We originate and terminate calls for interexchange and other carriers over our network. For those services, we receive payments for access charges. These payments represent a significant portion of our revenues and are material to our business. If one or more of these carriers go bankrupt or experience substantial financial difficulties, our inability to collect access charges from them could have a negative effect on our business, financial condition and results of operations.

We face risks associated with acquired businesses and potential acquisitions. We have grown in the past, in part, by acquiring other businesses and a portion of our future growth may result from additional acquisitions. Growth through acquisitions entails numerous risks, including but not limited to:

- strain on our financial, management and operational resources, including the distraction of our management team in identifying potential acquisition targets, conducting due diligence and negotiating acquisition agreements;
- the potential loss of key employees or customers of the acquired businesses or our existing business;
- unanticipated liabilities or contingencies of the acquired businesses;
- unbudgeted costs which we may incur in connection with pursuing potential acquisitions, whether or not the acquisitions are consummated.
- failure to achieve projected cash flow or realize anticipated cost-saving synergies from acquired businesses;
- fluctuations in our operating results caused by incurring expenses to acquire businesses before receiving the anticipated revenues expected to result from the acquisitions;
- difficulties in finding suitable acquisition candidates;
- difficulties in making acquisitions on attractive terms due to a potential increase in competitors; and
- difficulties in obtaining and maintaining any required regulatory authorizations in connection with acquisitions.

In the future, we may need additional capital to continue growing through acquisitions. This additional capital may be raised in the form of additional debt, which would increase our leverage and further limit our financial flexibility. We may not be able to raise sufficient capital on terms we consider acceptable, or at all. We may not be able to successfully complete the integration of other businesses that we have previously acquired or successfully integrate any businesses that we might acquire in the future. If we fail to do so, or if we do so but at greater cost than we anticipated, our business, financial condition and results of operations and our ability to expand in the future may be adversely affected.

A network disruption could cause delays or interruptions of service, which could cause us to lose customers. To be successful, we will need to continue to provide our customers reliable service over our network. Some of the risks to our network and infrastructure include:

- physical damage to access lines;
- widespread power surges or outages;
- software defects in critical systems; and
- disruptions beyond our control.

Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers and/or revenues and incur expenses.

Our billing systems or the billing systems of our third-party vendors may not function properly. The failure of any of our billing systems or the billing systems of any of our third-party vendors could result in our inability to adequately bill and provide service to our customers. The failure of any of our billing systems could have a material adverse effect on our business, financial condition and results of operations.

We depend on third parties for our provision of long distance and broadband services. Our provision of long distance and broadband services is dependent on underlying agreements with other carriers that provide us with transport and termination services. If these carriers fail to meet their obligations, or if the provisions in our agreements with them prove unfavorable to us due to changes in market conditions or other factors, our business and operations may be adversely affected.

We may not be able to maintain the necessary rights-of-way for our networks. We are dependent on rights-of-way and other permits from railroads, utilities, state highway authorities, local governments, transit authorities and others to install and maintain conduit and related communications equipment for any expansion of our networks. We may need to renew current rights-of-way for our networks and there can be no assurance that we would be successful in renewing each of these agreements on acceptable terms or at all. Some of our agreements may be short-term, revocable at will, or subject to termination upon customary default provisions, and we may not have access to existing rights-of-way after they have expired or been terminated. If any of these agreements are terminated or not renewed, we could be required to remove or abandon our facilities. Similarly, we may not be able to obtain right-of-way agreements on favorable terms, or at all, in new service areas, and, if we are unable to do so, our ability to expand our networks could be impaired.

Our success depends on our ability to attract and retain qualified management and other personnel. Our success depends upon the talents and efforts of our all of our personnel. The loss of any member of our senior management team, and the inability to attract and retain highly qualified technical and management personnel in the future, could have an adverse effect on our business, financial condition and results of operations.

We may face significant future liabilities or compliance costs in connection with environmental and worker health and safety matters. Our operations and properties are subject to federal, state and local laws and regulations relating among other things to protection of the environment, natural resources, and worker health and safety, including laws and regulations governing the management, storage and disposal of hazardous substances, materials and wastes, and remediation of contaminated sites. Under certain environmental laws, we could be held liable, jointly and severally and without regard to fault, for the costs of investigating and remediating any contamination at owned or operated properties, or for contamination arising from the disposal by us or our predecessors of regulated materials at formerly owned or operated properties or at third-party waste disposal sites. In addition, we could be held responsible for third-party property or personal injury claims relating to any such contamination or relating to any violations of environmental laws. Changes in existing laws or regulations, future acquisitions of businesses or any newly discovered information could require us to incur substantial costs relating to these matters.

We have a significant amount of goodwill and other intangible assets on our balance sheet. If our goodwill or other intangible assets become impaired, we may be required to record a significant non-cash charge to earnings and reduce our stockholders' equity. Under generally accepted accounting principles, intangible assets are reviewed for impairment on an annual basis or more frequently whenever events or circumstances indicate that their carrying value may not be recoverable. The Company monitors relevant circumstances, including general economic conditions, enterprise value EBITDA multiples for RLEC properties, the Company's overall financial performance, and the potential that changes in such circumstances might have on the valuation of the Company's intangible assets, including goodwill. If our intangible assets are determined to be impaired in the future, we may be required to record a significant non-cash charge to earnings during the period in which the impairment is determined.

The COVID-19 global pandemic may adversely impact our business - During March 2020, the World Health Organization declared the rapidly growing coronavirus outbreak to be a global pandemic. The COVID-19 pandemic has significantly impacted health and economic conditions throughout the United States. Federal, state and local governments took and are continuing to take a variety of actions to contain the spread of COVID-19. While the short-term impact on our operations has been limited, we cannot predict the continuing or future impact if this pandemic changes in its nature or continues for an extended period of time.

Risks Related to Our Regulatory Environment

We are subject to significant regulations that could change in a manner adverse to us. We operate in a heavily regulated industry, and substantial portions of our revenues are supported by regulations, including access revenue and USF support for the provision of telephone services in rural areas. As discussed above, the new A-CAM program substantially increases the support being provided to LICT's telephone company subsidiaries, but future rules and regulations issued by the FCC could ultimately effect fundamental changes in the financial structure and characteristics of the telecommunications industry. Moreover, existing laws and regulations applicable to us and our competitors may be, and have been, challenged in the courts, and could be changed by Congress or regulators in a manner adverse to us. In addition, any of the following have the potential to have a significant impact on us:

Risk of loss or reduction of network access revenues. A significant portion of our revenues comes from network access charges, a portion of which are paid to us by intrastate and interstate long distance carriers for originating and terminating calls and for providing special access services which connect carriers to their end users in our service areas. In past years, several long-distance carriers have declared bankruptcy. Future declarations of bankruptcy by carriers that utilize our access services could negatively impact our business, financial condition and results of operations. In addition, the amount of access charge revenues that we currently receive is based on rates set by federal and state regulatory bodies, and those rates could change in the future. Also, from time to time, federal and state regulatory bodies conduct rate cases, earnings reviews, or make adjustments to average schedule formulas that may result in such rate changes. In addition, reforms of the federal and state access charge systems, combined with the development of competition, have caused the aggregate amount of access charges paid by long distance carriers to decrease. Significant changes in the access charge system, if not offset by a revenue replacement mechanism, could result in a significant decrease in our revenues. Decreases in or loss of access charges may or may not result in offsetting increases in local, or subscriber line, revenues. Regulatory developments of this type could adversely affect our business, financial condition and results of operations.

Risk of loss or reduction of Universal Service Fund support. We receive USF revenues in addition to A-CAM from both the federal and, in some cases, state universal service support mechanisms to help fund our operations. Any changes to the existing rules could reduce the USF revenues we receive. Corresponding changes in state universal service support could likewise have a negative effect on the revenues we receive. If we raise prices for services to offset losses of USF payments, the increased pricing of our services may disadvantage us competitively in the marketplace, resulting in additional potential revenue loss. Furthermore, any changes in the rules and regulations governing the distribution of such support or the manner in which USF contributions are obtained or calculated could have a material adverse effect on our business, financial condition or results of operations.

Risk of loss of statutory exemption from burdensome interconnection rules imposed on incumbent local exchange carriers. Our RLECs are exempt from some of the Telecom Act's more burdensome requirements governing the rights of competitors to interconnect to ILEC networks and to utilize discrete elements of the ILEC's network at favorable rates. To the extent that state regulators may decide that some or all of these requirements should be imposed upon our RLECs, we could be required to provide unbundled network elements or other facilities or services to competitors in our service areas. As a result, more competitors could enter our traditional telephone markets than are currently active there, which could have a material adverse effect on our business, financial condition and results of operations.

Risks posed by costs of regulatory compliance. Regulatory requirements create significant compliance costs for us and are expected to continue to do so. Our subsidiaries that provide intrastate services may be or become subject to certification, tariff filing, and other ongoing regulatory requirements imposed by state regulators. Our interstate access services are currently provided in accordance with tariffs filed with the FCC by NECA. Challenges in the future to NECA's tariffs by regulators or delays in the Company's obtaining certifications and regulatory approvals could adversely affect the rates that we are able to charge our customers. We are also subject to audits by both federal and state regulatory authorities, which may be costly and burdensome and may result in fines, penalties, refunds or other unfavorable and burdensome requirements.

