

2023  
ANNUAL  
REPORT

CIBL, INC.

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***CIBL Inc.***  
***165 West Liberty Street, Suite 210***  
***Reno, NV 89501***  
***(775) 329-8555***

*To our shareholders:*

We had another productive and value-added year.

We focused on acquiring a 20% interest in Dunkirk Fredonia from LICT. We examined a potential acquisition in New Hampshire and we are seeking more opportunities both organically and via tuck-in acquisitions.

We worked with the Omni Mt. Washington Hotel & Resort in Bretton Woods to provide what we all believe are the services required to enhance a visit to Mt. Washington as well as the hotel. At the same time, we focused on even better services to around 400 homes in the community that adjoins the Omni Mt. Washington Hotel & Resort in Bretton Woods.

On September 27, 2023, we announced that CIBL will acquire 20% of Brick Skirt Holdings, Inc. (“Brick Skirt”) from LICT Corporation (“LICT”) of which 8% (40% of the 20%) was completed in the third quarter of 2023; the remaining 12% interest is expected to be acquired as soon as regulatory approval is received. Brick Skirt was a former subsidiary of LICT known as DFT Communications and is located in Fredonia, New York.

We own two New Hampshire operations consisting of Bretton Woods Telephone Company, Inc., a Rural Local Exchange Carrier serving the Mt. Washington/Carroll, NH area, and World Surfer, Inc., a fiber broadband provider serving the same and extended areas in New Hampshire. These operations are leading providers of 1 gigabit high speed broadband and communications services to an approximately 35-square-mile area in northern New Hampshire, including the Omni Mount Washington Hotel and Resort, the Mount Washington Cog Railway and the summit of Mount Washington’s highest mountain.

During 2023, revenues from our New Hampshire operations increased \$46,000 to \$1,909,000 from \$1,863,000 in 2022 due to new services, one time equipment revenues and system upgrades. EBITDA, before corporate expenses, during 2023 increased \$54,000 to \$506,000 from \$452,000 in the previous year.

At year-end 2023, we held \$22.7 million in cash and investments, an equity method limited partnership of \$1.9 million and equity securities of around \$550,000, equivalent to \$1,794 or per share value in total. We also held 10,000 shares in Solix, Inc., a private outsourcing firm that provides, among other services, Universal Service Fund (“USF”) administration services to the telecommunications industry.

During 2023, we purchased 193 of our common shares reflecting 1.5% of our company. As of December 31, 2023, shares outstanding were 12,668.

(Y)our Board of Directors

(Y)our Board of Directors continues to evaluate a broad range of strategic alternatives for the company to create shareholder value. As noted above, we have liquidity to effectuate transactions if we find them attractive and appropriate to enhance our Company.

We also wish to acknowledge the longstanding support of board member Philip J. Lombardo whose business association with our Chairman, Mario Gabelli, dates back to his founding of GAMCO in 1977. Sadly, Mr. Lombardo passed away on January 5, 2024; his contributions will be sorely missed.

In addition, Salvatore Muoio and Michael Gabelli will transition to Director Emeritus status effective July 1, 2024, and we thank them for their support over the years. Specifically, Sal who has been a Director since our spinoff from LICT in 2008.

We thank all our customers in New Hampshire and our shareholders for their continued confidence in us.

CIBL, Inc.  
April 24, 2024

## **CIBL, Inc.**

### **The Company and Its Business**

#### **Introduction**

CIBL, Inc. (“CIBL” or the “Company”) primarily consists of cash and liquid investments and an operating broadband and telecommunications operations in New Hampshire that is discussed further below. CIBL trades on OTC Pink® under the symbol CIBY. The Company was originally spun off by LICT Corporation (“LICT”) on November 19, 2007. It was founded as a holding company for certain portfolio investments of LICT. At December 31, 2023, CIBL holds \$21 million in liquid assets and is evaluating its strategic alternatives.

On December 31, 2019, CIBL acquired New Hampshire Granite Inc., and its New Hampshire operations from LICT in exchange for 1,000 shares of CIBL common stock.

On August 31, 2023, CIBL received 5,700 shares of MachTen, Inc. (OTC Pink: MACT) as a spin-off distribution from our holdings of LICT Corporation shares.

On September 27, 2023, the Company announced, subject to regulatory approval, it will acquire a 20% interest in Brick Skirt Holdings, Inc. (“Brick Skirt”) from LICT Corporation (“LICT”), at an aggregate purchase price of \$1,500,000 comprised of 750 shares of CIBL common stock (40% of this interest was made in the third quarter of 2023 and the remaining interest is expected to be acquired in the first half of 2024).

