

It Starts from Within



**2023
Annual
Meeting
Report**



SkyLine
membership corp.



Table of Contents

Executive Report	2
Board of Directors	4
Customer Service	6
Engineering	7
Construction	8
Field Services	9
Economic Development	10
Mr. R.C. Mitchell	11
Financials	12
Department Quotes	14
Community Outreach	15
Retirements/Service Anniversaries	16



Executive Report

Since its inception in 1951, people have been the heart of SkyLine. Seventy-two years ago, a group of local visionaries came together to bring telephone access to their rural communities. The original goal of this cooperative — making communities better places to live by bringing urban advancements to rural areas — continues to be at the forefront of our mission. And still today, SkyLine’s visionaries, its members, are representatives of the same rural communities we serve.

The title of this year’s report is, “It Starts From Within.” Every day, inside SkyLine, people creatively bring ideas to life, diligently execute plans, and innovatively continue to make improvements in our area. This report highlights SkyLine successes from the inside out. Perspectives are shared from the organization’s most valuable resource, our people.

A salient theme quickly emerges, it is evident that SkyLine employees and stakeholders find purpose in serving. They each understand that they are uniquely and individually contributing to and building on something much larger than themselves. The whole is more than the sum of its parts, and that inspires their best efforts.

From a financial perspective, SkyLine is strong and stable. Our consolidated operating income for 2022 was right at \$13.5 million, and our balance sheet reflects over \$340 million in total plant. SkyLine’s cash position continues to be healthy, and the Board of Directors approved \$2.2 million in capital credit refunds to members and estates in 2022. Our affiliate, Carolina West Wireless (CWW), ended 2022 with a consolidated operating income of over \$2.5 million.

We are extremely satisfied with the expansion efforts made throughout the year. After recently filling small gaps of fiber service in both Jefferson and West Jefferson, Ashe County is virtually 100% fiber. Work continues in Watauga County to bring high speed internet to more than 1,700 homes and businesses. Currently, more than 150 of these residents and small business owners are already experiencing the benefits of high speed broadband. Although work will continue into the next year to complete the project, we lack just three miles of fiber on the construction side. Progress also continues in Johnson and Carter Counties in Tennessee. When completed, both projects combined will provide high-speed internet access to more than 2,200 homes and businesses. At present, more than 70 of these residents have been connected in Johnson County.

At SkyLine, providing customers access to the best broadband service available is a prime concern. We genuinely care and respond attentively to communities who reach out to us due to a lack of service in their areas. Although writing grants and accessing funding sources for expansions in hard to reach locations can be a lengthy process, SkyLine remains diligent. By making daily progress, often behind the scenes, we deliver on our commitment to bring the highest quality service literally to every door.

This growth would be impossible without the hard work and dedication of each and every employee. Furthermore, our Board exemplifies the SkyLine legacy of high expectations. Their wisdom and leadership in providing the High Country with the best quality of service is indispensable.

It truly starts from within.



R.C. Mitchell
President



Kim Shepherd
Chief Executive Officer

SkyLine Board of Directors



Seated, left to right: Joseph McNeil, Vice-President; Kim Shepherd, Chief Executive Officer; R.C. Mitchell, President; James L. Shepherd, Secretary; D.C. Smith, Treasurer. Standing, left to right: Jerry Roten; Raymond L. Parker, Attorney; Tommy Joe Ward; Sharon Kasel; Bill Burluson; Kenneth McQueen.

Mission Statement

Our mission is to provide *state-of-the-art communications and technology solutions* enabled by a culture of *excellence in customer service.*

SkyBest Board of Directors



Seated, left to right: Haskell McGuire, Secretary; Kim Shepherd, President; Dennis Gambill, Vice-President; James L. Shepherd, Chairman. Standing, left to right: Joseph McNeil, Treasurer; R.C. Mitchell, Assistant Secretary; Raymond Parker, Attorney; D.C. Smith.

SkyBest Communications, Inc.