Our business also may be impacted by legislation or regulations imposing new or greater obligations related to assisting law enforcement, bolstering homeland security, minimizing environmental impacts, protecting customer privacy or addressing other issues that impact our business. For example, existing provisions of the Communications Assistance for Law Enforcement Act ("CALEA") and FCC regulations implementing that legislation require communications carriers to ensure that their equipment, facilities, and services are able to facilitate authorized electronic surveillance. We cannot predict whether or to what extent the FCC might modify its CALEA rules or any other rules, or what compliance with new rules might cost. Similarly, we cannot predict whether or to what extent federal or state legislators or regulators might impose new security, environmental or other obligations on our business, although it is possible that they may do so.

Risk of loss from rate reduction. Most of our local exchange companies that operate pursuant to intrastate rate of return regulation are subject to state regulatory authority over their intrastate telecommunications service rates. State review of these rates could lead to rate reductions, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Regulatory changes in the communications industry could adversely affect our business by facilitating greater competition, reducing potential revenues or raising our costs. Over the past several years, the FCC has made fundamental changes in its regulation of the telecommunications industry and this regulatory regime is continuing to evolve. In addition, the Telecom Act also provides for ongoing changes and increased competition in the telecommunications industry, including competition for local communications and long-distance services. This statute and the FCC's regulations may be subject to additional Congressional amendment, regulatory modification or judicial review. It is not possible to predict what effects future legislation, FCC regulatory actions or court decisions will have on our business, financial condition or results of operations. However, such effects could be materially averse to our business and financial results.

MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read together with the Consolidated Financial Statements of LICT Corporation and the notes thereto.

Forward-Looking Statements and Uncertainty of Financial Projections

The following discussion contains certain forward-looking statements. Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are based on estimates and assumptions that are inherently subject to significant business, financial, economic and competitive uncertainties and contingencies, many of which are beyond our control and all of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company.

RESULTS OF OPERATIONS

Overview

LICT provides an array of broadband and communications services, primarily in rural areas but with continuing expansions in adjacent urban communities, which are detailed in the Telecommunications Operations section of this report. Our history was principally as an operator of rural telephone service (known as Rural Local Exchange Carriers, or "RLECs"), with operations in rural parts of California, Iowa, Kansas, Michigan, New Mexico, Utah and Wisconsin. While we have continued to operate in the space, we have been actively transitioning to a high-speed broadband provider. As technologies have evolved, LICT has also evolved and adjusted our service offerings.

The broad array of services which we provide to residential, commercial and governmental customers include:

- Broadband services, fiber optic facilities, wireless technologies, Digital Subscriber Lines ("DSL"), and coaxial cable via cable modem and;
- Video services, including c1able television and Internet Protocol Television ("IPTV");
- Local and long-distance telephone service;
- Access for other telephone service providers to the intra-state and interstate networks;
- Private line connections between, for example, two branches of a business;
- Public access, including, for example, 911 service;
- Managed Hosting, where we host virtual switchboards for customers;

The federal and state governments have long had a policy of encouraging and promoting telephone, broadband and other communication services in rural areas because it provided a benefit to all Americans and to the nation as a whole. RLECs, in particular, including those that form the core of our Company, often provide communications services in rural areas where such service would not be economically feasible without numerous federal and state support mechanisms, which are generally referred to as Universal Service Funds ("USF"). Such programs evolve constantly to take into consideration customer needs, as well as new services and technologies, and to encourage RLECs to invest in and support the new technologies and provide new services to their customers. In addition, the rates we can charge for some of our services are regulated by the FCC and in many cases, the various state public utility commissions. There is no certainty that such support programs will continue at the same levels as they have in the past. Some reductions have already occurred, although the FCC's A-CAM and A-CAM II support programs, discussed below, have significantly increased the amount, as well as the consistency and predictability of the federal support we are receiving. Overall, we believe that the various governmental agencies will continue to encourage and support the provision of modern communications services for people living in high-cost, rural areas. People are connecting more, and in more ways, than ever before – and this includes the rural population, as well as urban dwellers. We believe that this expansion of communications creates an opportunity for us to successfully develop the Company's business, as rural customers demand additional and better communications infrastructure.

Increasing demand for high-speed connectivity, partially fueled by the COVID-19 pandemic, has been a major driver of growth for our Company. In particular, the number of broadband subscribers has grown dramatically in the past two years with transition to remote work, distance learning and other on-line activities. This has been offset, in part, by reductions in the number of traditional voice telephone lines we serve, as consumers replace traditional telephone connections with new technologies. We expect such shifts in consumer behavior to continue and we, in turn, are continuing to develop our Company as a broad-based communications provider, regardless of the technology.

Effective January 1, 2017, the FCC instituted a revised, voluntary USF mechanism for eligible rate-of-return Incumbent Local Exchange Carriers ("ILECs"), called A-CAM, an acronym for "Alternative – Connect America Cost Model." A-CAM replaced the prior Interstate Common Line Support ("ICLS"), which the FCC renamed the Connect American Fund – Broadband Loop Support ("CAF-BLS") fund, and High Cost Loop Support ("HCLS") cost-based USF programs, which were based on specific company actual expenditures for operations and capital or on average schedule algorithms derived based on industry averages. The A-CAM program was designed by the FCC to expedite the deployment of broadband capabilities throughout the nation's rural areas that are served by rate-of-return carriers. Eleven of LICT's thirteen operating ILEC study areas elected to adopt A-CAM, which originally provided a fixed amount of annual funding for a period of ten years, effective January 1, 2017. As part of adopting the A-CAM model, our ILECs must meet certain broadband build-out requirements over the ten-year period originally ending in 2026. The build out requirements commenced December 31, 2020. The LICT ILECs participating in A-CAM, located in six states, would receive a combined fixed annual payment of $23.3 million over the next ten years (prior to the FCC subsequent incremental A-CAM funding described below). In addition, the ILECs in two of these states have received supplemental transitional payments of $0.5 million at the time of elections and these have been reduced by $0.1 million per year through the end of 2021.

In May 2018, the FCC expanded the A-CAM program for companies whose support was initially capped and offered the LICT companies an additional $2.9 million in annual A-CAM funding, which was retroactive to January 1, 2017, in return for increasing the required build-out obligations through 2026. The LICT companies accepted the additional A-CAM funding, and the cumulative funding was received in 2018.

In February 2019, the FCC again expanded the A-CAM program for those companies whose support was initially capped and offered LICT companies an incremental $4.6 million in annual A-CAM funding, which is retroactive to January 1, 2019. With the 2019 increase, these capped companies have now been offered the fully funded support contemplated by the initial A-CAM program. Acceptance of the incremental funding extended the A-CAM annual support payments for two additional years to December 31, 2028 but requires the A-CAM companies to provide 25/3 Mbps to a greater number of locations. In March 2019, all of LICT's current A-CAM companies, in six states, accepted the additional A-CAM funding through 2028 with the associated increase in broadband build-out requirements. The additional $4.6 million of A-CAM funding went to four of LICT's states and the remaining two states did not receive any additional funding but did receive two additional years of A-CAM support through 2028 for the increased build-out requirements.

In 2019, the FCC also provided an opportunity for all remaining CAF-BLS companies to convert to a new USF mechanism, called A-CAM II, that replaced the existing HCLS and CAF-BLS high cost support mechanisms. In the summer of 2019, LICT elected A-CAM II for our Wisconsin ILEC properties.

As of 2019, all of LICT's ILECs have elected A-CAM or A-CAM II. A-CAM and A-CAM II revenues were $32.0 million and $32.1 million in 2021 and 2020, respectively.

Year 2021 compared to 2020

The following is a breakdown of revenue and operating costs and expenses (in thousands):

	2021	2020
Revenue:		
Regulated revenue:		
Local access	$6,345	$6,589
Interstate access & USF	45,684	46,986
Intrastate access & USF	8,366	8,148
Other	1,188	1,106
Total regulated revenue	61,583	62,829
Non-regulated revenues:		
Broadband and related services	57,494	49,453
Video (including cable modem)	5,314	7,161
Other	4,769	4,731
Total non-regulated revenue	67,577	61,345
Total revenue	129,160	124,174
Operating Costs and Expenses:		
Cost of revenue, excluding depreciation	59,017	54,244
General and administrative costs at operations	12,302	12,376
Corporate office expenses	3,854	3,652
Charitable contributions	1,105	1,140
Depreciation and amortization	18,851	17,349
Total operating costs and expenses	95,129	88,761
Operating profit	$34,031	$35,413

Total revenues in 2021 increased $5.0 million, or 4.0%, to $129.2 million. Our non-regulated revenues grew by $6.2 million to $67.6 million, a 10.2% increase as compared to 2020. Non-regulated revenues from our broadband, both in and out-of-territory services and other out-of-territory services. The increase was driven by additional broadband circuits outside of our regulated service territory, added subscribers of broadband services over fiber and cable modems and the sale of communications equipment. Non-regulated revenues have grown to represent over 52% of our revenue streams and are expected to continue to grow in future years. Our regulated revenues decreased by $1.2 million to $61.6 million, a 2.0% decrease as compared to 2020. Local access revenue decreased $0.2 million, or 3.7%, due to a decrease in in-territory telephone access lines. Interstate access revenue decreased by 2.8% or $1.3 million as compared to 2020. This was offset by $0.2 million or 2.7% increase in Intrastate revenues mostly attributable to the increase in Utah Intrastate USF funding in 2020.

Total operating costs and expenses were $95.1 million in 2021 and $88.8 million in 2020, a $6.3 million increase, predominantly due to a $4.8 million increase in the cost of revenue as we have continued to expand our broadband speed offerings and the increase number of customers additions, and the required customer premises equipment (CPE). In addition, the increase capital expenditures to expand our network reach and add customers resulted in an increase of $1.5 million in depreciation expense for the year. In both 2021 and 2020, the Company executed its charitable giving program resulting in donations of $1.1 million in in both years.

