

EXHIBIT E

**Imagine Networks LLC
Internal Financial Statements and Footnotes
For the Nine Months Ended 09/30/20 and the year ended
12/31/19**



Imagine Networks LLC
Balance Sheets
09/30/20 and 12/31/19

	2020	2019
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 26,933	\$ 65,314
Due from members	58,458	-
Prepays	1,979	-
A/R - Due from customers, net of allowance	4,968	3,114
	\$ 92,338	\$ 68,428
 <u>Noncurrent Assets:</u>		
	\$ -	\$ -
	\$ -	\$ -
 <u>Property, Plant and Equipment:</u>		
Plant in service	\$ 967,528	\$ 769,531
Less accumulated depreciation	653,078	561,673
	\$ 314,450	\$ 207,858
 Total Assets	 \$ 406,788	 \$ 276,286

Imagine Networks LLC
Balance Sheets
09/30/20 and 12/31/19

	2020	2019
Current Liabilities:		
Current portion of notes payable	\$ 2,824	\$ 6,408
Accounts payable	21,359	53,472
Notes Payable - SBA PPP	21,900	-
Current portion of long-term debt	3,896	-
Accrued Interest	967	-
Deferred service revenues	20,277	21,399
	\$ 71,223	\$ 81,279
 Long-term debt	 \$ 228,066	 \$ 169,273
 Non-current Liabilities:		
Notes Payable, less current portion	\$ 34,574	\$ 13,522
	\$ 34,574	\$ 13,522
 Member's Equity:		
Member Equity	\$ 72,925	\$ 12,212
	\$ 72,925	\$ 12,212
 Total Liabilities and Member's Equity	 \$ 406,788	 \$ 276,286

Imagine Networks LLC
Statements of Income
For the Nine Months Ended 09/30/20 and 12/31/19

	2020	2019
Operating Revenues:		
Internet services	\$ <u>372,393</u>	\$ <u>434,595</u>
Grant Revenue	5,368	-
Bad debt expense	<u>100</u>	<u>-</u>
	<u>\$ 377,861</u>	<u>\$ 434,595</u>
Operating Expenses:		
Cost of internet	\$ 6,363	\$ 12,065
Plant specific operations	115,273	119,238
Plant nonspecific operations	9,154	10,839
Depreciation and amortization	91,405	120,243
Customer operations	26,857	25,167
Corporate operations	70,143	68,439
General taxes	<u>153</u>	<u>150</u>
	<u>\$ 319,348</u>	<u>\$ 356,141</u>
Operating Income	<u>58,513</u>	<u>78,454</u>
Other Income / Expenses		
Interest and dividend income	\$ -	\$ 2
Interest expense	<u>(7,598)</u>	<u>(1,847)</u>
	<u>\$ (7,598)</u>	<u>\$ (1,845)</u>
Net Income	<u>\$ 50,915</u>	<u>\$ 76,609</u>

Imagine Networks LLC
Statements of Member's Equity
As of 09/30/20 and 12/31/19

	<u>Member's Equity</u>	<u>Total Member's Equity</u>
Balance 12/31/18	\$ 35,797	\$ 35,797
23585	76,609	76,609
Member Distributions	<u>(100,194)</u>	<u>(100,194)</u>
Balance 12/31/19	12,212	12,212
Net Income	50,915	50,915
Miscellaneous Adj.	<u>9,798</u>	<u>9,798</u>
Balance 12/31/20	<u><u>\$ 72,925</u></u>	<u><u>\$ 72,925</u></u>

Imagine Networks LLC
Statements of Income
For the Nine Months Ended 09/30/20 and 12/31/19