Established in 1998 as a wholly-owned subsidiary of SkyLine Membership Corporation, SkyBest Communications, Inc. is a competitive local exchange carrier (CLEC) offering a variety of deregulated services including broadband internet, voice and long-distance services, enterprise network solutions, business phone systems, SkyBest Security, video surveillance and SkyBest TV over an expanding fiber network. SkyBest continues to extend fiber services to competitive areas of Alleghany, Ashe, Watauga, Avery, Caldwell and Johnson (TN) counties, and soon Carter (TN) county. In 2018, SkyBest acquired a new subsidiary company, Loretto Telecom, based in Lawrence County in middle Tennessee.



Customer Service Representative
Started at SkyLine: February 17, 2004

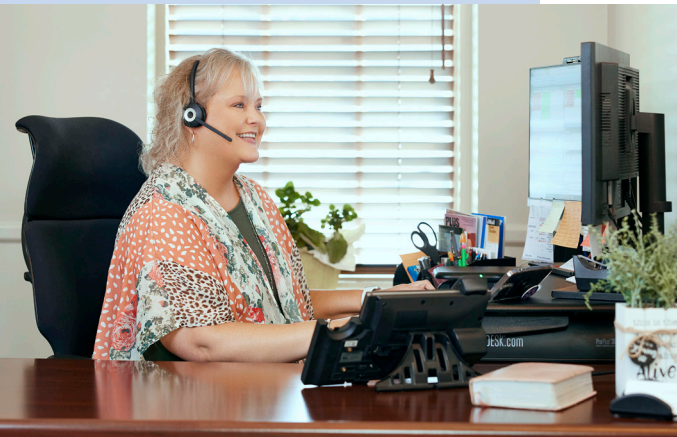
Kim Johnson

Assists in the operation of the Customer Service Department by interacting with customers regarding requests for SkyLine and/or SkyBest products and services.

The first step in equipping a home with reliable internet service is a request from a potential customer. That first conversation sets the broadband process in motion, which means building the initial relationship is paramount.

Customer Service Representative, Kim Johnson, recognizes the significant impact her daily conversations with customers have on the rest of the company.

“We’re not just order takers,” Johnson emphasizes. “We are order specialists. We recommend a lot of services to customers that they may not even know they need until we go through it with them.”



Johnson began working at SkyLine over 19 years ago in the West Jefferson Call Center. Although she spent eight years working at the West Jefferson Smart Home, she returned to her original position in 2020. In this Call Center role, Johnson is responsible for incoming calls of new service orders, upgrades, service changes and more. Often, her responsibility consists of simple troubleshooting with customers which can keep them from needing any further repair. After nearly two decades at SkyLine, her favorite aspect of the job remains consistent—helping others.

“I think that is probably the most enjoyable part,” Johnson attests. “Even if it’s something like looking up a number online for someone, just knowing that we are capable of helping is nice.”

Johnson views her role as a privilege. She values her work as well as the place she gets to do it. She expresses that she was initially drawn to work at SkyLine because of the company’s trustworthy reputation and positive work environment.

“I’ve stayed because I enjoy it. I feel appreciated, and my coworkers are like family,” Johnson explains. “When tragedies happen or happy things happen, we pull together. I think that’s something a lot of people don’t realize about our company.”

Johnson appreciates all the opportunities SkyLine allows to give back to her community. While she enjoys meeting new people in her role, she also finds herself grateful to help familiar faces within her small town. “The people I talk to on the phone, I may go to church with or see at the grocery store. I may know them personally,” she states. “We are serving our community by giving them access to the services that they may not necessarily have otherwise.”

Overall, Johnson feels blessed to be working within SkyLine and the meaningful work she does on a daily basis. “When I started 19 years ago, I knew I would want to retire here someday,” she states.