#### **New Hampshire Operations**

New Hampshire Granite consists of Bretton Woods Telephone Company (“BWTC”), a Rural Local Exchange Carrier serving the Mt. Washington/Carroll, NH area, and World Surfer, Inc., a fiber broadband provider serving the same area and extended areas. Bretton Woods Telephone Company began operations as a department of the Mount Washington Hotel, which served all the buildings on the property. In 1947, BWTC officially became an independent public utility company. In February 1992, Lynch Corporation (predecessor to LICT) acquired Bretton Woods Telephone Company. Over the years, BWTC has updated its switching equipment, enabling it to expand telecommunication service to additional Bretton Woods properties, including the administration buildings, the ski area, condominiums, and single-family homes. BWTC was an early leader in delivering high speed service to the communities we serve, as we invested in significant equipment conversions, which enabled the Company to deliver 1 Gigabit High Speed Broadband services to the resort and 100% of our subscribers over our thirty-five-mile optic network in the surrounding communities.

Our 1 Gigabit service has been well received by existing and new subscribers. Our Active Ethernet network delivers any IP service over a single fiber from our serving wire center. Our team continues to expand the reach of our network, serving subscribers, and potential customers outside our traditional ILEC territory through the use of wholesale leased facilities.

Bretton Woods Telephone Co., Inc. leases approximately 2,800 square feet of business office space and garage/storage space located in Bretton Woods, New Hampshire. It also owns two central office buildings on leased land in Bretton Woods totaling 844 square feet. The company has 29 miles of copper cable and 42 miles of fiber optic cable.

## **Investments**

Other than cash and direct and indirect investments in United States Treasury securities and Bretton Woods and World Surfer, the Company holds non-controlling ownership in the following investments described below.

**Solix, Inc.** CIBL owns, as part of the original spin-off from LICT, 10,000 shares of common stock (a 1.43% interest) in Solix, Inc. (“Solix”). Solix is an outsourcing firm that provides, among other things, USF administration services and other business process services to the telecommunications industry. The shares are restricted and there is no public trading market for them. The carrying value of such investment as of December 31, 2023, and 2022 was \$100,000.

**LICT Corporation** On December 31, 2023 and 2022, the Company held 28 and 20 shares of LICT Corporation (OTC Pink®: LICT) with a mark to market value of \$507,000 and \$400,000, respectively.

**MachTen, Inc.** On August 31, 2023, CIBL received 5,700 shares of MachTen, Inc. (OTC Pink: MACT) as a spin-off distribution from our holdings of LICT Corporation shares. As of December 31, 2023, these shares had a mark to market value of \$44,000.

**Brick Skirt Holdings, Inc.** On September 27, 2023, the Company announced, subject to regulatory approval, it will acquire 450 shares of Brick Skirt Holdings, Inc. (“Brick Skirt”), representing a 20% interest thereof, from LICT Corporation (“LICT”), at an aggregate purchase price of \$1,500,000 comprised of 750 shares of CIBL common stock. 40% of this interest was acquired in the third quarter of 2023 and the remaining interest is expected to be acquired in the first quarter of 2024.

**SM Merger/Arbitrage, L.P.** During 2016, CIBL invested \$1,300,000 in a merger/arbitrage limited partnership (“Partnership”) whose primary purposes are to invest in liquidations; in stub securities resulting from corporate merger, acquisition and recapitalization activities; and in risk arbitrage transactions related to mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations, or other similar transactions. The Partnership may also engage, to a lesser extent, in other investments in securities including capital structure arbitrage, matched pair trading and related trading in options. A Director of the Company is the managing member of the limited liability company which is the General Partner of the Partnership. As of December 31, 2023 and 2022, the Company’s investment was recorded at \$1,878,000 and \$1,743,000, respectively.

**Employees**

As of December 31, 2023, with the acquisition on New Hampshire Granite, the Company had 5 employees. CIBL has transitional executive managers providing administrative and management services and an administrator located in its Reno, NV headquarters office.

**Legal Proceedings**

The Company may from time to time be involved in legal proceedings in the normal course of its business and such a proceeding could be material, but the Company is not involved in any such legal proceeding at the current time.

## **CIBL, Inc.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with its audited consolidated financial statements and related notes.*

#### **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 necessarily 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**

##### **Year 2023 compared to 2022**

During 2023, revenues all from its New Hampshire operations, increased \$46,000 to \$1,909,000 from \$1,863,000 in 2022 due to new services, one time equipment revenues and system upgrades.

