

EXHIBIT 5

FINANCIAL STATEMENTS

Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of  
Wahkiakum West, Inc.)

Audited Financial Statements

December 31, 2014 and 2013

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

Audited Financial Statements

December 31, 2014 and 2013

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1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

## Independent Auditor's Report

Board of Directors  
Western Wahkiakum County Telephone Company  
Rosburg, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Western Wahkiakum County Telephone Company (a wholly-owned subsidiary of Wahkiakum West, Inc.) (the "Company"), which comprise the balance sheets as of December 31, 2014 and 2013, and the statements of income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

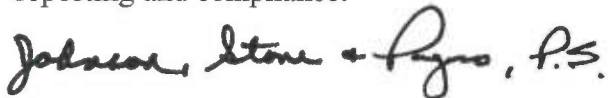
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.



**JOHNSON, STONE & PAGANO, P.S.**

March 16, 2015

AUDITED FINANCIAL STATEMENTS

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

BALANCE SHEETS

December 31, 2014 and 2013

	2014	2013
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash		
Cash - construction fund		
Telecommunications accounts receivable		
Materials and supplies - at average cost		
Nonregulated materials and supplies - at average cost		
Prepaid expenses		
Recoverable federal income taxes		
<b>Total Current Assets</b>		
<b>NONCURRENT ASSETS</b>		
Unamortized debt issuance expense		
<b>Total Noncurrent Assets</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Telecommunications plant in service		
Less allowances for depreciation		
Telecommunications plant under construction		
<b>Total Telecommunications Plant</b>		
<b>TOTAL ASSETS</b>		

The accompanying notes are an integral part of these financial statements.



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WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

BALANCE SHEETS (Continued)

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable		
Advanced billings and payments		
Taxes, other than income taxes		
Other current liabilities		
Deferred revenue		
Installments on long-term debt due within one year		
<b>Total Current Liabilities</b>		
<b>DUE TO AFFILIATED COMPANIES</b>		
<b>LONG-TERM DEBT</b> , less portion classified as current liability		
<b>DEFERRED FEDERAL INCOME TAXES</b>		
<b>Total Liabilities</b>		
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, par value		
Authorized		
Issued and outstanding		
Additional paid-in capital		
Retained earnings		
<b>Total Stockholder's Equity</b>		
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>		

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STATEMENTS OF INCOME

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Local network service revenues		
Network access service revenues		
Miscellaneous revenues		
Uncollectible revenues (deduction)		
<b>Total Operating Revenues</b>		
<b>OPERATING EXPENSES</b>		
Plant specific operations		
Plant nonspecific operations		
Depreciation		
Customer operations		
Corporate operations		
<b>Total Operating Expenses</b>		
<b>OPERATING TAXES</b>		
Taxes, other than income		
Federal income taxes		
<b>Total Operating Taxes</b>		
<b>Net Operating Income</b>		
<b>FIXED CHARGES</b>		
Interest on FFB notes		
Interest on related party notes		
Amortization of long-term debt expense		
<b>Total Fixed Charges</b>		
<b>OTHER INCOME (EXPENSE)</b>		
Interest and dividend income		
Miscellaneous expense		
Nonregulated expense - net		
Nonoperating federal income tax benefits		
<b>Total Other Expense</b>		
<b>NET INCOME</b>		

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**STATEMENTS OF STOCKHOLDER'S EQUITY**

Years Ended December 31, 2014 and 2013

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>BALANCE AT DECEMBER 31, 2012</b>				
Net income				
<b>BALANCE AT DECEMBER 31, 2013</b>				
Dividends paid				
Net income				
<b>BALANCE AT DECEMBER 31, 2014</b>				

The accompanying notes are an integral part of these financial statements.