As a result of the above factors, Operating Profit in 2021 decreased by $1.4 million to $34.0 million.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business. When viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of the factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's statement of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures, because this non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

LICT's management believes strongly in growing intrinsic value as a long-term prescription for managing an enterprise's health. Our local management teams run their respective businesses as stand-alone, entrepreneurial units although we attempt to use economies of scale and other efficiencies (such as joint purchasing) where feasible. We believe that EBITDA is the clearest indicator of the cash-flow-generating ability and long-term health of such units. We value potential acquisitions on the same basis.

EBITDA refers to, for any period, net income (loss) before all components of "Other income (expense)" (consisting of investment income, interest expense, equity in earnings of affiliates, gains and losses on disposition of or impairment of assets), income taxes, depreciation, amortization, and minority interests.

The following table provides the components of EBITDA and reconciles it to net income (in thousands):

	2021	2020
EBITDA from:		
Operating units	$57,841	$57,554
Corporate expense	(3,854)	(3,652)
Charitable contributions	(1,105)	(1,140)
EBITDA	$52,882	$52,762
Reconciliation to net income:		
EBITDA	$52,882	$52,762
Depreciation and amortization	(18,851)	(17,349)
Investment income	803	547
Interest expense	(1,343)	(1,752)
Equity in earnings of affiliates	273	320
Gain from the sale of investments	-	13,071
Other	14	3,477
Income tax provision	(8,954)	(13,808)
Net income	$24,824	$37,268

During 2021 and 2020, the Company conducted both shareholder-designated and employee-designated charitable contribution programs. Under these programs, the Company expensed $1.1 million in both years as donations to local and national IRS authorized 501(c)3 organizations. In December 2021, the Company's Board of Directors approved a contribution that was paid in March 2022. These 2022 Contributions were accrued as of December 31, 2021. The Company may continue these programs in the future.

<u>Other Income (Expense)</u>

Investment income increased by $0.3 million in 2021, primarily due to increased distributions from the Company's investment in Aureon Network Services, Inc and an increase in patronage capital receipts.

Interest expense decreased by $0.4 million in 2021 to $1.3 million, primarily due to lower utilization of the line of credit.

Gain on the sale of investment is from the sale of MODOC in January 2020.

2020 Other income includes a $3.5 million gain on the sale of the Topeka Kansas AWS Spectrum license.

Equity in earnings of affiliates in 2021 and 2020 were consistent at $0.3 million.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2021 and 2020 represents effective tax rates of 26.5% and 27.0%, respectively. The difference between these effective rates and the federal statutory rate is principally the increase in depreciation.

Net Income

Net income was $24.8 million, or $1,368 per basic share and diluted share in 2021, compared to net income in 2020 of $37.3 million, or $1,982 per basic share and diluted share.

LIQUIDITY AND CAPITAL

LICT closed on a new 5-year, $50 million unsecured Revolving Credit Facility with CoBank in January of 2020. In addition to extending the Revolving Credit Facility through 2025, the new loan facility is unsecured, provides for lower borrowing rates, and has more flexible terms. The December 31, 2021 outstanding balance for the Revolving Credit Facility totals $35.0 million. In the first quarter of 2022 the Company paid $25.0 million to reduce the Revolving Credit Facility balance. As a result, the table below reflects the $25.0 million due within one year.

The Company is obligated under long-term debt provisions and lease agreements to make certain cash payments over the term of the agreements. The following table summarizes, as of December 31, 2021, and for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity:

	Payments Due by Period – In thousands				
	Total	1 year	2 – 3 years	4 – 5 years	Over 5 years
Long-term debt, notes to sellers, principal only	$12,325	$577	$4,101	$7,647	-
Revolving credit facility with bank, principal only	35,000	25,000	-	10,000	-
Interest on debt and notes	3,626	957	1,833	837	-
Operating leases	7,329	954	1,629	1,337	3,409
Total contractual cash obligations and commitments	$58,280	$27,488	$7,563	$19,821	$3,409

At December 31, 2021, total debt, was $47.3 million, compared to $63.2 million at December 31, 2020. As of December 31, 2021, there was $12.3 million of fixed interest rate debt at 6% and 4%, and $35.0 million of variable interest rate debt, averaging 2.3%. In addition, the revolving credit facility is secured by the assets and common stock of the subsidiaries that are not already pledged.

As of December 31, 2021, the ratio of total debt (excluding the operating leases and future interest) to EBITDA was 0.89 to 1 compared to 1.20 to 1 as of December 31, 2020.

As of December 31, 2021, LICT had current assets of $81.9 million and current liabilities of $37.8 million resulting in working capital of $44.1 million, compared to working capital of $48.3 million at December 31, 2020. The decrease was primarily due to an increase in capital expenditures, the acquisition of spectrum and the continuation of our stock repurchase program.

The Company continues to evaluate significant refinancing initiatives which will enhance our ability to take the operational steps necessary to position the organization for future success.

Sources and Uses of Cash

Subsidiaries of the Company continue to participate in the FCC's Auctions. As part of the prescribed auction procedures, these subsidiaries are required to make an upfront deposit to participate in these Auctions. This upfront deposit would be used to pay for spectrum licenses acquired in the Auctions, if any, and excess returned to the Company's subsidiaries. Participation in these Auctions impacts the Company's short-term liquidity and if significant licenses are successfully acquired, they could impact long-term liquidity.

The Company participated in three separate FCC Auctions during 2020, Auction 105- CBRS, Auction 904 - RDOF and Auction 107 – 3.7 GHZ. FCC Auction 105 – CBRS band ended on August 25, 2020 and LICT acquired 162 licenses. These licenses where in 78 counties within 11 states, including California, Iowa, Idaho, Kansas, Michigan, Missouri, New Mexico, Nevada, Oregon, Utah and Wisconsin.

In Auction 904, also known as Rural Development Opportunity Fund or "RDOF", which ended on November 23, 2020, LICT was awarded 8 census block groups in California, Iowa and Wisconsin. Auction 904 is a part of the Federal Communications Commission's Universal Service Fund supporting the expansion of broadband internet services to underserved rural areas of the United States.

The Company participated in FCC Auction 107 – 3.7 GHz band ended on February 18, 2021. In this auction, LICT acquired 5 licenses in Iowa, New Mexico and Utah.

FCC Auction 110 – 3.45 to 3.55 GHz band for next-generation wireless services began in October 2021 and ended in January 2022. Upon completion of the auction, LICT acquired market licenses in 12 PEA's that include Garden City, Kansas, Kanab, Logan, Saint George and Richfield, Utah, Alamogordo, Deming and Socorro, New Mexico, Escanaba and Traverse City, Michigan and Jackson Wyoming.

As of January 1, 2019 all LICT subsidiaries have converted to A-CAM funding support through 2028 and the total A-CAM and A-CAM II cash receipts were $32.0 million and $32.1 million in 2021 and 2020 respectively.

Cash and cash equivalents at December 31, 2021, was $42.5 million, a decrease of $24.9 million from 2020.

Net cash provided by operations of $42.8 million in 2021 and $44.2 million in 2020 was primarily used to invest in plant and equipment, repay debt, acquire spectrum licenses and acquire treasury shares.

Capital expenditures were $31.2 million in 2021 and $28.2 million in 2020.

From 2008 through 2021, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service of 50%, starting January 1, 2008; 100%, starting September 9, 2010 through December 31, 2011; 50% starting January 1, 2012 and ended on September 28, 2017 and, as a result of the Tax Cuts and Jobs Act, 100% after September 28, 2017. Such deductions have the effect of reducing current taxes payable but will increase tax payments in future years.

The Company sold it 25% ownership in MODOC #2 for $16.9 million in January 2020. In November 2020, it sold its Topeka, Kansas AWS spectrum for $3.9 million.

The Company’s Board of Directors has authorized the purchase of up to 9,664 shares of the Company’s common stock. Through December 31, 2021, the Company purchased 8,839 shares in the open market at an average investment of $6,585 per share, including 662 shares purchased in 2021 at an average investment of $22,986 per share. The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999.

LICT Corporation and Subsidiaries

Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

LICT Corporation and Subsidiaries

Contents

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Independent Auditor's Report

The Board of Directors
LICT Corporation and Subsidiaries
Rye, New York

Opinion

We have audited the consolidated financial statements of LICT Corporation and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Stamford, CT

May 10, 2022

LICT Corporation and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share data)

December 31,		2021		2020
Assets				
Current Assets				
Cash and cash equivalents	$	**42,466**	$	67,324
Accounts receivable, less allowances of $169 and $179, respectively		**7,180**		6,443
Materials and supplies		**8,212**		5,221
Deposits, prepaid expenses and other current assets		**24,068**		23,458
Total Current Assets		**81,926**		102,446
Property, Plant and Equipment, Net		**123,473**		109,545
Goodwill		**48,048**		48,048
Other Intangibles		**16,392**		11,832
Investments in Affiliated Companies		**3,822**		3,636
Other Assets		**10,476**		7,869
Total Assets	$	**284,137**	$	283,376
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable	$	**4,388**	$	4,354
Accrued interest payable		**154**		286
Accrued liabilities		**7,720**		7,089
Current maturities of long-term debt		**25,577**		42,338
Total Current Liabilities		**37,839**		54,067
Long-Term Debt		**21,748**		20,838
Deferred Income Taxes		**25,025**		22,357
Other Liabilities		**9,323**		5,519
Total Liabilities		**93,935**		102,781
Commitments and Contingencies (Note 13)				
Shareholders' Equity				
Common stock, $0.0001 par value; 10,000,000 shares authorized; 26,831 issued; 17,871 and 18,533 outstanding, respectively		**-**		-
Additional paid-in capital		**17,859**		17,859
Retained earnings		**246,303**		221,479
Treasury stock, 8,959 and 8,297 shares, respectively, at cost		**(73,960)**		(58,743)
Total Shareholders' Equity		**190,202**		180,595
Total Liabilities and Shareholders' Equity	$	**284,137**	$	283,376

See accompanying notes to consolidated financial statements.