Justin Lambert

Network Facilities Engineer

Started at SkyLine: May 1, 2019

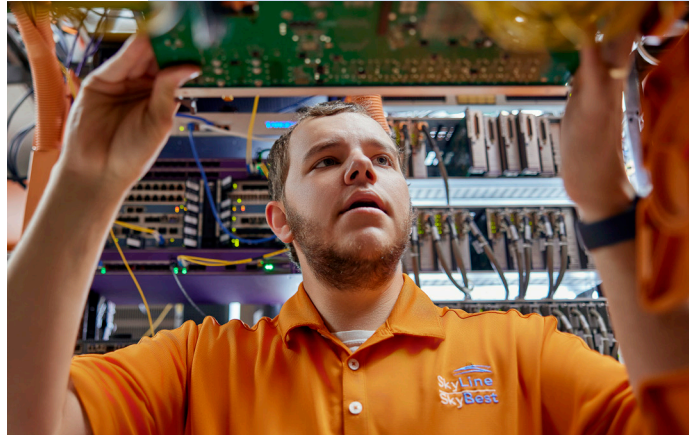


Performs engineering functions and network designs for equipment installation at central office, remote and customer locations. Maintains fiber-to-the-premises nodes and equipment. Completes FCC broadband performance testing.

“When the things we do go unnoticed, that’s when we are doing our job right,” Network Facilities Engineer, Justin Lambert attests.

In his role as a Network Facilities Engineer, Lambert tests equipment before it is implemented into SkyLine’s network, maintains approximately half of SkyLine’s Fiber-to-the-Premise network, monitors customer internet, performs upgrades to existing equipment and engineers how equipment will be installed to reach new customers. He emphasizes that much of the maintenance and upgrading his team carries out is behind the scenes work.

Lambert’s ambition to work at SkyLine began at an early age. “I always wanted the opportunity to provide a service back to the community,” he explains. Lambert feels lucky to have found a career that allows him to combine his problem-solving skills with ensuring those in his community feel a sense of connectedness with broadband service. Each day brings a new puzzle to solve, and he enjoys that no two situations are the same.



Furthermore, Lambert is grateful to work in an environment that he describes as a family. He explains that although each employee must perform well individually, it is only by developing a sense of reliance on one another that SkyLine, as a whole, can offer customers the best quality of service. “Even though I’m on the networking team, I still work closely with the customer support team,” Lambert says. “I rely on them if I need to contact the customer to solve any issues.”

A favorite aspect of his job is the opportunity for continuous growth. In his position, specifically, he finds there is always more to learn.

“It’s amazing how much technology has grown in just the last five to ten years,” Lambert observes. “The advancements are not going to slow down, so it is important that we continue working to future-proof our equipment.”

Lambert addresses that in the last year alone, the testing and turn up of SkyLine’s 2 Gig service involved working with an all new technology that the company had not yet implemented. “It is going to allow us to meet the broadband needs of customers for years to come,” he asserts.

As the world of technology never stops changing, Lambert is eager and proud to help SkyLine adapt in ways that keep our rural area connected and on the cutting edge of technology. “At SkyLine, it’s not just about the work,” Lambert says. “It’s about each other.”



Lineman Work Leader

Started at SkyLine:
September 9, 1991

Steve Brown

To construct and maintain aerial and buried outside plant facilities.

Steve Brown has worked in construction since his first day on the job in the late summer of 1991. While his job description is similar to what it was 32 years ago, expansion in the company always brings new developments to his role as a Lineman.

Brown spends his days outdoors with his team working to ensure fiber-optic cable is placed, so installations are possible. Since he is a first-hand witness of the impact SkyLine has on the lives of customers, he understands the importance of reaching the hard-to-serve areas in the High Country. “When we get into those areas, the customers are so glad to see us,” Brown remarks. “They’ve been without adequate service, and they’ve heard about the superior broadband we have.”



Throughout both his life and work, Brown tries to exemplify Romans 12:9-16. “One of the main purposes in life is to love and serve others,” Brown attests. Brown appreciates that his role allows him to serve others daily.

Brown finds his work meaningful because of the people. As he remembers the initial mission of SkyLine and the values set in 1951, he sees SkyLine as a “people-first” company.

“SkyLine cares, and I think it is important that we continue to take care of the customers and employees we have right now,” he observes.

When Brown reflects on SkyLine, relationships are what first come to mind. He values that the company is genuinely concerned about its current customers, future customers and employees, and it is his wish for things to continue that way. Brown takes tremendous pride in the relationships he’s built with co-workers throughout three decades at SkyLine. “When you think about it, you’re working with the same people eight hours a day, every day,” Brown points out. “You’re with them about as much as you’re with your own family. The relationships built at work are important.”

