

Supplemental responses to Form 1024

Part III Line 1

The purpose of the Cooperative is to provide voice-centric (calls and SMS, as opposed to mobile Internet) cellular telephone services using GSM/2G technology. In some limited cases we may also provide some mobile Internet service, but only on a secondary basis, strictly secondary to voice telephony. These cellular telephone services are to be provided on a mutual or cooperative basis, i.e., strictly at cost, without any profit margin or mark-up. Such provision of at-cost telephone services on a mutual or cooperative basis qualifies for tax exemption under IRC section 501(c)(12).

Because the cellular technology we seek to use for provision of our planned services is GSM, also known as 2G, build-out of this service requires access to GSM-compatible spectrum. In the U.S. radio frequency spectrum allocation structure, managed by the Federal Communications Commission, there are two GSM-compatible frequency bands, each with different rules set by FCC: PCS1900 and GSM850. A2GC shall pursue spectrum access opportunities in both of these bands, but because of very different FCC rules between the two bands, the activities which we need to carry out in their pursuit can be quite different. Because FCC rules for GSM850 band allow access to unserved areas with less uncertainty and cost than the vacancies in PCS band, our current plan is to pursue GSM850 first and only then PCS1900.

Between our formation in 2025 and the present time (mid-2026), we have undertaken the following activities:

- We made an unsuccessful attempt to purchase a block of PCS spectrum in Nebraska through a secondary market transaction;
- We conducted boots on the ground exploration in parts of Oregon that exhibit spectrum vacancies in both PCS1900 and GSM850 bands;
- We identified Nokia Flexi Multiradio as a suitable BTS (Base Transceiver Station) type for provision of both PCS1900 and GSM850 services, and we acquired the necessary equipment on the surplus market;
- We got this Nokia BTS equipment set up in our engineering lab and proved it working;
- We made improvements to Osmocom (Open Source Mobile Communications) BSC (Base Station Controller) software to endow it with ability to drive Nokia Flexi Multiradio BTS, which it was not previously capable of.

All of this work was done by our founding members; the same founding members also covered all associated expenses, primarily purchase of equipment and lab tools, as well as funds toward then-planned but ultimately unsuccessful secondary market purchase of Nebraska PCS spectrum. All monetary contributions made by founding members toward the Cooperative during this course should be considered member contributions toward losses and expenses, made with the intent that the Cooperative will use these funds to eventually provide GSM service for all of us to enjoy.

In the second half of 2026 and onward, we plan to undertake the following additional activities, which need to be completed before we can launch the actual cellular telephone service:

- 1) Irrespective of whether we pursue PCS1900 or GSM850 spectrum and operation, we need to make some further improvements to Osmocom BSC software as it relates to driving large macrocell BTS (Nokia Flexi Multiradio or others), implement some new MSC (Mobile Switching Center) software components, and build an FPGA-based low-latency interface from Osmocom-based (and thus IP-based) BSC to E1-based Abis feed into the BTS. These activities are pure engineering work, to be conducted in our own lab by our own founding member and CTO Ms. Mychaela Falconia, with any associated expenses to be covered by contributions from our founding members.
- 2) On the GSM850 front, we have identified some candidate locations in remote rural (or desert) parts of California, Arizona and Oregon that are classified as unserved areas by FCC and where we may be able to build and operate our non-profit GSM/2G cell sites. Once all engineering work listed in the previous paragraph is complete, we will need to approach land owners in these pre-identified candidate locations and negotiate with them, aiming for an agreement that would allow us to operate our site rent-free in exchange for our landlords and their communities getting heavily subsidized cellular phone service, with basic service completely free of cost and an at-cost arrangement for any services where we have to pay usage-based

costs to other parties.

- 3) Once we reach an agreement as described in the previous paragraph with at least one willing landlord, we will be able to undertake physical construction of our first cell site. Our founding members will do as much of the needed labor as we are able to do ourselves; any needed additional labor that is beyond our own abilities will be hired commercially, with our founding members' contributions providing the funds.

Until our first cell site becomes operational, preparatory activities listed in the preceding paragraphs take up 100% of our team's time. However, once we have our first operating cell site, in either PCS1900 or GSM850 band, our focus will switch to providing cellular services to member-patrons. These services will be provided on a strictly at-cost basis, such that the total dues we collect from our members equal our monthly recurring cost, with any excess (savings) credited back to member-patrons.