Total operating expenses, excluding depreciation, of its New Hampshire operations at \$1,403,000 were essentially the same as 2022. Corporate expenses increased \$60,000 to \$1,082,000 from \$1,022,000 as compared to 2022 from higher directors' fees and management fees offset by lower professional fees. Depreciation expense decreased by \$55,000 to \$124,000 from \$179,000.

#### **EBITDA**

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of 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 telecommunications 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 assessment 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.

The following table provides the components of EBITDA and reconciled to net income for the years ended December 31, 2023 and 2022:

EBITDA during 2023, increased \$54,000 to \$506,000 from \$452,000 in the previous year. The increase in EBITDA is related to an increase in revenues of \$46,000 and a decrease in costs and expenses of \$8,000.

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
<b>Reconciliation to net income (loss):</b>		
EBITDA	\$506	\$452
Corporate office expenses	(1,082)	(1,022)
Interest income	989	331
Other expense	(12)	(19)
Equity in income of a limited partnership investment	134	35
Depreciation and amortization	(124)	(179)
Income tax (expense) benefit	(124)	50
Net income (loss)	<u>\$287</u>	<u>\$(352)</u>
 Average Shares outstanding	 12,537	 13,222

Interest income of \$989,000 in 2023 and \$331,000 in 2022, primarily consists of interest from money market funds and United States Treasury securities. The increase in 2023 interest income reflects higher interest rates on United States Treasury Bills.

Equity in income of a limited partnership investment represents CIBL's investment in a merger/arbitrage limited partnership investment. CIBL's share of these earnings was \$134,000 and \$35,000 in 2023 and 2022, respectively.

The Company's effective tax rates for 2023 and 2022 were 30.1% and 12.5%, respectively. The 2022 rate reflected deferred taxes related net operating loss carryforwards and accrued compensation costs.

As a net result, CIBL's operations had earnings of \$287,000, or \$22.90 per share in 2023 and a loss of \$352,000, or (\$26.62) per share in 2022, respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

On October 2, 2023, the Company announced, Bretton Woods has submitted its election to participate in the FCC Enhanced Alternative Connect America Cost Model (“Enhanced A-CAM”). This election was authorized by the FCC on October 30, 2023. Enhanced A-CAM requires a commitment to continue to provide broadband speeds at or above 100/20 Mbps to Bretton Woods’ incumbent local exchange network. Bretton Woods would receive Enhanced A-CAM support payments averaging \$55,400 per annum through 2038; whereas current A-CAM support payments were scheduled to expire in 2028.

### **Working Capital**

As of December 31, 2023, CIBL had current assets of \$23.2 million and current liabilities of \$0.4 million resulting in working capital of \$22.8 million compared to \$22.7 million as of December 31, 2022.

Net cash from operating activities in 2023 was \$302,000 due to net income of \$287,000 offset by \$57,000 of adjustments for noncash items and \$42,000 in net receivables/payables.

Net cash used by operating activities in 2022 was \$224,000 due to a net loss of \$352,000 offset by \$45,000 of adjustments for noncash items and \$83,000 in net receivables/payables.

Net cash used by investing activities in 2023 was \$9.4 million due to \$9.1 million in net acquisitions of U.S. Treasury Bills, net purchases of common share securities of \$163,000 and capital expenditures of \$83,000.

Net cash provided by investing activities in 2022 was \$11.6 million due to \$12.1 million in net redemptions of U.S. Treasury Bills offset by purchases of equity securities of \$420,000 and capital expenditures of \$3,000.

Net cash used in financing activities was \$346,000 and (\$3.9) million in 2023 and 2022, respectively, from purchases of treasury stock.

During 2023, the Company issued 300 common shares in exchange for an 8% interest in Brick Skirt Holdings, Inc.

### **Share Repurchases and Distributions**

CIBL’s Board of Directors has authorized a stock repurchase program. Since its spin-off from LICT Corporation, the Board has authorized the repurchase of a cumulative 9,724 shares of its common stock, of which 722 shares are remaining to be purchased. Since CIBL was spun off by LICT Corporation, on November 19, 2007, the Company has acquired 9,002 shares of its common stock at an average price of \$1,532; 193 of these shares, at an average price of \$1,789 per share, were purchased in 2023.

In addition to its open market repurchase programs, the Company has conducted two tender offers for its shares, purchasing a total of 4,746 shares at an average price of \$1,100 per share.