Brown and his crew are presented with new tasks daily as they travel across SkyLine’s service area. “Every day is a different adventure,” Brown says. “I enjoy being outside and getting to see new things. Even though we’re always doing the same job, it’s new each time.” He continues, “We are serious about what we do and we put work first, but there’s still time to cut up. You have to make work fun.”

Brown emphasizes that CEO, Kim Shepherd, along with his managers, encourage him as well. It is not only those directly on his team that make work enjoyable. “I’ve always liked that you can reach out to Kim and talk to her,” he confirms. “She’s got a genuine love and heart for the employees here.”

Through Brown’s perspective, both happiness and success start within the very core of the company.

Jeff Ellis

Field Services Technician I

Started at SkyLine: November 16, 2021

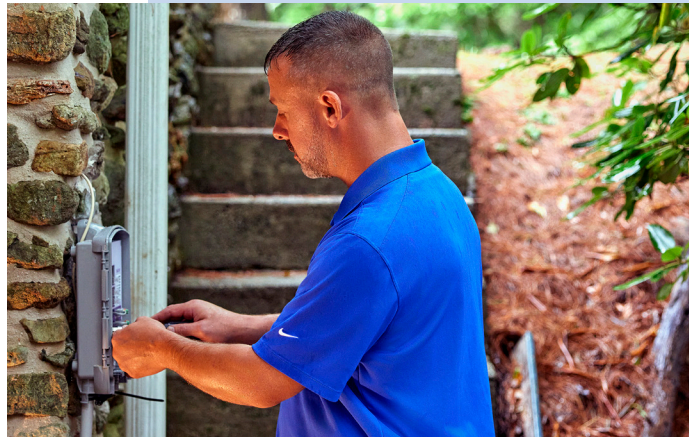
Performs installation and maintenance of communications services provided by SkyLine/SkyBest.



In his nearly two years as a Field Services Technician at SkyLine, Jeff Ellis found his passion in pleasing customers. After leaving his previous job of 26 years, Ellis sought a career change. “I started thinking about what’s going to be around,” Ellis recounted, “and I just said ‘broadband’. In this day and time, everybody has to have internet to function.”

As early as onboarding, he could tell people at SkyLine care. Ellis quickly felt comfortable in his new role and his co-workers were soon like family. He addresses that while the company is known for helping the surrounding communities, the employees feel cared for as well.

The positivity carries through from employees to customers. Ellis takes pride in the work he does, knowing installing fiber-optic broadband is for the benefit of his community. A technician is available to customers seven days a week. The team completes a 10-week rotation, in which one technician is on call for the full week; therefore, SkyLine is always prepared to meet customer needs. Ellis reports he remains ready to adapt as technology continues to develop. Working primarily with installations, he is in customer homes daily delivering access to first-rate internet.



“We’re the last phase,” Ellis says. “After all the other steps that go into it, we get to see the smiling faces of those pleased with their broadband service.”

Ellis regularly finds himself in rural areas, and his drive to improve the quality of life for people in remote places is unwavering.

“It really hit home for me when thinking about Covid,” Ellis illustrates. “Both kids and adults need reliable broadband to work from home, but in these rural areas, they don’t have internet, period.”

With each install, he enhances the customer’s ability to operate in today’s society. Ellis understands the value of working meticulously while remaining efficient. “I try to do things the exact same way I would want it in my home,” he stresses.

When Ellis joined SkyLine, he witnessed and became a part of a new kind of teamwork and collaboration, both within and outside of his department. For example, not only does his own team possess a genuine desire to help, when he experiences issues in the field, those in Support Services never fail to find a solution.

“As far as Field Services, I am happy to be part of such a great department,” Ellis remarks. His enthusiasm for his job is apparent. It is obvious he has a purpose and knows each day that he is providing a meaningful and needed broadband service. “It’s really awesome to work here,” he adds. “The work week just flies by.”

Economic Development

“I am proud that so many people in Watauga know who we are and want our service,” Chief Technology Officer, Robbie Farmer, states. “It’s a good feeling to know that the work we do helps people.”