LICT Corporation and Subsidiaries

Consolidated Statements of Income
(in thousands, except share data)

Year ended December 31,		**2021**		2020
Revenues	**$**	**129,160**	$	124,174
Operating Costs				
Cost of revenue, excluding depreciation and amortization		**59,017**		54,244
General and administrative costs at operations		**12,302**		12,376
Corporate office expense		**3,854**		3,652
Charitable contributions		**1,105**		1,140
Depreciation and amortization		**18,851**		17,349
Operating Profit		**34,031**		35,413
Other Income (Expense)				
Investment income		**803**		547
Interest expense		**(1,343)**		(1,752)
Equity in earnings of affiliated companies		**273**		320
Gain from the sale of investment		**-**		13,071
Other		**14**		3,477
Total Other (Expense) Income		**(253)**		15,663
Income before tax provision		**33,778**		51,076
Provision for income taxes		**(8,954)**		(13,808)
Net Income	**$**	**24,824**	$	37,268
Basic and Diluted Weighted-Average Shares Outstanding		**18,141**		18,807
Earnings Per Share				
Basic and Diluted earnings per share	**$**	**1,368**	$	1,982

See accompanying notes to consolidated financial statements.

LICT Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity
(in thousands, except share data)

	Shares of Common Stock Outstanding		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Total
Balance, January 1, 2020	19,188	$	17,859	$	184,211	$	(47,725)	$	154,345
Net income	-		-		37,268		-		37,268
Purchase of treasury stock	(655)		-		-		(11,018)		(11,018)
Balance, December 31, 2020	18,533		17,859		221,479		(58,743)		180,595
Net income	-		-		24,824		-		24,824
Purchase of treasury stock	(662)		-				(15,217)		(15,217)
Balance, December 31, 2021	17,871	$	17,859	$	246,303	$	(73,960)	$	190,202

See accompanying notes to consolidated financial statements.

LICT Corporation and Subsidiaries

Consolidated Statements of Cash Flows (in thousands)

Year ended December 31,		**2021**		2020
Cash Flows from Operating Activities				
Net Income	**$**	**24,824**	$	37,268
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		**18,897**		17,392
Equity in earnings of affiliated companies		**(273)**		(320)
Distributions received from affiliated companies		**-**		564
Deferred income tax provision		**2,668**		2,171
Unrealized gains on securities		**(53)**		(49)
Realized loss on securities		**29**		-
Gain from the sale of investment		**-**		(13,701)
Other gains		**-**		(2,785)
Changes in operating assets and liabilities, net of effects of acquisitions:				
Trade accounts receivable, net of allowances		**(737)**		1,569
Income taxes receivable (payable)		**(403)**		2,204
Trade accounts payable and accrued liabilities		**(771)**		791
Other assets and liabilities		**(1,360)**		(908)
Net Cash Provided by Operating Activities		**42,821**		44,196
Cash Flows from Investing Activities				
Capital expenditures		**(31,192)**		(28,232)
Acquisition of business, net of cash acquired		**(979)**		-
Proceeds from sale of investments		**-**		16,900
Proceeds from sale of license		**-**		3,900
Purchase of securities		**-**		(552)
Sale of securities		**73**		-
Deposit with FCC for auctions[(a)(b)]		**(20,000)**		(20,000)
Return of deposit from FCC[(a)(b)]		**20,000**		20,000
Acquisition of licenses		**(4,385)**		(4,809)
Other		**(111)**		214
Net Cash Used in Investing Activities		**(36,594)**		(12,579)

(Continued)

LICT Corporation and Subsidiaries

Consolidated Statements of Cash Flows (in thousands)

Year ended December 31,		**2021**		2020
Cash Flows from Financing Activities				
Payments to reduce long-term debt	**$**	**(852)**	$	(2,502)
Borrowings from (repayment of) line of credit, net		**(15,000)**		41,000
Purchase of treasury stock		**(15,217)**		(11,018)
Payments of debt issuance cost		**(16)**		(188)
Net Cash (Used in) Provided by Financing Activities		**(31,085)**		27,292
Net (Decrease) Increase in Cash and Cash Equivalents		**(24,858)**		58,909
Cash and Cash Equivalents, beginning of year		**67,324**		8,415
Cash and Cash Equivalents, end of year	**$**	**42,466**	$	67,324
Supplemental Cash Flow Information				
Cash paid during the year for:				
Interest	**$**	**1,379**	$	1,550
Income tax payments, net of refunds		**6,635**		9,554
Non-cash transactions:				
Right-of-use assets obtained in exchange for new operating lease liabilities	**$**	**3,598**	$	28
Net change of capital expenditures in accounts payable		**672**		116
Donated securities		**178**		-

(a) In February 2021, Auction 107 concluded and LICT was the winning bidder on five spectrum licenses totaling $4,267,000. The FCC returned $15,733,000 cash from the original $20,000,000 deposit.
(b) In March 2020, Auction 103 concluded and LICT was the winning bidder on two spectrum licenses totaling $170,000. The FCC returned $19,830,000 cash from the original $20,000,000 deposit.

See accompanying notes to consolidated financial statements.

1. Accounting and Reporting Policies

Organization

LICT Corporation and Subsidiaries (the "Company" or "LICT") is an integrated communications company that trades on the OTC Pink Sheets under the symbol LICT and has not paid cash dividends since its inception in 1990.

LICT's subsidiaries operate in rural communities in nine states, providing regulated and unregulated communications services including local telephone service, network access, transport, high-speed internet access, long-distance service, cable television, and competitive local exchange carrier (CLEC) services. LICT's operating telephone companies include Western New Mexico Telephone Company in New Mexico; Cuba City Telephone Exchange Company and Belmont Telephone Company in Wisconsin; J.B.N. Telephone Company and Haviland Telephone Company in Kansas; Upper Peninsula Telephone Company and Michigan Central Broadband Company in Michigan; Central Scott Telephone Company in Iowa; Central Utah Telephone, Skyline Telecom and Bear Lake Communications in Utah; and California-Oregon Telephone Company in California.

COVID-19

A novel strain of coronavirus (COVID-19) was first identified in December 2019, and subsequently declared a global pandemic by the World Health Organization on March 11, 2020. As a result of the outbreak, companies have experienced disruptions in their operations and in markets served. The Company instituted numerous precautionary measures intended to help ensure the well-being of its employees, continue providing essential telecommunications services to its customers and minimize business disruption. As COVID-19 restriction eased in some states, the Company began having employees who had been working from home since March 2020 return to their normal work locations while continuing to empower the technicians to reschedule any in-person installation or repair if they determine that circumstances at the location present a health risk. During the second half of 2020, the Company experienced shifts in customer demand, and residential consumes requested new or faster Internet speeds to facilitate more people working and learning from home. The increases were partially offset by reduced demand from businesses who primarily relied on tourism or encouraged employees to work remotely when possible. An immaterial number of customers requested payment extensions under governmental programs designed to reduce the economic impact of the pandemic on families. While management continues to actively monitor the evolving nature of the COVID-19 outbreak on its business, the Company is not able to accurately estimate the potential adverse effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future fiscal years.

In February 2021, the FCC created the Emergency Broadband Benefit Program ("EBB"), a temporary program to help low-income households stay connected during the COVID-19 pandemic by providing broadband service discounts for eligible households. The Company is a participant in this program. The EBB ended December 31, 2021. EBB recipients fully enrolled as of December 31, 2021, will automatically continue to receive their current monthly benefit until March 1, 2022 when the Affordable Connectivity Program takes its place.

Basis of Presentation

The accompanying consolidated financial statements represent the accounts of LICT and its wholly owned subsidiaries, which provide communications (voice and data), cable television, and internet services. All significant inter-company transactions and balances have been eliminated in consolidation. Investments in affiliates in which the Company does not have majority voting control but has the ability to significantly influence financial and operating policies are accounted for in accordance with the equity method of accounting. The Company accounts for the following affiliated companies on the equity method of accounting: cellular partnership in California (25% owned) through January 2, 2020, and telecommunications operations in California, Kansas, New York and Utah (2% to 14% owned through partnerships), and the former subsidiary, a rural communication and alarm system subsidiary in New York, in which the Company maintains 20%. Marketable securities are measured at Fair Value and all other investments are measured at cost.

The Company's telephone subsidiaries are public utilities that are regulated by both the Federal Communications Commission (FCC) and various state commissions. The subsidiaries follow the accounting prescribed by the Uniform System of Accounts of the FCC, the state commissions, and regulated accounting practices. Where applicable, this regulated accounting recognizes the economic effects of rate regulation by recording costs and a return on investment as such amounts are recovered through rates authorized by regulatory authorities. Accordingly, the Company is required to depreciate telephone plant over useful lives prescribed by regulators that would otherwise be determined by management. Criteria that would give rise to the discontinuance of regulatory accounting practices include (1) increasing competition restricting the Company's wireline businesses' ability to establish prices to recover specific costs, and (2) significant changes in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. The Company periodically reviews the applicability of regulatory accounting guidelines based on the developments in its current regulatory and competitive environments.