**CIBL, Inc. and Subsidiaries**  
Consolidated Financial Statements  
December 31, 2023 and 2022



## **Report of Independent Auditors**

The Board of Directors  
CIBL, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of CIBL, Inc., which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in 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 CIBL, Inc., as of December 31, 2023 and 2022, 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 CIBL, Inc., 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CIBL, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 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 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 CIBL, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CIBL, Inc.'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.



Spokane, Washington  
April 24, 2024

**CIBL, Inc. and Subsidiaries**  
Consolidated Balance Sheets  
(In Thousands, Except Common Share Data)

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$1,252	\$10,647
Investment in United States Treasury Bills	19,046	9,940
Investment in available for sale equity securities	551	400
Investment in equity method limited partnership	1,878	1,743
Accounts receivable	228	200
Prepaid expenses	160	155
Materials and supplies	59	59
Income taxes receivable	45	68
Total Current Assets	<u>23,219</u>	<u>23,212</u>
Telecommunications property, plant and equipment, net	<u>646</u>	<u>676</u>
Goodwill	337	337
Other intangibles, net	41	52
Other investments	700	100
Deferred income taxes	-	18
Other assets	71	85
Total Assets	<u><u>\$25,014</u></u>	<u><u>\$24,480</u></u>
<b>Liabilities and Equity</b>		
Current Liabilities		
Trade accounts payable and accrued expenses	\$ 76	\$ 95
Accrued liabilities	371	385
Total Current Liabilities	<u>447</u>	<u>480</u>
Deferred income taxes	37	-
Other liabilities	59	70
Total Liabilities	<u>543</u>	<u>550</u>
Equity		
Common stock, par value \$.01, 30,000 shares authorized; 26,415 and 26,115 issued; and 12,668 and 12,561 outstanding	--	--
Contributed capital	6,212	5,612
Retained earnings	37,273	36,986
Treasury stock, 13,748 and 13,555 shares at cost	(19,014)	(18,668)
Total Equity	<u>24,471</u>	<u>23,930</u>
Total Liabilities and Equity	<u><u>\$25,014</u></u>	<u><u>\$24,480</u></u>

See notes to consolidated financial statements

**CIBL, Inc. and Subsidiaries**  
Consolidated Statements of Operations  
(In Thousands, Except Common Share Data)

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Revenue	\$1,909	\$1,863
<b>Costs and expenses</b>		
Operating costs, excluding depreciation and amortization	1,148	1,146
General and administrative	255	265
Corporate office expenses	1,082	1022
Depreciation and amortization	124	179
Total Operating expenses	2,609	2,612
Operating loss	(700)	(749)
<b>Other income (expense):</b>		
Interest income	989	331
Equity in income of limited partnership investment	134	35
Other	(12)	(19)
Total Other income	1,111	347
Net income (loss) before income taxes	411	(402)
Income tax (expense) benefit	(124)	50
Net income (loss)	\$287	\$(352)
Basic and diluted weighted average shares outstanding	12,537	13,222
Actual shares outstanding	12,668	12,561
<b>Per Share</b>		
Net income (loss) per share	\$22.90	\$(26.62)

See notes to consolidated financial statements

**CIBL, Inc. and Subsidiaries**  
Consolidated Statements of Changes in Equity  
(In Thousands, Except Common Share Data)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at January 1, 2022	14,749	\$--	\$5,612	\$37,338	\$(14,725)	\$28,225
Net loss	--	--	--	(352)	--	(352)
Purchase of treasury stock	(2,188)	--	--	--	(3,943)	(3,943)
Balance at December 31, 2022	12,561	\$--	\$5,612	\$36,986	\$(18,668)	\$23,930
Net income	--	--	--	287	--	287
Issuance of stock	300	-	600			600
Purchase of treasury stock	(193)	--	--	--	(346)	(346)
Balance at December 31, 2023	12,668	\$--	\$6,212	\$37,273	\$(19,014)	\$24,471