Helping others remained a common theme as Farmer described the joint effort between SkyLine/SkyBest and Blue Ridge Energy to provide 160 miles of fiber to unserved and underserved areas in Watauga County. Neither company was willing to pass up an opportunity to better the lives of people in these rural communities.

Farmer played a key role in making the dream of reliable internet service a reality for many Watauga County residents. Not only did he work to help secure monies from the Watauga American Rescue Plan Act (ARPA) to fund the project, he also helped assure Watauga County commissioners that going with SkyLine was the correct decision.



“My role was really to help pitch the case that we were the right team,” Farmer declares. “If they’d get us the ball, we’d score.”

Score may be an understatement. Farmer conveyed pride in his team as he recalled SkyLine/SkyBest receiving the green light to begin building fiber-optic facilities. The efficient work of the crews allowed for the construction of around 85 miles of fiber in less than a year and a half.

Farmer feels confident that this project will further economic growth in the region. While acknowledging that it is still early in the process, he believes having a viable broadband option will be pivotal for businesses in the upcoming years.

“We were hearing it all the time. It was more difficult for realtors and landowners to sell their property because there was not an adequate broadband story,” Farmer attests. “Now that we’re building fiber to this area, there is going to be a very good broadband story to tell.”

Farmer is convinced that “Fiber-to-the-Premise” will be a solution to this issue, as access to trustworthy internet makes properties preferable and more attractive. Furthermore, he believes the fiber build will give small, run-from-home businesses a new advantage.

“They won’t be playing second fiddle to someone who has a better internet connection. They’re going to have a world-class internet connection that can help them facilitate their business,” Farmer proclaims.

There is an obvious push for economic development in this area, and Farmer felt honored that Watauga County trusted SkyLine/SkyBest and Blue Ridge Energy to help meet that need.

“The commissioners were 100 percent unanimous when they voted to give us the ARPA monies,” Farmer reports. “Just their confidence in us to be able to pull this off really makes you feel good.”

Mr. R.C. Mitchell

Since its onset, SkyLine has evolved with its surrounding society and kept up with exponential changes in the world of technology. From additions in our services to expansions of our service areas, few things remain the same. However, over the last 63 years, there has been at least one constant within the company.

SkyLine Board President, R.C. Mitchell began serving on the board in 1960, and continues to be a valuable asset to the company today. Since being elected president in 1995, he has loyally fulfilled this role for 28 years.

“Things have changed in many ways,” Mitchell reflects. “I guess I’ve stayed around to experience the better quality of service that we have.”

Mitchell’s role on the board tasks him with presiding over meetings, appointing committee members, voting on company matters and more. As he oversees the cooperative, he describes his true role as helping his community.

“The best part of a cooperative is that it is owned by members,” he asserts. “I think the primary purpose for SkyLine is to make each community a better place to live.”

Mitchell places top priority on SkyLine continuing its efforts to bring broadband connections to areas that are hard to serve. He proudly proclaims that SkyLine’s goal from the beginning was to bring the advancements of urban areas to rural communities.



“Way back, the larger companies would not build communications lines into the rural areas where it was sparsely settled,” Mitchell recalls. “SkyLine did that from the very start, and that is the reason we are a cooperative.”

As SkyLine continues to grow in customers and as a company, Mitchell attributes the successes to the employees of the company.

“There are a lot of moving parts,” he recognizes. “Everyone has to come together to get the job done efficiently, and I think we can thank our good staff within the company for that.”

Although Mitchell is astonished at the pace in which modern technology changes, he believes SkyLine is more than capable of keeping up with the rest of the world. As he projects about the future of the company, he remains hopeful that SkyLine will continue to help rural areas adapt with the times through continuing to make fiber-optic broadband available.

“We’re not done yet,” Mitchell declares.