The cost of operating each component of a cellular telephone network (each cell site, as well as central servers performing Core Network functions) is essentially fixed, independent of the number of people actually using that component (or the network as a whole) at any given time. The recurring operating cost of a cell site is rent paid to the land owner, unless a rent-free arrangement is made, electricity to power the equipment (unless the site is solar-powered, with bought-once solar panels and batteries, or the site host provides power at no charge in exchange for free cellular services), and an Internet connection for backhaul to our CN (Core Network). The recurring operating cost for a CN component implemented as a server on the public Internet hosted in a general-purpose commercial datacenter is the monthly server rent paid to the datacenter hosting provider.

The actual cost of operating our first cell site will become known only once we reach our first agreement with a land owner in a suitable location, and not until then. The cost of operating a dedicated server hosted in a general-purpose commercial datacenter is estimated to be between \$50 and \$100 per month, although the exact cost won't be known until we are ready to deploy our first server of this type, when it becomes necessary in order to support our first cell site.

When we reach the point of being able to provide our first offerings of GSM service from our first cell site, and thus attract member-patrons who desire such services, we shall take our monthly recurring operating cost (which is not known now but will be known then) and divide it by our updated estimate of how many member-patrons we expect to attract. The result of this division will be the monthly service price charged to each member-patron. If the resulting arrangement proves insufficient to cover the actual operating costs (e.g., because some members drop out, or we don't attract as many members as initially hoped), we will need to increase the required per-member contribution until we break even. Conversely, if the funds collected from membership dues prove excessive to our actual operating costs, the difference will be credited back to member-patrons as savings.

During this expected future steady state of operation, we may decide collectively as a community that we should expand our services into new territory, or add extra services such as roaming capability or GPRS/EDGE data services, or seek to expand from GSM850 operation into the more desirable PCS1900 band — different forms of growth which would all require additional capital. Any decision to proceed in any of these putative directions can be made only by a vote of all members of the Cooperative, with voting members agreeing to pay a little more than present recurring operating costs, and instead of crediting those savings to their individual accounts, contribute them toward growth of new services. Such contributions from members should be counted as contributions toward losses and expenses with anticipation of improved or expanded services in the future, and are also permissible for a mutual or cooperative telephone company operating under IRC §501(c)(12).

We seek to operate this GSM/2G cellular network in the manner of a non-profit mutual cooperative, as opposed to a more typical for-profit cellular phone company, because we sincerely believe that this non-profit structure is the only way to provide the specific type of service we desire. The goals of providing a service and of getting rich are mutually exclusive; any company or entity that claims to do both at the same time always has to subordinate one of these mutually exclusive goals to the other. In the case of a standard for-profit company, the principal overriding goal is to maximize profits for private owners or shareholders, while other goals such as providing a particular kind and quality of product or service to customers come secondary.

The particular type of cellular telephone service to be provided by American 2G Cooperative is a specialty, of interest only to a specific niche community of users. We, the founders of American 2G Cooperative and all members who may join in the future, very specifically desire cellular service that operates on GSM technology, also known as 2G. Most of mainstream society has declared all 2G technologies, including GSM, to be

hopelessly obsolete and uninteresting, and thus an average consumer would have no interest in signing up for GSM/2G cellular service. However, there exists a small but extremely loyal community of GSM/2G phone users who love their existing high-quality phone handsets from 1990s, 2000s or early 2010s, phones that require a circuit-switched network for voice calls rather than VoLTE, and our small community has been thrown to the wolves by the major nationwide carriers, all of which now operate only LTE or 5G networks while refusing to maintain legacy GSM/2G infrastructure.

Those of us who wish to keep using our GSM/2G phones now have an unmet need as a result of these developments, and we have come together and formed this mutual cooperative in order to meet this need. In light of these circumstances, it is not reasonable to expect any for-profit company to be able to satisfy the needs of our community and provide the service which we need. A for-profit company has to collect enough money from its customers to not only cover its own operating costs, but also provide a profit margin for its owners or shareholders — and our community is too small to support such parasitic margins for anyone. In contrast, our Cooperative has no owners and no shareholders, and our bylaws do not allow anyone in any position of leadership to seek or extract any kind of profit or enrichment. With our non-profit structure, our members will pay exactly what it costs to actually operate the services they are using, or if they democratically vote to do so, a little extra to fund expansion of new services — but not a single penny of profit to any owner or shareholder.