See notes to consolidated financial statements

**CIBL, Inc. and Subsidiaries**  
Consolidated Statements of Cash Flows  
(In Thousands, Except Common Share Data)

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Net income (loss) from continuing operations	\$287	\$(352)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	124	179
Equity in earnings of limited partnership investment	(134)	(35)
Unrealized (gains)/losses on securities	(18)	20
Loss on the sale on common share securities	30	-
Deferred income taxes	55	(119)
Changes in operating assets and liabilities:		
Accounts receivable	(28)	(19)
Accounts payable and accrued liabilities	(30)	(15)
Other operating assets and liabilities	16	117
Net Cash From Operating Activities	<u>302</u>	<u>(224)</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(83)	(3)
Proceeds from sale of common share securities	180	-
Purchase of common shares securities	(343)	(420)
Redemption of U.S. Treasury Bills	78,615	31,489
Acquisition of U.S. Treasury Bills	(87,720)	(19,431)
Net Cash From Investing Activities	<u>(9,351)</u>	<u>11,635</u>
<b>Cash Flows From Financing Activities</b>		
Purchase of treasury stock	(346)	(3,943)
Net Cash From Financing Activities	<u>(346)</u>	<u>(3,943)</u>
Net Change in Cash and Cash Equivalents	<u>(9,395)</u>	<u>7,468</u>
<b>Cash and Cash Equivalents</b>		
Beginning of year	10,647	3,179
Cash and cash equivalents at end of year	<u>\$1,252</u>	<u>\$10,647</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for income taxes, net	\$28	\$14
<b>Noncash investing activities</b>		
Common Stock exchanged for investment in affiliate	\$600	--

See notes to consolidated financial statements

**CIBL, Inc. and Subsidiaries**  
Notes to Consolidated Financial Statements  
(In Thousands, Except Common Share Data)

**1. Organization**

***Acquisition of New Hampshire Operations***

On December 31, 2019, the Company completed the acquisition of operations in New Hampshire (“NH”) from LICT Corporation (“LICT”), a publicly traded company that spun off CIBL in 2007. The acquired operations consist of Bretton Woods Telephone Company (“BWTC”), a Rural Local Exchange Carrier serving the Mt. Washington/Carroll, New Hampshire area, and World Surfer, Inc. (“WS”), a fiber broadband provider serving the same and extended areas.

The Company exchanged 1,000 shares of common stock for all outstanding shares of BWTC and WS. The Company recognized goodwill on the acquisition of approximately \$337,000.

***Other***

In addition, CIBL holds, or has held, investments in affiliates in which the Company does not have majority voting control but has the ability to significantly influence management decisions (either through an ownership of 20% or more or structured as a partnership or limited liability company treated as a partnership). These investments are accounted for in accordance with the equity method and consist of a merger/arbitrage limited partnership and a telecom services company that BWTC and WS utilizes to support its back-office operations.

**2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The accompanying financial statements include the operations of the Company and its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

***Regulatory Accounting***

The Company’s public utility activities are regulated by the Federal Communications Commission (“FCC”), and the applicable state Public Service Commissions. The Company follows the Federal Communication Commission’s (FCC) Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

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. Developments that could give rise to

**CIBL, Inc. and Subsidiaries**  
Notes to Consolidated Financial Statements  
(In Thousands, Except Common Share Data)

substantial modifications of regulatory accounting practices include (1) increasing competition restricting the Company's wireline business' 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.

In 2019, BWTC adopted the FCC's voluntary USF Alternative Connect America Cost Model ("A-CAM") II effective January 1, 2019. BWTC's A-CAM II revenues for the years ended of December 31, 2023 and 2022, were \$134 and \$154, respectively. A-CAM II revenues for BWTC, transition down \$20 per year through 2028.

On October 30, 2023, BWTC received its authorization to participate in the Federal Communications Commission's ("FCC") Enhanced Alternative Connect America Cost Model ("Enhanced A-CAM"). Enhanced A-CAM requires a commitment to continue to provide broadband speeds at or above 100/20 Mbps to BWTC incumbent local exchange network. BWTC would receive Enhanced A-CAM aggregate support payments of \$831,000 through 2038 to average \$55,400 per annum. These amounts replace the A-CAM II revenues which were set to expire in 2028.

***Use of Estimates***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

***United States Treasury Bills***

The Company considers all highly liquid investments with maturities in excess of three months, and no greater than six months at the date of purchase, to be short-term investments.

As of December 31, 2023, the Company holds United States Treasury Bills with an aggregate face amount of \$19.2 million, with maturity dates of February 13, 2024, and March 14, 2024, and annual yields of 5.35% through 5.41%. These investments are recorded at fair value.

**CIBL, Inc. and Subsidiaries**  
Notes to Consolidated Financial Statements  
(In Thousands, Except Common Share Data)

***Investment in Available for Sale Equity Securities***

Equity securities are stated at fair value, with any unrealized gains and losses, reported as part of other income (loss) in the consolidated statement of operations.

On December 31, 2023 and 2022, the Company held 28 and 20 shares of LICT Corporation stock (a 0.16% and 0.12% interest) with a fair value of \$507,000 and \$400,000, respectively. During 2023, the Company acquired 18 shares at an average price of \$19,062 per share and sold 10 shares at a realized loss of \$30,000. Our chairman is also Chairman and CEO of LICT Corporation.