Financials

SKYLINE MEMBERSHIP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES

	2022	2021
Operating Revenues	64,767,912	66,984,314
Operating Expenses		
Plant Specific and Non-Specific Operations	14,898,061	14,413,693
Depreciation	13,133,429	13,031,023
Customer and Corporate Operations	15,946,714	17,499,310
Cost of Sales	7,128,544	8,838,239
Taxes	126,525	240,500
	51,233,273	54,022,765
Operating Income	13,534,639	12,961,549
Non-Operating Income	(4,496,831)	11,861,389
Federal and State Income Tax Expense	989,170	853,585
Net Income	8,048,638	23,969,353

Highlights of Operation

SkyLine Membership Corporation and Subsidiaries

	2022
Operating Revenues	64,767,912
Operating Expenses	51,233,273
Other Income/Expenses	(5,486,001)
Consolidated Net Income	8,048,638
Capital Expenditures	12,690,909

CONSOLIDATED BALANCE SHEET

Assets	2022	2021
Current Assets		
Cash and Equivalents	\$20,248,385	\$28,435,279
Accounts Receivable (Less Allowance)	290,170	184,365
Inventory	7,095,619	3,719,249
Other Current Assets including Equity Investments	41,781,576	39,782,228
Total Current Assets	69,415,750	72,121,121
Non-Current Assets		
Notes Receivable	1,168,703	1,339,684
Debt Securities	598,525	635,625
Other Investments including Equity Method Investments	53,021,143	52,006,163
Operating Lease Right of Use Act	2,219,297	-
Obligation Under Interest Rate Swap	889,018	-
Goodwill	3,916,346	3,916,346
Total Non-Current Assets	61,813,032	57,897,818
Property, Plant & Equipment		
Total Plant in Service, Plant Under Construction & Non-Operating Plant	344,580,872	331,889,963
Less: Accumulated Depreciation	(208,799,146)	(200,427,792)
Total Net Plant	135,781,726	131,462,171
Total Assets	267,010,508	261,481,110
Liabilities & Equity		
Current Liabilities		
Accounts Payable and Customer Deposits	3,337,367	3,093,228
Current Portion of Long Term Debt	4,156,962	4,019,200
Current Operating Lease Liability	220,577	-
Other Current Liabilities	3,505,685	3,917,315
Total Current Liabilities	11,220,591	11,029,743
Non-Current Liabilities		
Long Term Debt, Less Current Maturities	22,584,169	26,597,073
Non-Current Operating Lease Liabilities	1,998,720	-
Obligation Under Interest Rate Swap	-	1,207,827
Other Non-Current Liabilities	9,421,815	8,017,080
Total Non-Current Liabilities	34,004,704	35,821,980
Equity		
Patronage Capital	125,297,423	118,518,058
Other Equities	96,487,790	96,111,329
Total Equity	221,785,213	214,629,387
Total Liabilities & Equity	267,010,508	261,481,110

Within the Departments



“Our team works diligently with state and local entities to attain grant funding that helps the company serve customers in need. We also work with Universal Service Administrative Company to help lower monthly costs of internet and phone service through programs such as Lifeline and the Affordable Connectivity Program. It is rewarding to watch our work directly impact the community around us. SkyLine uses resources available to further its mission of serving those in the areas hardest to serve in new and existing territories. Our skilled staff, along with the many funding and growth opportunities in our industry allow us to aggressively reach people in need of quality service and achieve goals that would be insurmountable otherwise.”

Luke Eggers, SkyLine Accounting Manager



“I enjoy problem solving alongside my team and finding the best ways to complete tasks. Some days are more challenging than others, but the fast-paced changes of technology keep work interesting daily. This year, my team implemented multi-factor authentication. As all users were affected, the execution proved complex; however, in the end, I truly feel like this strengthened the security of our corporate network. I am proud to be involved in projects that make our company stronger and more productive.”

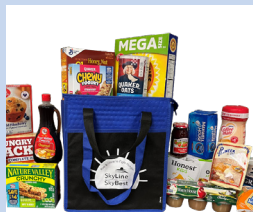
Amber Osborne, SkyLine Systems Administrator II



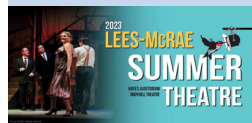
“As a part of the Business Sales team, it is my job to find businesses in need of new or upgraded services. We elevate businesses through providing high-speed broadband in areas with lackluster speeds and support. By serving these folks, we promote small business and economic development in rural areas. I encounter new people daily, and I love creating those connections within the community. I take pride in helping others and connecting them with people who truly want to see them succeed in their business endeavors.”