Use of 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; allowances for doubtful accounts; the valuation of deferred tax assets; goodwill and other intangible assets; marketable securities; liabilities for income tax uncertainties; the application of regulated accounting practices; reserves for National Exchange Carrier Association (NECA) revenues; and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash Equivalents

Cash equivalents consist of highly liquid investments and treasury bills with original maturities of three months or less when purchased.

Concentration of Risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents. Management believes the financial risks associated with these financial instruments are minimal.

Cash equivalents held in United States Treasury money market funds totaled $3.8 million and $61.9 million at December 31, 2021 and 2020, respectively, and are insured by the Securities Investor Protection Corporation up to $500,000 per separate capacity account. The Company maintains its cash balance in accounts that, at times, may exceed the $250,000 Federal Deposit Insurance Corporation limits per financial institution.

The Company has $33.5 million invested in United States Treasury Bills as of December 31, 2021.

In 2021, the Company received $44.1 million, or 34% of its revenue, from the Federal Universal Service Fund, various state funds and NECA. In 2020, the Company received $44.5 million, or 36% from such sources.

Investment in Securities

The Company carries its investments in marketable equity securities at fair value and records the subsequent changes in fair values in the consolidated statements of income as a component of other income (expense).

Investment Income - Patronage

The Company has loans with CoBank, a cooperative owned and controlled by its members that requires each customer to own a restricted share of CoBank. Each member borrowing from CoBank receives patronage refunds. In 2021 and 2020, $0.4 million of patronage refunds were received in cash, with the balance in CoBank stock. Total patronage refunds were $0.5 million in 2021 and $0.1 million in 2020, and were included as investment income in the Company's consolidated statements of income. Patronage stock is redeemed at its face value for cash ten years after the related debt is paid off. Patronage redemptions were $0.2 million in 2021 and $0.3 million in 2020.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Receivable balances are reviewed on an aged basis and account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is doubtful. Due to the dispersed geographic nature of the Company's operations and the residential nature of its customers, no single customer, or identifiable group of customers, accounts for a significant amount of the Company's receivable balances, other than from NECA, as discussed in *Revenue Recognition* below.

Materials and Supplies

Materials and supplies are stated at cost and are not held for sale, but rather for purposes of supporting the Company's business.

Deposits

From time to time, the Company participates in spectrum auctions with the FCC that require upfront deposits to participate. FCC rules restrict information that bidders may disclose about their participation in these auctions, including the amount of their upfront payments.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and include expenditures for additions and major improvements for the Company's regulated telephone companies, include an allowance for funds used during construction. Maintenance and repairs are charged to operations as incurred. Depreciation of telephone plant is computed on the straight-line method using class or overall group rates acceptable to regulatory authorities. This accounting recognizes the economic effects of rate regulation by recording costs and a return on investment, and as such, amounts are recovered through rates authorized by regulatory authorities. Accordingly, the Company is required to depreciate plant and equipment over the useful lives that would otherwise be determined by management. Depreciation of non-telephone property is computed on the straight-line method over the estimated useful lives of the assets.

Depreciable lives for the Company's telephone and non-telephone properties, excluding land, range from 15 to 40 years for buildings, 3 to 50 years for machinery and equipment and three to 25 years for other assets. Regulated telecommunication assets acquired from other regulated entities are capitalized using the pre-existing entity's gross cost and associated accumulated depreciation.

When a portion of the Company's depreciable property, plant and equipment relating to its telephone operations business is retired, the gross carrying value of the assets, including cost of disposal and net of any salvage value, is charged to accumulated depreciation, in accordance with regulated accounting procedures.

Business Acquisitions

The Company accounts for business acquisitions using the purchase method of accounting and, accordingly, the consolidated financial statements reflect the allocations of the total purchase price to the net tangible and intangible assets acquired, based on their respective fair values at the date of acquisition. The results of operations of acquired businesses are reflected by the Company from the date of acquisition. Transaction costs related to the business acquisitions are expensed as incurred and included in general and administrative costs in the consolidated statements of income.

In April 2021, CentraCom, the Company's Utah operation, acquired the assets and operations of NeboNet a fixed wireless Internet Service Provider located in Nephi, Utah that offers high speed wireless broadband service in the counties of Juab and Box Elder, Utah. CentraCom will expand and enhance the bandwidth capabilities of the network throughout these communities.

In October 2021, CST Communications, the Company's Iowa operation, acquired a tower from Kuhl Electric and Automation, Inc. which will enable us to provide high speed wireless broadband service with Scott County, Iowa.

The total fair value of the assets of Nebo Net and Kuhl Electric and Automation, Inc acquired were: fixed assets \$804,000 and subscriber list \$175,000 and no liabilities were assumed. Pro Forma financial information for these acquisitions is not presented because the effect of these acquisitions are not material to the Company's results of operations.

Goodwill and Other Intangible Assets

On January 1, 2017, the Company adopted Accounting Standards Update (ASU) 2017-04, *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment*, and the guidance was applied prospectively. Under the standard, if "the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit." The Company performed its annual impairment tests of goodwill as of September 30, 2021 and 2020 and no impairment charge was required.

The Company evaluates the recoverability of goodwill and other intangible assets with indefinite lives for impairment annually, or more often, whenever events or circumstances indicate that such assets may be impaired. With respect to goodwill, the Company estimates the fair value of each reporting unit based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach and market approaches), (b) estimates of the Company's future cost structure, (c) discount rates for the Company's estimated cash flows, (d) selection of peer group companies for the market approach, (e) required level of working capital, (f) assumed terminal value and (g) time horizon of cash flow forecasts.

The impairment test for other intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The Company estimates the fair value using Level 3 inputs.

In addition to goodwill, intangible assets with indefinite lives, including spectrum licenses, had a carrying value of $16.4 million and $11.8 million at December 31, 2021 and 2020, respectively. The Company carrying value increased as a result of the acquisitions of $4.3 million of spectrum licenses in 2021. In 2020 the company acquired $4.8 million of spectrum licenses and sold its Advanced Wireless Services (AWS) license for Topeka Kansas. The Company performed its annual assessment of impairment for these assets as of December 31, 2021 and 2020 and no impairment charge was required.

The Company's subscriber lists and related rights are generally amortized on a straight-line basis over a ten to fifteen-year life. Such intangible assets had a gross value of $3.7 million at December 31, 2021 and 2020 and accumulated amortization of $3.5 million at December 31, 2021 and 2020, respectively. Amortization expense was $1,000 in 2021 and $2,000 in 2020. Such intangible assets are included in other intangibles.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset (or asset group) to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell, and depreciation ceases. There were no asset impairments recorded during the years ended December 31, 2021 and 2020.

Deferred Financing Costs

Expenses incurred in connection with the issuance of long-term debt are deferred and are amortized over the life of the respective debt issued. During 2021, the Company incurred deferred financing fees of approximately $16,000. Amortization amounted to $46,000 for 2021 and $43,000 for 2020. These amounts were recorded as interest expense.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09 *Revenue from Contracts with Customers (Topic 606),* which superseded the revenue recognition requirements in the Accounting Standards Codification (ASC), *Revenue Recognition,* and most industry-specific guidance throughout the industry topics of the ASC. The core principle of ASU 2014-09 is for companies to recognize revenue from the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The standard provides a five-step approach to be applied to all contracts with customers and requires expanded disclosures about revenue recognition. ASU 2016-08, *Principal Versus*

Agent Considerations, amended ASU 2014-09 to clarify if an entity is considered a principal, an agent, or both in the contract. ASU 2016-20, *Technical Corrections and Improvements in Topic 606: Revenue from Contracts with Customers*, provided additional clarification to topics addressed in ASU 2014-09. In January 2018, The Company has adopted all three ASCs (ASC 606) on a modified retrospective basis. The adoption resulted in the establishment of a contract asset consisting of contract acquisition costs associated with sales commissions. The Company's customer contracts include performance obligations that are satisfied as products are delivered at a point in time or over time. Under this standard, recognizing revenue for these performance obligations is consistent with the Company's current practice of recognizing revenue.

At contract inception, the Company assesses the goods and services to be provided to the customer and identifies the associated performance obligation. The Company considers all obligations, whether they are explicitly stated in the contract or are implied by customary business practices.

Leases

The Company adopted ASU 2016-02, *Leases (Topic 842)* (the New Lease Standard), as of January 1, 2019. The New Lease Standard requires lessees to recognize a right-of-use (ROU) asset and a lease liability on the balance sheet for operating leases. Accounting for finance leases is substantially unchanged.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. If a discount rate is not stated within the lease agreement, the estimated incremental borrowing rate is derived from information available at the lease commencement date to determine the present value of lease payments. To estimate the incremental borrowing rate, a risk-free rate plus incremental interest rate spread for collateralized debt is used and updated on an annual basis. Multiple incremental borrowing rates that correspond to term of the leases are used.

Short-term leases primarily consist of month-to-month leases where either party has the option to cancel with less than one year's notice, or for those leases where the agreement terms are not final. Expenses are recognized as incurred.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax effects attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Accounting guidance concerning uncertain income tax positions requires the Company to recognize the effect of income tax positions only if those positions are more likely than not to be sustained. There were no uncertain tax positions to report in 2021 and 2020. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Earnings per Share

Basic and diluted earnings per common share amounts are based on the weighted-average number of common shares outstanding during each period. The RSAs are dilutive, and the weighted-average outstanding is included in the diluted weighted-average number of common shares.

New Accounting Pronouncements

In November 2021, the FASB issued ASU 2021-10, requires business entities to disclose information about certain government assistance they receive. The ASU is effective for annual reporting periods beginning after December 15, 2021, excluding interim periods within those annual reporting periods. Early adoption is permitted. The Company has not adopted this ASU effective January 1, 2021.