On August 31, 2023, CIBL received 5,700 shares of MachTen, Inc. (OTC Pink: MACT) as a spin-off distribution from our holdings of LICT Corporation shares. On December 31, 2023, these shares had an aggregate fair value of \$44,000.

***Investment in Equity Method Limited Partnership***

The Company accounts for its investment in an equity method limited partnership in which it does not have majority voting control but has the ability to significantly influence financial and operating policies, in accordance with the equity method, based upon information in such equity investees' financial statements.

During 2016, the Company invested \$1,300 in a merger/arbitrage limited partnership ("Partnership") whose primary purpose is to invest in liquidations; stub securities resulting from corporate merger, acquisition and recapitalization activities; and risk arbitrage transactions in connection with mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations or other similar transactions. The Partnership may engage, to a lesser extent, in other investments in securities including capital structure arbitrage, matched pair trading and related trading in options. A Director of the Company is the managing member of the limited liability company, which is the General Partner of the Partnership. As of December 31, 2023 and 2022, the Company's investment was recorded at \$1,878 and \$1,743, respectively.

***Accounts Receivable***

Trade receivables consist of uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Accounting for Financial Instruments - Credit Losses*

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(Topic 326) (“ASU 2016-13”), which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Previously, U.S. GAAP required an “incurred loss” methodology that delays recognition until it is probable a loss has been incurred. Under ASU 2016-13, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The consolidated statements of operations will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. In November 2019, the FASB issued ASU 2019-10, which deferred the effective date of this guidance for smaller reporting companies for three years. The adoption of this standard did not have a material impact on the Company’s financial statements.

***Other Investments***

The Company's 1.43% ownership interest in Solix, Inc. (“Solix”) is accounted for using the cost method. Solix is an outsourcing firm that provides services such as USF administration services to the telecommunications industry. The carrying value of such investment as of December 31, 2023 and 2022, was \$100.

On September 27, 2023, the Company announced, subject to regulatory approval, it will acquire 450 shares of Brick Skirt Holdings, Inc. (“Brick Skirt”), representing a 20% interest thereof, from LICT Corporation.

Brick Skirt, through its subsidiaries, 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.

The aggregate purchase price of the Brick Skirt shares is \$1,500 payable by delivery of said shares by LICT to CIBL at two closings as follows: 180 shares at the first closing and 270 shares at the second closing upon regulatory approval for the transaction. As consideration for the Brick Skirt shares CIBL will deliver a total 750 of its common shares to LICT as follows: 300 shares at the first closing and 450 shares at the second closing. The first closing occurred on September 29, 2023. The carrying value of Brick Skirt as of December 31, 2023, was \$600.

***Telecommunications Property, Plant and Equipment***

Additions to the Telecommunications plant and equipment are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. When units of plant and equipment are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation.

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Maintenance and repair costs and the replacement and renewal of items determined to be less than units of plant and equipment are charged to expense.

***Depreciation***

The majority of plant and equipment is used for the wireline telephone business. Depreciation is based on the composite group remaining life method and straight-line composite rates. This methodology provides for the recognition of the cost of the remaining investment in telephone plant and equipment less anticipated positive net salvage value, over the remaining asset lives. Use of this methodology requires the periodic revision of depreciation rates. In the evaluation of asset lives, multiple factors are considered, including expected future retirements, technology changes and the adequacy of depreciation reserves.

***Goodwill and Other Intangible Assets***

The Company follows the FASB ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which eliminates the second step in the goodwill impairment test that required an entity to determine the implied fair value of the reporting unit's goodwill. Under the ASU, goodwill impairment testing should be completed at least annually by comparing the fair value of a reporting unit with its carrying value. As a result of this comparison, the Company would recognize an impairment charge for the amount by which the carrying amount exceeds the unit's fair value, with any losses recognized not to exceed the total amount of goodwill allocated to the reporting unit. Prior to performing this quantitative assessment, the Company has the option to perform a qualitative assessment to determine if impairment is more likely than not to have occurred. If the Company concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative assessment is not required.

The Company performed a qualitative assessment to determine if impairment is more likely than not to have occurred. As of December 31, 2023 and 2022, the Company concluded that the Company's fair value exceeded its carrying value therefore "it is not more likely than not" that their goodwill was impaired; therefore, no impairment of goodwill was recorded in the years ended December 31, 2023 and 2022. Further, there were no changes to goodwill recorded in the years ended December 31, 2023 and 2022.