Haleigh Hogg, SkyLine Business Sales Executive

Within the Community



PROJECT TEAMWORK
partners in our communities



Rise & Shine Food Drive

SkyLine is in its tenth year of partnering with area food pantries to help fill their shelves with non-perishable breakfast food items through the Rise & Shine Food Drive.

Relay For Life

SkyLine employees and directors strongly support Relay for Life and their effort to raise awareness and funds for the American Cancer Society, raising over \$200,000 to date.

Co-Op Leadership Camp

SkyLine is a long-time supporter of Cooperative Leadership Camp. Led by the Cooperative Council of North Carolina, Co-Op Camp gives students the opportunity to learn about co-ops, leadership development and have a week of fun!

Project Teamwork

Project Teamwork is an employee-led community outreach program which provides financial relief to area families in times of crisis.

Theatre Support

SkyLine/SkyBest is proud to be a corporate sponsor for both An Appalachian Summer Festival as well as the Lees-McRae Summer Theatre.

American Red Cross Bloodmobile

SkyLine hosts blood drives bi-annually in order to give the gift of life to those who need it most.

SkyChange

SkyLine/SkyBest customers can round up their bill to contribute to SkyChange, which will help local, non-profit organizations.

Frank James-SkyLine Scholarship

The Frank James-SkyLine Scholarship is awarded to children of SkyLine/SkyBest customers based on financial need, academics and school and community involvement.

FRS Youth Tour

Lane Miller and Chase Miller of Ashe County represented SkyLine at the 2023 Foundation for Rural Service Youth Tour. They explored the nation's capital, learned about the importance of broadband and made connections with other students from rural areas.

Christmas Charities

SkyLine employees give back around the holidays in various ways in all areas. Examples include Ashe County's Interagency Christmas Project and Appalachian Senior Programs' Project Star.



COOPERATIVE COUNCIL of NC



COOPERATIVE LEADERSHIP CAMP



SkyChange
Changing lives in your community



Retirements



Karen Powell
32 years
12/1/22



Tony Shelton
31 years
12/1/22



Tony Holt
29 years
8/1/23



Mark Baugham
28 years
12/1/22



Gary Brown
25 years
12/1/22



Bill Brock
24 years
12/1/22

30 Years

Service Anniversaries



Shelby Waddell
9/27



Ronda Roten
11/22

25 Years



Kim Shepherd
1/01



Joey Burgess
3/23



Tommy Sturgill
3/30



Eric Holt
5/18



Adam Johnson
5/18



Tom Edwards
5/26



Mike Miller
6/15



Nancy Lewis
8/01



Tracy Critcher
8/14



Joe Taylor
11/16

20 Years



Jamey Miller
2/18



Greg Greene
5/20



Justin Dalton
7/23



Holly Walls
8/18



Michelle Scott
9/17



Myla Farmer
9/24

15 Years



Sue Davis
4/16



Teresa Penegar
5/19



Kala Johnson
4/01



Erik Lyons
5/21



Luke Eggers
9/01

5 Years

In Remembrance



Timothy James Peterson, Lineman
September 24, 2001 - July 16, 2023

We would like to remember Timothy Peterson, a young man whose infectious smile could light up any room. His untimely departure left a void in the hearts of all who had the privilege of knowing him. Timothy joined SkyLine/SkyBest on December 5, 2022. In his short time at SkyLine, he showed his hard work and dedication. Timothy's legacy will forever be remembered and cherished by his family, teammates and co-workers.



SkyLine

membership corp.

Mailing Address

P.O. Box 759
1200 NC Hwy 194 N.
West Jefferson, NC 28694

Phone Numbers

Toll free: 1-800-759-2226
Phone: (336) 877-3111
Fax: (336) 877-2020

Office Locations

Banner Elk
Boone
Sparta
West Jefferson
(Smart Home & Call Center)

Web Address

skybest.com