2. Investments in Affiliated Companies

A subsidiary of LICT owned a 25% partnership interest in a cellular telephone provider in Northern California, California RSA #2 (RSA #2). On January 2, 2020, the Company sold its equity investment in RSA #2 to Verizon for proceeds of $16.9 million, resulting in a gain on sale of $13.1 million

The Company owns a 20% equity position in Brick Skirt Holdings, Inc. (Brick Skirt), an operator of a former subsidiary that was sold on December 24, 2014. Brick Skirt provides broadband, voice and other telecommunications services in areas of western New York State, principally the Dunkirk/Fredonia, Cassadaga and Jamestown areas. The equity method is utilized to recognize the results of DFT operations in the Company results.

Undistributed earnings of companies accounted for using the equity method that are included in consolidated retained earnings are $0.3 million and $0.4 million as of December 31, 2021 and 2020, respectively.

3. Property, Plant and Equipment

Components of the Company's property, plant and equipment and accumulated depreciation are as follows (in thousands):

Year ended December 31,		**2021**		2020
Land	**$**	**1,056**	$	1,056
Buildings and leasehold improvements		**17,997**		17,795
Machinery, vehicles, equipment and construction in process		**418,753**		391,696
		437,806		410,547
Accumulated depreciation		**(314,333)**		(301,002)
	$	**123,473**	$	109,545

Depreciation and amortization expense for 2021 and 2020 was $18.9 million and $17.3 million, respectively.

4. Line of Credit and Debt

The Company's long-term debt facilities contain covenants that restrict the distribution of cash and other net assets between subsidiaries or to the parent company. Long-term debt represents borrowings by various subsidiaries of LICT (in thousands).

Year ended December 31,		**2021**		2020
Long-term debt consists of:				
Revolving credit facility from CoBank, ACB through 2025	**$**	**35,000**	$	50,000
Secured notes issued to sellers in connection with acquisitions at fixed interest rate of 6.0%		**7,647**		7,647
Unsecured notes issued to sellers in connection with acquisitions at fixed interest rates of 4.0% and 6.0%		**4,678**		5,529
		47,325		63,176
Current maturities		**(25,577)**		(42,338)
Long Term Debt	**$**	**21,748**	$	20,838

On January 17, 2020, the Company entered into a new credit agreement with CoBank for a $50 million revolving credit facility. The term of the credit agreement is five years and expires on January 17, 2025. The interest rate on the credit facility is based on a spread over LIBOR and is determined by the Company's leverage ratio, as defined in the credit agreement. The Company's borrowing rate at December 31, 2021 is LIBOR plus 1.5%. The credit facility is secured by a pledge of the stock of the Company's subsidiaries. The outstanding balance under the line-of-credit facility with CoBank, included as revolving credit facility in the table above, was $35.0 million at December 31, 2021 and $50.0 million at December 31, 2020. The average balance of the line of credit outstanding was $30.4 million in 2021 and $39.3 million in 2020; the highest amount outstanding was $50 million in 2021; and the average interest rate was 2.3% in 2021 and 2.2% in 2020. As of December 31, 2021, the Company was in compliance with all covenants in the revolving credit facility agreement.

Aggregate principal maturities of long-term debt at December 31, 2021 for each of the next five years are as follows: 2022 - $25.6 million, 2023 - $0.3 million, 2024 - $3.8 million, 2025 - $10.0 million and 2026 - $7.6 million. During the first quarter of 2022, the Company paid down $25.0 million of the CoBank revolving credit facility. The $25.0 million payment on the revolving credit facility is reflect in the 2022 maturities above.

In 2021, the Company modified its agreement with CoBank to allow for letters of credit. An irrevocable standby letter of credit was required by the Universal Service Administrative Company (USAC) for the Rural Digital Opportunity Fund (RDOF) in which the Company is involved with their Wisconsin company. The letter of credit was opened in the amount of $0.05 million.

5. Related Party Transactions

Since 1998, LICT leases its corporate headquarters from an affiliate of its Chairman. The lease expires in 2028 and rent expense, including utilities and escalation, was $126,000 and $120,000 in 2021 and 2020, respectively. In addition, expenses relating to administrative support, transportation, and communications paid to the same affiliate were $0 and $108,000 for 2021 and 2020, respectively. Through December 31, 2021, the Company sublet 485 square feet of its corporate office space to another affiliate of the Chairman, and the base rental rate was $20,000 per annum.

As of January 1, 2022 the Company assumed this affiliate's entire lease space of 1,642 square feet with an estimated cost of $67,000 in 2022. The new lease will expire on December 5, 2023. In addition, the sublet agreement of 485 square feet was terminated as of December 31, 2021.

At December 31, 2021 and 2020, assets of $3.8 million and $61.9 million, which are classified as cash and cash equivalents, are invested in United States Treasury money market funds for which affiliates of the Company's Chairman serve as investment managers to the respective funds.

Shares of CIBL, Inc. (CIBL) were distributed to LICT shareholders in 2007. LICT is party to a Transitional Administrative and Management Services Agreement (TAMSA), under which LICT provides management and administrative services to CIBL, extended annually by the parties. Payments under these agreements were $125,000 in both 2021 and 2020.

The Company has subordinated notes payable to former owners of certain of its telephone companies in connection with acquisitions (see Note 4).

6. Shareholders' Equity

LICT's Board of Directors has authorized the purchase of up to 9,664 shares of its common stock. For the year ended December 31, 2021 and 2020, shares have been purchased on the open market in the amount of 662 and 665, at an average investment of $22,986 and $16,821 per share, respectively.

7. Income Taxes

LICT files a consolidated income tax return with its subsidiaries for federal income tax purposes. Certain entities file separate state and local income tax returns, while others file on a combined or consolidated basis.

The provision for income taxes is summarized as follows (in thousands):

Year ended December 31,		**2021**		2020
Current taxes:				
Federal	**$**	**4,814**	$	8,092
State and local		**1,472**		3,545
Total Current Taxes		**6,286**		11,637
Deferred taxes:				
Federal		**2,046**		1,438
State and local		**622**		733
Total Deferred Taxes		**2,668**		2,171
Total Provision for Income Taxes	**$**	**8,954**	$	13,808

A reconciliation of the provision for income taxes and the amount computed by applying the statutory federal income tax rate to income before income taxes follows (in thousands).

Year ended December 31,		**2021**		2020
Tax at statutory rate	**$**	**7,110**	$	10,726
Increases (decreases):				
State and local taxes, net of federal benefit		**1,919**		3,543
Other		**(75)**		(461)
Total Provision for Income Taxes	**$**	**8,954**	$	13,808

Deferred income taxes for 2021 and 2020 are provided for the temporary differences between the financial reporting basis and the tax bases of the Company's assets and liabilities. Cumulative temporary differences are as follows (in thousands):

Year ended December 31,		**2021**		2020
Fixed assets and depreciation	**$**	**22,254**	$	18,695
Partnership tax losses in excess of book losses		**50**		55
Goodwill		**3,643**		3,643
Right-of-use asset		**1,394**		724
Lease liability		**(1,420)**		(731)
Other reserves and accruals		**(896)**		(29)
Total Deferred Tax Liabilities	**$**	**25,025**	$	22,357

The Company has performed a review of the deferred tax provisions and has concluded that there is no valuation allowance adjustment needed. The Company recognizes tax liabilities in accordance with guidance for uncertain tax positions and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined. During 2021, the Company did not record or maintain any balance in its consolidated financial statements for uncertain tax positions. The Company does not anticipate significant changes to its unrecognized tax benefits in the next 12 months.

The Company remains subject to examination for tax years 2018 through 2021 by the Internal Revenue Service and, with few exceptions, is subject to state examinations by tax authorities for the same four years.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of the employer portion of social security tax payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increase limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Company evaluated the provisions of the CARES Act and concluded that most of the provisions of the CARES Act did not apply to the Company and chose not to defer the employer portion of the social security tax payments.

8. Fair Value Measurement

The Company follows the authoritative guidance for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis, and of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis or are presented only in disclosures. Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets. Level 3 inputs are unobservable.

The Company has assets that are measured at fair value: U.S. Treasury money market funds, included in cash and cash equivalents in the accompanying consolidated balance sheets, which are classified as Level 1 inputs because they are valued using quoted market prices. U.S. Treasury money market funds had a value of $3.8 million and $61.9 million at December 31, 2021 and 2020, respectively.

Cash in banks, trade accounts receivable, trade accounts payable and accrued liabilities are carried at cost, which approximates fair value due to the short-term maturity of these instruments. The fair value of the Company's borrowings under its long-term debt obligations is approximately $0.6 million higher than its carrying value based on borrowing rates for similar instruments. The fair value of the Company's revolving line of credit approximates carrying amount, as the obligations bear interest at the revolving credit rate.

The following table includes the equity securities included in other assets on the consolidated balance sheets based on management intent to hold them indefinitely and represents the fair value measurements and the level within the fair value hierarchy in which the fair value measurements are classified:

December 31, 2021

	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Common Stock	$ 2,336	$ 2,336	$ -	$ -
Total Assets Accounted for, at fair value	$ 2,336	$ 2,336	$ -	$ -

December 31, 2020

	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Common Stock	$ 2,531	$ 2,531	$ -	$ -
Total Assets Accounted for, at fair value	$ 2,531	$ 2,531	$ -	$ -

9. Employee Benefit Plans

LICT maintains several defined contribution plans at its telephone subsidiaries and corporate office. LICT's contributions under these plans, which vary by subsidiary, are based primarily on the financial performance of the business units and employee compensation. Total discretionary employer contribution expense related to these plans was $2.2 million in 2021 and $2.0 million in 2020.