	<u>2020</u>	<u>2019</u>
<u>Operating Activities:</u>		
Net Income	\$ 50,915	\$ 76,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	91,405	120,243
Amortization of debt issuance costs	306	-
Changes in Asset and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(1,854)	(1,199)
Prepayments	(1,979)	-
Increase (Decrease) in:		
Accounts payable	(32,116)	27,467
Deferred service revenues	4,246	1,230
Other accrued liabilities	<u>(94,594)</u>	<u>-</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ 16,329</u>	<u>\$ 224,350</u>
<u>Investing Activities:</u>		
Additions to property and equipment	<u>\$(197,997)</u>	<u>\$(243,518)</u>
Net Cash Provided by (Used In) Investing Activities	<u>\$(197,997)</u>	<u>\$(243,518)</u>
<u>Financing Activities:</u>		
Proceeds from long-term borrowing	\$ 71,998	\$ 177,592
Repayment of long term borrowing	(9,759)	-
Proceeds from line of credit	-	31,325
Repayment of line of credit	-	(43,510)
Proceeds of notes payable - SBA PPP	21,900	-
Proceeds of notes payable	(33,450)	-
Repayment of notes payable	(7,540)	(8,874)
Distributions to members	100,138	-
Repayment of notes payable	<u>-</u>	<u>(100,197)</u>
Net Cash Provided by (Used In) Financing Activities	<u>\$ 143,287</u>	<u>\$ 56,336</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,381)	37,168
Cash and Cash Equivalents at Beginning of Year	<u>65,314</u>	<u>28,146</u>

Imagine Networks LLC
Statements of Income
For the Nine Months Ended 09/30/20 and 12/31/19

Cash and Cash Equivalents at End of Year	\$ <u>26,933</u>	\$ <u>65,314</u>
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Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
09/30/20 and 12/31/19

Note 1: Summary of Significant Accounting Policies

Business Activity – Nature of Operations

Imagine Networks LLC (the Company) is a provider of broadband internet services within a service area located primarily in West Central Ohio.

System of Accounts

The accounting records of the Company conform to the Uniform System of Accounts prescribed by the Federal Communications Commission for Class A telephone companies.

Revenue Recognition

Monthly service plan revenues derived from internet service are billed for services to be provided in the future. The portion of the revenues identified as out of period are deferred as service revenues at the end of each month.

Cash and Cash Equivalents

The Company considers cash and working funds, and temporary cash investments to be cash and cash equivalents.

Concentrations of Credit Risk

Although the Company maintains their deposits in Federally insured institutions, deposits may at times exceed insured amounts.

Trade Accounts Receivable

In the normal course of business, the Company recognizes accounts receivable for services billed. The Company allows 45 days from the date of billing for payment to be received or the service is disconnected. No interest is accrued on delinquent balances. The Company provides an allowance for doubtful accounts to recognize the portion of the receivables considered uncollectible. The allowance is estimated based on an aging of the receivables.

Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
09/30/20 and 12/31/19

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3: Internet Plant in Service

Internet plant is stated at the original cost of construction which includes the cost of contracted services, direct labor, materials, and overhead items. Contributions from others toward construction are credited to the applicable plant accounts.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to plant and such cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Maintenance and repairs, including the removal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance accounts.

Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
09/30/20 and 12/31/19

Note 3: Internet Plant in Service (Continued)

The major classes of internet plant in service as of September 30, 2020 and December 31, 2019 are as follows:

	Depreciable Life (Years)	2020	2019
Automobiles	5	\$ 100,094	\$ 75,081
Buildings	15	11,500	11,500
Computer Equipment	5	1,373	1,373
Fiber Circuit Equipment	7	-	-
Fiber Cable	30	-	-
Wireless Network Equipment	5	625,767	524,780
Fiber Circuit Equipment	7	22,591	22,591
Fiber Cable	30	<u>206,203</u>	<u>134,206</u>
		<u>\$ 967,528</u>	<u>\$ 769,531</u>

The Company provides for depreciation on a straight-line basis at annual rates, which will amortize the property over its estimated useful life. Depreciation on the assets above for the nine months ended September 30, 2020 and December 31, 2019, of \$91,405 and \$120,243, respectively, was charged to depreciation expense.

Note 4: Line of Credit

The Company entered into an agreement with Wright-Patt Credit Union for a line of credit up to \$50,000. The line of credit is unsecured, and is revolving with automatic renewals as of December 31, 2018. The line of credit has an interest rate of 6.25%. The Company had \$0 outstanding on this line of credit as of September 30, 2020 and December 31, 2019.