***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 financial statements on a recurring basis, and of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis or are presented only in

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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 three types of assets that are measured at fair value. A money market mutual fund that invests in United States Treasury bills, included in cash and cash equivalents, United States Treasury Bills owned by the Company, included in United States Treasury Bills and an equity security invested in LICT Corporation common shares, which are all classified as Level 1 inputs, because they are valued using quoted market prices. As of December 31, 2023, the money market mutual fund, US Treasury Bills, and LICT Corporation and Mach Ten, Inc. common shares had values of \$0.4 million, \$19.0 million and \$0.6 million, respectively. As of December 31, 2022, the money market mutual fund, US Treasury Bills, and LICT Corporation common shares had values of \$0.8 million and \$19.4 million and \$0.4 million, respectively.

Cash in banks, trade accounts receivable, short-term borrowings, trade accounts payable, and accrued liabilities are carried at cost, which approximates fair value due to the short-term maturity of these instruments.

***Impairment of Long-Lived Assets***

Long-lived assets, such as telecommunications plant, 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 group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the years ended December 31, 2023 and 2022.

***Income Taxes***

Income taxes are provided for the tax effects of transactions reported in the financial statements. Income taxes consist of taxes currently payable and those deferred due to temporary differences between the financial reporting and tax basis of the Company's assets and liabilities, using tax rates in effect in the period in which the temporary differences are expected to reverse. The Company establishes valuation allowances relating to deferred tax assets when management concludes that it is more likely than not that the Company will not realize a benefit from the reversal of such temporary differences.

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The Company files a consolidated federal tax return with BWTC and WS filing separate state returns.

***Accounting for Uncertainty in Income Taxes***

The Company recognizes the effect of income tax positions only when the tax position is more likely than not to be sustained. Management is not aware of any exposure to uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to federal or state income tax examinations for periods prior to the year ended December 31, 2018. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

***Revenue Recognition***

Telecommunication service revenue related to New Hampshire's operations was primarily derived from regulated local, intrastate and interstate access, and USF services and recognized as services are provided.

In May 2014, the FASB issued ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers*, 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.

The Company's predecessor for the acquired New Hampshire Granite operations adopted all three ASCs (ASC 606) on a modified retrospective basis for its contracts with customers that had not been completed as of January 1, 2018. The Company's customer contracts include performance obligations that are satisfied as products are delivered at a point in time or over time. Under the new 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.

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Of the Company's \$1,909 and \$1,863 in operating revenue for the years ended December 31, 2023 and 2022, \$1,775 and \$1,725, respectively, was related to contracts with customers and was recognized over the time period that the service was provided. Revenue recognized at a point in time was not material.

***Leases***

The Company adopted ASU 2016-02, *Leases* (Topic 842) ("the New Lease Standard") as of January 1, 2019. The New Lease Standard requires a lessee 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.

The Company adopted of the New Lease Standard using the comparative reporting at adoption method. Under this method, financial results reported in periods prior to January 1, 2019, are unchanged. The Company also elected the package of practical expedients which among other things, does not require reassessment of lease classification, initial direct costs, or terms within expired or existing contracts.

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. The Company estimated the incremental borrowing rate derived from information available at the lease commencement date to determine the present value of our lease payments if a discount rate is not stated within the lease agreement. To estimate the incremental borrowing rate, the Company utilized a risk free rate plus the incremental interest rate spread for collateralized debt, which is updated on an annual basis. Multiple incremental borrowing rates are used that correspond to term of the lease.

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.

See Note 5. Leases for additional information.

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**3. Telecommunications Property, Plant, and Equipment**

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

<i>Year Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Buildings and leasehold improvements	\$ 364	\$ 364
Machinery and equipment	4,011	3,928
	4,375	4,292
Accumulated depreciation	(3,729)	(3,616)
	<b>\$ 646</b>	<b>\$ 676</b>

**4. Treasury Stock**

Since it was spun-off from LICT Corporation on November 19, 2007, CIBL's Board of Directors has increased its authorized share repurchase program up to a cumulative 9,724 shares of common stock of which 722 shares are remaining to be purchased. Through December 31, 2023, CIBL has purchased 9,002 shares at an average price of \$1,532 per share; 193 shares were purchased in 2023 at an average price of \$1,789 per share, and 2,188 shares were purchased in 2022 at an average price of \$1,802 per share.

In addition to its open market repurchase programs, the Company has conducted two tender offers for its shares, purchasing a total of 4,746 shares at an average price of \$1,100 per share.