The Company has a Principal Executive Bonus Plan that has been approved by the shareholders, for which $0.2 million and $0.1 million was recorded in 2021 and 2020, respectively.

10. Revenue Recognition

Revenue Accounted for in Accordance with ASC 606

Local access revenue is accounted for under ASC 606 and comes from providing local telephone exchange services and is billed to end users in accordance with tariffs filed with each state's Public Utilities Commission. Local access revenue is predominantly billed in advance and recognized as revenue when earned.

Interstate and intrastate access revenues handled as "bill-and-keep" (see notes under *Revenue Accounted for in Accordance with Other Guidance*) are accounted for under ASC 606, for which revenues are recognized as services are provided.

Broadband and related services, video including cable modem and other non-regulated revenues are accounted for under ASC 606, for which revenues are recognized as services are provided.

Revenue Accounted for in Accordance with Other Guidance

Revenues for regulated companies are generally derived from the Company's cost for providing services. Revenue that is billed in arrears includes most intrastate and interstate network access services, nonrecurring local services and long-distance services. The earned but unbilled portion of this revenue is recognized as revenue in the period that the services are provided.

Revenues from intrastate access are based on tariffs approved by each state's Public Utilities Commission and are subject to ASC 606 because they are handled on a bill-and-keep basis. Revenues from interstate access are either bill-and-keep or are derived from settlements with NECA and the Universal Service Administrative

Company. Intrastate Universal Service Fund (USF), Interstate USF and Interstate settlement revenues are not accounted for under ASC 606. NECA was created by the FCC to administer interstate access rates and revenue pooling on behalf of small local exchange carriers who elect to participate in a pooling environment. LICT's Rural Local Exchange Carrier (RLEC) subsidiaries include eight cost-based companies and five average schedule companies. Interstate settlements for cost-based companies are determined based on the Company's cost of providing interstate telecommunications service, including investments in specific types of infrastructure and operating expenses and taxes. Interstate settlements for average schedule companies are determined based on formula-based costs using industry averages, which are intended to represent a surrogate for company-specific costs.

As of December 31, 2019, all of LICT's RLECs have voluntarily moved to a fixed amount of USF support based on the FCC's Alternative-Connect America Cost Model (A-CAM) and A-CAM II programs. The A-CAM and A-CAM II programs provide revenue for a ten-year period based on a cost model, rather than company-specific costs. Carriers electing A-CAM and A-CAM II are required to maintain voice and existing broadband service. In addition, they are required to offer at least 10/1 Mbps or 25/3 Mbps to a certain percentage of locations by the end of the ten-year support term in 2028, with deployment milestones along the way. The build-out requirements differ between the A-CAM and A-CAM II programs. Total 2021 A-CAM and A-CAM II revenues were $32.0 million, compared to $32.1 million earned in 2020.

For all revenue, the Company collects taxes from its customers on behalf of various governmental authorities and remits these taxes to the appropriate authorities. The collection of such taxes and fees is not recognized as revenue. Deferred revenue resulting from large business installations or other services are included in other liabilities and are amortized over the customer life.

The following tables provide the Company's revenue disaggregated on the basis of revenue source and products (in thousands):

December 31, 2021

	Accounted for Under ASC 606	Accounted for Under Other Guidance	Total Revenue
Non-Regulated Revenue			
Broadband and related services	$ 57,494	$ -	$ 57,494
Video	5,314	-	5,314
Other	4,769	-	4,769
Total Non-Regulated Revenue	67,577	-	67,577
Regulated Revenue			
Local access	$ 6,345	$ -	$ 6,345
Interstate access and USF	4,261	41,423	45,684
Intrastate access and USF	487	7,879	8,366
Other	1,137	51	1,188
Total Regulated Revenue	12,230	49,353	61,583
Total Revenue	$ 79,807	$ 49,353	$ 129,160

December 31, 2021

		Accounted for Under ASC 606
Revenue accounted for in accordance with ASC 606 consisted of the following:		
Services transferred over time	$	78,547
Equipment and long-distance service transferred at a point in time		1,260
Total Revenue	$	79,807

December 31, 2020

		Accounted for Under ASC 606		Accounted for Under Other Guidance		Total Revenue
Non-Regulated Revenue						
Broadband and related services	$	49,453	$	-	$	49,453
Video		7,161		-		7,161
Other		4,731		-		4,731
Total Non-Regulated Revenue		61,345		-		61,345
Regulated Revenue						
Local access	$	6,589	$	-	$	6,589
Interstate access and USF		8,540		38,446		46,986
Intrastate access and USF		761		7,387		8,148
Other		1,047		59		1,106
Total Regulated Revenue		16,937		45,892		62,829
Total Revenue	$	78,282	$	45,892	$	124,174

December 31, 2020

		Accounted for Under ASC 606
Revenue accounted for in accordance with ASC 606 consisted of the following:		
Services transferred over time	$	76,847
Equipment and long-distance service transferred at a point in time		1,435
Total Revenue	$	78,282

Transaction Price Allocated to Remaining Performance Obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations for contracts with customers that are unsatisfied, or partially unsatisfied, are accounted for in accordance with ASC 606. For equipment delivery, installation and configuration, and services, the performance obligation is expected to be satisfied within 12 months. For business broadband and other services, the performance obligation will be satisfied as the service is provided over the terms of the contracts, which typically range from one to five years. The Company's agreements with its residential customers are typically originated on a month-to-month basis, or one to two-year contracts converting to a month-to-month basis after expiration, and no provision is made for future performance obligations.

Contract Assets and Liabilities

The Company incurs certain incremental costs to obtain contracts that it expects to recover. These costs consist primarily of sales commissions and other directly related incentive compensation payments related to customer contracts. Incremental costs of obtaining contracts for which the term is one year or less are expensed as incurred. The Company does not incur material contract fulfillment costs associated with is contracts with customers. The cost of the Company's network and related equipment, and enhancements to the network required under customer contracts, is accounted for in accordance with ASC 360, *Property, Plant and Equipment*. When a customer adds a distinct service to an existing contract for the standalone selling price of that service, the new service is treated as a separate contract. Contract modifications and cancellations did not have a material effect on contract assets in the year ended December 31, 2021.

The Company pays incremental commission fees in connection with revenue from contracts with customers. The Company capitalizes commission fees as contract assets that are amortized based on the period of expected benefit to which the assets relate and are included in cost of revenue. Current and long-term portions of these costs were \$311,000 and \$503,000, respectively, at December 31, 2021. Amortization was \$505,000 and \$457,000 in 2021 and 2020, respectively. There was no impairment loss in relation to the costs capitalized.

The Company invoices business customers for large installation and infrastructure costs associated with providing new services at the beginning of the contract. These revenues are capitalized as contact liabilities and are amortized, on a straight-line basis, over the customer life under ASC 606. Current and long-term portions of these costs were \$280,000 and \$1,504,000 respectively, at December 31, 2021.

11. Leases

Leases Accounted for in Accordance with ASC 842

The Company's leases primarily consist of buildings for corporate and sales offices, and land for remote equipment facilities.

Lease terms may include options to extend or terminate the lease. Options to extend leases are included when, based on the individual lease and the Company's business objectives at lease inception, it is reasonably certain they will be exercised. Leases with a term of 12 months or less are not recorded on the consolidated balance sheets.

The practical expedient was elected to combine the lease and non-lease components for all asset classes. The following table summarizes the components of lease expense (in thousands):

Year ended December 31,		**2021**		2020
Operating lease cost	**$**	**1,107**	$	1,036
Short-term lease cost		**65**		-
Total Lease Cost	**$**	**1,172**	$	1,036

The weighted-average remaining lease term and the weighted-average discount rate for operating leases are as follows:

Year ended December 31,	**2021**	2020
Weighted-average remaining lease term - operating leases	**10.8 years**	10.8 years
Weighted-average discount rate - operating leases	**3.9%**	7.7%

The following table provides a summary of minimum payments for operating leases (in thousands):

Year ending December 31,		
2022	$	954
2023		899
2024		730
2025		682
2026		655
Thereafter		3,409
Total Obligation		7,329
Less: amount representing interest and discount		(1,868)
Present Value of Future Minimum Lease Payments		5,461
Less: current portion		(954)
Lease Obligations, net of current portion	$	4,507

ROU assets were approximately $5.5 million and $2.8 million at December 31, 2021 and 2020, respectively, and are included in other assets.

12. Charitable Contribution Programs

During 2021 and 2020, the Company had a Shareholder Designated Charitable Contribution program. Under the program, each shareholder is eligible to designate a charity to which the Company would make a donation based upon the actual number of shares registered in the shareholder's name. Shares held in nominee or street name were not eligible to participate. The Board of Directors approved one contribution during 2021 and one contribution in 2020 of $100 per registered share. During 2021 and 2020, respectively, the Company recorded a charge of $0.9 million before tax benefit for both years. In addition, in 2021 and 2020, Company established an Employee Designated Charitable Contribution program in which the Company recorded charges of $0.2 million and $0.2 million, respectively.

During 2021 and 2020, respectively, the impact of these programs was $45 per diluted share for both years, net of tax benefit related to the contributions, which was included in operating costs in the consolidated statements of income.