None of our officers or directors have any ownership interest in the Cooperative, instead all of us are bound by a duty of care to the mission of the Co-op. Furthermore, none of our officers or directors receive any compensation — instead we donate our volunteer labor to the Co-op, and are expected to do so. And finally, any time our technical staff produce a new or improved work of engineering or technology as a side product of our mission to build out GSM/2G cellular service for the Cooperative (e.g., new network software development, or custom electronics developed in-house for our cell sites), we release all such developments free to the world as FLOSS (Free, Libre and Open Source Software), as opposed to seeking patents or any other schemes to exclude others or enrich ourselves.

Part IV Line 4

American 2G Cooperative shall provide cellular telephone service to its members, and each member shall pay a monthly bill for their service. This arrangement is superficially similar to how most people get their cellular phone services from AT&T, T-Mobile or Verizon, but the critical difference is that the portion of the bill going to the Cooperative shall be calculated to stay as close as possible to the operating cost of each network component divided by the number of members using that component — i.e., provision of service strictly at cost, without seeking to extract any profit margin.

In addition to the portion of the bill going to the Cooperative, any usage charges imposed on the Co-op by outside parties will be passed through directly to those members who incur those usage charges. This practice shall be applied to roaming charges, high-cost international calls and any other situation where other parties impose charges on the Co-op as a result of a member or multiple members engaging in usage that incurs such charges. In all such cases, the member who incurred the usage charges will be charged the exact amount which the outside party charges to the Co-op, without any added margin or mark-up.

Part V Sheet A Line 24

Instructions for Form 1024 say “If you’ve existed for more than 1 year but fewer than 3 years, provide your actual income and expenses for the current year and 1 year prior and projected income and expenses for next year for a total of 3 years financial information.” Since these instructions ask for actual (rather than projected) income and expenses for the current year, yet the current year is not finished, we have entered actual numbers for the completed first half of 2026 into the left column, while the right column has projected numbers that combine the still-future second half of 2026 and all of 2027.

In year 2025 A2GC founding members contributed a total of \$8800 (line 2), breaking down as follows:

- \$1200 toward hiring a non-profit law firm to assist with legal entity formation and bylaws;
- \$7500 toward an attempted purchase of PCS spectrum which ultimately fell through and was refunded (for the most part) in 2026 — see explanation further below;
- \$100 toward the cash deposit required for opening a business checking account for the Cooperative.

Over the completed first half of 2026, A2GC founding members contributed an additional \$2000 (line 2), and we have incurred the following expenses, all of which are added together on line 22, except for Windows 7 installation service charge accounted on line 21:

- \$5682.25: Nokia BTS (Base Transceiver Station) equipment for our planned cell sites;
- \$922.79: additional equipment and parts for our engineering lab and field tests;
- \$179.00: paid to a local PC tech support shop to install Windows 7 on an old laptop as required for Nokia BTS configuration software;
- \$92.45: business phone for use by A2GC officers for negotiation of business deals and contracts;
- \$25.00: State of Delaware annual filing fee.

Projected revenue for the second half of 2026 and all of 2027: between our founding in the spring of 2025 and the present midpoint of 2026, our founding members have contributed about \$10000 in total. Assuming approximately unchanged funding ability for our founding members, we therefore project to receive another \$10000 in member contributions between now and the end of 2027.

Projected expenses for the second half of 2026 and all of 2027: Co-op activities planned for this upcoming year and a half are listed in Part III Line 1 narrative description. In connection with those activities, we anticipate the following expenses (numbers are highly approximate):

- Approximately \$850 for additional high power attenuators and related RF components, needed in order to prototype macrocell BTS operation in 3-sector configuration;
- Approximately \$1000 for electronic components for building our custom low-latency FPGA-based interface from E1-based Abis to OsmoBSC;
- Approximately \$2000 for antennas and other cell site components that will be needed besides the already procured BTS;
- Approximately \$5000 for physical construction of our first cell site;
- Approximately \$500 in miscellaneous overhead costs.

Part V Sheet B Line 2

In the span of May through July of 2025 the Cooperative entered into a business agreement with Company E, a for-profit company that holds certain radio frequency spectrum assets in Broadband PCS band. The agreement was for A2GC to purchase a portion of those spectrum assets from Company E, and per that agreement Company E required us to make a down payment of \$7500. Our founding members contributed the necessary funds, and we made that requested down payment. However, upon further examination by both parties, certain flaws were discovered in that agreement, and both parties agreed to back out. At the end of 2025, Company E owed us a refund of our \$7500 down payment, hence that amount is counted as accounts receivable at that point in time.

Out of this \$7500 total, \$6000 portion has already been collected between March and May of 2026, and we hope to collect the remaining \$1500 by the end of 2026.