**5. Leases**

Leases primarily consist of:

- Business office and equipment
- Remote equipment facilities

Lease terms may include options to extend or terminate the lease. Options to extend leases are included when it is reasonably certain that we will exercise that option based on the individual lease and our business objectives at lease inception. The Company has elected to not record leases with a term of 12 months or less on the balance sheet.

The practical expedient was elected to combine the lease and non-lease components for all asset classes.

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As of December 31, 2023 and 2022, the weighted average remaining lease term and the weighted average discount rate for operating leases are as follows:

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
Weighted-average remaining lease term - operating leases	<b>5.0 years</b>	5.8 years
Weighted-average discount rate - operating leases	<b>8.1%</b>	7.7%

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

	<b>Operating Leases</b>
For the years ending December 31,	
2024	\$17
2025	17
2026	17
2027	17
Thereafter	18
Total lease liabilities	<u>\$ 86</u>
Less amount representing interest and discount	<u>(16)</u>
Present value of future minimum lease liabilities	70
Less current portion	<u>(11)</u>
Lease liabilities, net of current portion	<u>\$59</u>

ROU assets related to the Company's leases are recorded as other assets in the accompanying balance sheets.

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**6. Income Taxes**

The income tax expense (benefit) from continuing operations for the years ended December 31, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Current tax provision (benefit):		
Federal	\$ 27	\$ 26
State	42	43
	<u>69</u>	<u>69</u>
Deferred tax benefit:		
Federal	94	(119)
State	(39)	--
	<u>55</u>	<u>(119)</u>
Total	<u>\$ 124</u>	<u>\$ (50)</u>

Deferred income tax assets and (liabilities), which are provided for the temporary differences between the financial reporting bases and the tax basis of the Company's assets and liabilities for continuing operations, at December 31, 2023 and 2022, consisted of:

	<u>2023</u>	<u>2022</u>
Deferred tax assets:		
Net operating loss	\$ 75	\$ 98
Other	12	11
Total deferred tax asset	<u>87</u>	<u>109</u>
Deferred tax liabilities:		
Depreciation	(79)	(74)
Equity method investments	(45)	(17)
Total deferred tax liability	<u>(124)</u>	<u>(91)</u>
Net deferred tax asset (liability)	<u>(\$ 37)</u>	<u>\$ 18</u>

The company has state net operating loss carryforwards of \$1.0 million that expire in varying amounts beginning in 2030.

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**7. Concentration of Risk**

***Credit Risk***

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash and cash equivalents may at times exceed federally insured amounts.

**8. Related Party Transactions (Not Disclosed Elsewhere)**

An affiliate of Brick Skirt provides back-office support services to BWTC and WS. During 2023 and 2022, Brick Skirt received fees in aggregate of \$136 and \$116, respectively, from these entities. LICT Corporation, an affiliate, provided administrative and management services to CIBL's continuing operations through June 30, 2022. As compensation for these past services, LICT received fees of \$63 for the year ended December 31, 2022.

At December 31, 2023 and 2022, cash and short-term investments of \$0.4 million and \$0.8 million, respectively, were invested in United States Treasury money market funds for which affiliates of one of the Company's Directors serve as investment managers.

**9. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 24, 2024.

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**CIBL, INC.**  
**DIRECTORS, OFFICERS, AND OTHER INFORMATION**

**Board of Directors**

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**Mario J. Gabelli**

Chairman, Chief Executive Officer and Chief Investment Officer of GAMCO Investors, Inc. and Chairman and Chief Executive Officer of LICT Corporation

**Salvatore Muoio**

Managing Member of S. Muoio Co. LLC

**Philip J. Lombardo**

Former Chairman and Chief Executive Officer  
Citadel Communications LLC

**Raymond H. Cole**

President and Chief Operating Officer  
Citadel Communications LLC (Retired)

**Robert E. Dolan**

Former Interim Chief Executive and  
Interim Chief Financial Officer CIBL, Inc.  
Former Executive Vice President and  
Chief Financial Officer  
LICT Corporation

**Michael J. Gabelli**

Managing Director  
Associated Capital Group, Inc. President  
Gabelli & Partners LLC  
Director of Global Business Development  
GAMCO Investors, Inc.

**Officers**

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**Kenneth D. Masiello**

Chief Financial Officer

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**Transfer Agent and Registrar For Common Stock**

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038

**Trading Information**

OTC Pink®  
Common Stock  
Symbol: CIBY

**Investor Relations Contact**

Kenneth D. Masiello  
775-664-3700  
office@cibline.com