13. Commitments and Contingencies

Litigation

The Company is involved from time to time in various legal proceedings, regulatory investigations, and claims arising in the normal conduct of business, which may include proceedings that are specific to the Company and others generally applicable to business practices within the industries in which the Company operates. A substantial legal liability or a significant regulatory action against the Company could have an adverse effect on the business, financial condition, and on the results of operations in a particular year. LICT was not involved in any legal proceedings in 2021 and 2020 that had any significant effect on its financial results and is not involved in any ongoing material legal proceedings that expect to exceed our insurance coverage.

Phantom Stock Plan

On December 15, 2020, the Company adopted the LICT Phantom Stock Plan. Under this plan 132 shares of phantom stock were awarded to 15 certain employees of the organization. Each award represents a contractual right to receive an amount in cash equal to the fair market value of a share of our common stock on the settlement date. Each award vests and will be paid out to active participants at 30% of award after year 3 and the remaining 70% after year 5. If a Participant ceases to be employed by the Company all Phantom Shares held by such Participant which have not vested shall automatically and without further notice terminate and become null and void. Since the awarding of the phantom shares, 3 participants are no longer employed and have forfeited their phantom awards.

The liability for unvested phantom stock awards under the Phantom Plans consists of the following:

Year ending December 31,	
2020	$ 24
2021	671
2022	680
2023	668
2024	397
2025	379
Total	$ 2,819

14. Subsequent Events

Return of FCC Auction Deposit

In 2022, the Company received back $12.3 million from its 2021 deposit of $20.0 million related to FCC Spectrum Auction 110. The FCC announced the results of this auction on January 14, 2022, and the Company acquired twelve licenses of $7.7 million.

Repayment on Revolving Line of Credit

During the first quarter of 2022, the Company paid down $25.0 million of the CoBank revolving credit facility (Note 4).

The Company has evaluated events subsequent to the consolidated balance sheet date and prior to issuance of the consolidated financial statements for the year ended December 31, 2021 through May 10, 2022, the issuance date of the consolidated financial statements.

LICT CORPORATION
DIRECTORS, OFFICERS, AND OTHER INFORMATION

Board of Directors

Mario J. Gabelli
Chairman & Chief Executive Officer
GAMCO Investors, Inc.

Robert E. Dolan, CPA
Former Executive Vice President and Chief Financial Officer
LICT Corporation

Philip J. Lombardo
Founder and Chief Executive Officer
Citadel Communications Company, L.P.

Gary L. Sugarman
Private Investor &
Principal-Richfield Capital Partners

Salvatore Muoio
Managing Member
S. Muoio Co. LLC

Dr. Avrum Gray
Chairman and Chief Executive Officer
G-Bar Limited Partnership

Marc J. Gabelli
Co-Chairman
GGCP, Inc.

Salvatore M. Salibello, CPA
Senior Partner
Bright Side Consulting

Officers & Staff

Mario J. Gabelli
Chairman of the Board &
Chief Executive Officer

Stephen J. Moore
Vice President-Finance

Evelyn C. Jerden
Senior Vice President- Regulatory Dynamics

Christina M. McEntee
Chief Administrator

Kevin M. Errity
Chief Operating Officer

Alex Doninguez
Assistant Controller

Adam F. Ross
Assistant Controller

Transfer Agent and Registrar For Common Stock
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Investor Relations Contact
Stephen J. Moore
914-921-8821

Trading Information
OTC Pink®
Common Stock
Symbol: LICT

The "S" IN ESG

The following charities were beneficiaries of LICT Corporation's Shareholder and Teammate Charitable Contribution Programs

"THE MORE YOU GIVE, THE MORE YOU RECEIVE"

50 Legs ♥ Actus Foundation ♥ ADRA International ♥ Alpine School District Foundation ♥ Alport Syndrome Foundation ♥ American Legion Auxiliary 0282 ♥ American Legion Post 438 ♥ Anderson Japanese Gardens ♥ Angel's Wish ♥ ARC of Salem County ♥ Bay Cliff Health Camp ♥ Big Brothers Big Sisters of Northwestern Michigan ♥ Big Brothers Big Sisters of the Bay Area ♥ Big Brothers Big Sisters of the Mississippi Valley ♥ Bobbi and the Strays ♥ Boca Helping Hands ♥ Books for Africa ♥ Brandywine Valley SPCA ♥ Bryant University ♥ Build ♥ Calamus Wheatland Athletic Boosters Club ♥ Canines with a Cause ♥ Center for Biological Diversity ♥ Center for Reproductive Rights ♥ Central Dewitt FFA Alumni ♥ Central Utah Food Sharing ♥ Chicago High School for the Arts ♥ Clarence Fire Fighters Volunteer Association ♥ Cobre Wrestling ♥ College Bound Opportunities ♥ Columbus Citizens Foundation ♥ Community Chest of Port Washington ♥ Community Foundation of Teton Valley ♥ Cornelia de Lange Syndrome Foundation ♥ Country Clovers 4-H Club ♥ Cowboys For Cancer Research ♥ Crisis Pregnancy Center of Jackson County ♥ Crispus Attucks Association ♥ Crohn's & Colitis Foundation ♥ Cuba City United Methodist Church ♥ Cystic Fibrosis Foundation Utah ♥ Datil Christian Cowboy Church ♥ Delta Animal Shelter ♥ Developmental Services of Jackson County ♥ Diocese of Palm Beach ♥ Dixon Memorial Park ♥ Dixon Volunteer Fire Department ♥ Dubuque Regional Humane Society ♥ Dubuque Resource Mission ♥ Durham Rescue Mission ♥ East End Hospice ♥ El Refugio ♥ Eldridge Volunteer Fire Co. ♥ ELKs Lodge #1813 ♥ Empower Playgrounds ♥ Fairview Elementary School ♥ Fairview Museum of History and Art ♥ Feed the Children ♥ Fight the New Drug ♥ Friends of the Public Library of Silver City ♥ George School Advancement Fund ♥ Gila Fair Association ♥ Gila Valley Baptist Church ♥ Gila Valley Library ♥ Gilda's Club ♥ Grand Mound Volunteer Fire Department ♥ Great Valley Presbyterian Church ♥ Greater Manhattan Community Foundation ♥ Greater Tomorrow Relief Fund ♥ Greater Washington Jewish Coalition Against Domestic Abuse ♥ Green Beret Foundation ♥ Hand in Hand ♥ Healing House ♥ Heart of Jackson Humane Society ♥ High Desert Humane Society ♥ Holton Country Club ♥ Hoof Prints of Hope ♥ Humane Society of Utah ♥ Huntsman Cancer Foundation ♥ Investigative Project on Terrorism ♥ Israel Tennis Centers Foundation ♥ Jewish Communal Fund ♥ Johns Hopkins Cancer Research ♥ Kids Science Café ♥ Lake Lundgren Bible Camp ♥ Leukemia and Lymphoma Society ♥ Little Lambs Foundation for Kids ♥ Long Island Cares ♥ Los Angeles Regional Food Bank ♥ Menominee Animal Shelter ♥ Menominee County Sheriff's Dept VSU ♥ Mill Plain Independent Hose Co. No. 12 ♥ Mills-Peninsula Hospital Foundation ♥ MoveOn Education Fund ♥ New Mexico Farm and Livestock Bureau Foundation ♥ New Mexico High School Rodeo Association ♥ New York University ♥ North Scott Food Pantry ♥ North Scott Trap ♥ Northern Michigan Children's Assessment Center ♥ NRA Foundation ♥ Oasis - A Haven for Women and Children ♥ Operation Underground Railroad ♥ Organization for Autism Research ♥ Other Side Academy ♥ Our Lady of Guadalupe Monastery ♥ Philippines Humanitarian ♥ PJ Library Harold Grinspoon Foundation ♥ Playcrafters Barn Theatre ♥ Pregnancy Services of Delta County ♥ Primary Children's Department ♥ Project Defending Life ♥ Project Give ♥ Purdue University College of Veterinary Medicine ♥ Rescued Inc. ♥ Ringling College of Art and Design ♥ Robert F. Kennedy Children's Action Corps ♥ Rope 4 Hope ♥ Rural Senior Adult Services ♥ Saint Rose of Lima Catholic Church ♥ San Felipe Catholic Church ♥ Sandy Rollman Ovarian Cancer Foundation ♥ Sarah's Circle ♥ SASS ♥ Second Chance Animal Refugee Society ♥ Secular AA ♥ Services for the Underserved ♥ Shedd Institute for the Arts ♥ Shriners Hospitals for Children ♥ Silver City Gospel Mission ♥ Silver High Wrestling ♥ Silver Regional Sexual Assault Support Services ♥ South Utah Valley Animal Shelter ♥ Southern NM Diabetes Outreach ♥ Southwest Adolescent Group ♥ Southwest Christian Center ♥ Spark in the Dark Traverse City ♥ Spectrum Academy ♥ Spertus Institute ♥ SPN Menominee ♥ St. Jude Children's Research Hospital ♥ Stead Family Children's Hospital ♥ Suicide Prevention Menominee ♥ The Forward ♥ The Troth ♥ Topaz Museum ♥ Toys for Tots ♥ Tri-County Safe Harbor ♥ Trinity Church ♥ Troops of Saint George ♥ Tunnel to Towers Foundation ♥ University of California San Francisco Foundation ♥ Utah Domestic Violence Coalition ♥ Utah Food Bank ♥ Utah Valley Animal Rescue ♥ Vera French Community Mental Health ♥ Veterans of Foreign Wars Department of Michigan ♥ Whittier College ♥ WHYY PBS ♥ Wichita's Littlest Heroes ♥ Wolf Hollow Wildlife Rehabilitation Centre ♥ Women's Resource Center ♥ Wounded Warrior Project ♥ YMCA ♥ Young Life Tucson