Cash paid for interest on the line of credit, net of amounts capitalized totaled \$0 and \$416 for 2020 and 2019.

Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
09/30/20 and 12/31/19

Note 5: Long-Term Debt

Following is a summary of long-term debt:

	2020	2019
Live Oak Bank commercial note, variable rate 7.25%	\$ 239,830	\$ -
Debt issuance costs	(7,868)	-
Unadvanced funds	-	-
	\$ 231,962	\$ -
Less current maturities	(3,896)	-
	\$ 228,066	\$ -

The annual requirements for principal payments on long-term debt for the next five years are as follows:

	Principal Total	Interest Payments	Total Payments	Debt Issuance Costs	Total Payments
2020	\$ 3,896	\$ 3,131	\$ 7,027	\$ (150)	\$ 6,877
2021	16,104	12,003	28,107	(601)	27,506
2022	16,970	11,137	28,107	(601)	27,506
2023	17,882	10,224	28,106	(601)	27,505
2024	18,844	9,262	28,106	(601)	27,505
Thereafter	166,134	33,204	199,338	(5,314)	194,024
	\$ 239,830	\$ 78,961	\$ 318,791	\$ (7,868)	\$ 310,923

Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
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Note 5: Long-Term Debt (Continued)

During the fiscal year ended December 31, 2019, the Company entered into a commercial lending agreement with Live Oak Banking Company under the Small Business Administration (SBA) loan program. The note is for \$249,840 and holds an initial interest rate of 6.75% per annum with a subsequent interest rate reduction in April 2020 to 5.25% per annum. The loan is to be repaid over a period of 10 years, consisting of 12 monthly installment payments covering interest only and 132 monthly installment payments covering principal and interest. The payments begin in August of 2019 and will be completed in November 2033.

The Company has guaranteed the loan by collateralizing substantially all of the Company's assets. The loan funds are to be used for upgrade and expansion of the existing telecommunications network.

Cash paid for interest on long term debt, net of amounts capitalized were \$7,147 and \$0 for 2020 and 2019.

Note 6: Notes Payable

Following is a summary of the outstanding notes payable:

	<u>Due Date</u>	<u>Interest Rate, per Year</u>	<u>2020</u>	<u>2019</u>
Note from local credit union, collateralized by automobiles	November 2022	2.89%	\$ 14,966	\$
Note from local credit union, collateralized by automobiles	February 2025	5.39%	22,432	
			<u>-</u>	
			37,398	
Less Current Maturities			<u>2,824</u>	
			<u>\$ 34,574</u>	<u>\$</u>

The annual requirements for payments on notes payable are as follows:

Imagine Networks LLC
Notes to the Unaudited Internal Financial Statements
09/30/20 and 12/31/19

		<u>Principal Total</u>		<u>Interest Payments</u>		<u>Total Payments</u>
2020	\$	3,755	\$	613	\$	4,368
2021		11,527		1,327		12,854
2022		11,390		501		11,891
2023		5,219		213		5,432
2024		5,507		6		5,513
Thereafter		-		6		6
	\$	<u>37,398</u>	\$	<u>2,666</u>	\$	<u>40,064</u>

On April 10, 2020, the Company received funding of \$21,900 through Live Oak Bank under the Small Business Administration’s (SBA) Paycheck Protection Program (PPP). The amount was disbursed as a loan and is required to be used for payroll, related benefits and certain other operating costs over either an 8 or 24 week period following the initial disbursement of funds.

The Company has the ability to have the loan forgiven in full, upon verification of use of funds for eligible expenses by Live Oak Bank and the SBA. This process is estimated to be completed by the end of 2020 fiscal year.

Cash paid for interest on the notes payable, net of amounts capitalized totaled \$1,136 and \$677 for 2020 and 2019, respectively.

Note 7: Income Taxes

The Company is organized as a single member limited liability company (LLC) under provisions of the Internal Revenue Code. Therefore, taxable income or loss is reported on the individual members for inclusion in their respective tax returns and no provisions for Federal and state income taxes are included in the financial statements.

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