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**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of telecommunications plant		
Depreciation and amortization of other assets		
Deferred federal income taxes		
Net change in operating assets and liabilities		
<b>Net Cash Provided by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Salvage on retired telecommunications plant		
Extension and replacement of telecommunications plant		
<b>Net Cash Used by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from FFB notes		
Proceeds from related party notes		
Payments on long-term debt		
Dividends paid		
Net increase (decrease) in due to affiliated companies		
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>		
<b>Cash at Beginning of Year</b>		
<b>CASH AT END OF YEAR</b>		
<b>COMPONENTS OF CASH AT END OF YEAR</b>		
Cash		
Cash - construction fund		

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STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>COMPONENTS OF NET CHANGE IN OPERATING ASSETS AND LIABILITIES</b>		
(Increase) decrease in assets		
Telecommunications accounts receivable		
Materials and supplies		
Nonregulated materials and supplies		
Prepaid expenses		
Recoverable federal income taxes		
Increase (decrease) in liabilities		
Accounts payable		
Interest payable		
Advanced billings and payments		
Taxes, other than income taxes		
Other current liabilities		
Deferred revenue		
<b>Net Change in Operating Assets and Liabilities</b>		
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest		
Cash paid for federal income taxes		
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING TRANSACTIONS</b>		
Noncash transfer of telecommunications plant under construction to materials and supplies		
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
Noncash transfer of federal income taxes, due to affiliated companies		

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

***Organization***

Western Wahkiakum County Telephone Company (the "Company") is a wholly-owned subsidiary of Wahkiakum West, Inc.

***Telephone Industry***

The Company is a local exchange telecommunications company providing local exchange, network access, broadband access and other telecommunications services to customers in Pacific and Wahkiakum Counties in southwestern Washington.

The Company is a small rate-of-return carrier operating in the state of Washington. The Federal Communications Commission ("FCC") Report and Order and Further Notice of Proposed Rulemaking, ("FCC 11-161"), reformed the universal service and intercarrier compensation systems. These reforms modified the manner in which the Company recovers its telecommunications revenue requirements.

***Regulation***

The Company is subject to the accounting rules and rate regulation policies of the Washington Utilities and Transportation Commission ("WUTC") and adheres to the FCC Uniform System of Accounts for a Class B telephone company as prescribed by the FCC under Part 32.

***Cash***

For purposes of the statements of cash flows, the Company considers cash to be cash on hand, in checking accounts, in money market accounts of a broker-dealer and cash restricted for plant construction purposes.

***Unamortized Debt Issuance Expense***

Costs incurred to obtain financing for telephone plant additions are capitalized and amortized over the respective loan period.

***Accounting for Long-Lived Assets***

The Company periodically reviews its long-lived assets such as property, plant and equipment 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 to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2014 and 2013, management has determined that there were no material impairment charges to be recorded as of those dates.



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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Telecommunications Plant***

Telecommunications plant is stated at cost and is depreciated on a straight-line basis for accounting purposes. Lives used for calculating depreciation are in accordance with the rules of the WUTC and are based on the estimated economic useful lives of the assets.

When an asset is retired or otherwise disposed of, the cost of the asset is removed from the asset account and charged to the related allowance for depreciation. Similarly, the cost of removal and salvage proceeds are charged or credited to the allowance for depreciation. Consequently, no gain or loss upon disposition is recognized.

***Allowance for Funds Used During Construction***

Interest applicable to funds used for long-term construction projects is capitalized as a part of the cost of the asset and depreciated over the asset's estimated useful life. Interest capitalized totaled \$ [REDACTED] in 2013. No interest was capitalized in 2014.

***Revenue Recognition, Major Customers and Services***

Services provided by the Company include local network, network access services, digital subscriber lines and broadband access services. In the normal course of the Company's business, certain network access service revenues are subject to out-of-period adjustments. Such adjustments are normal occurrences and are recorded by the Company during the year in which they become determinable.

Network access service revenues, which represent a major portion of the Company's operating revenues, are derived from the provision of exchange access services to interexchange carriers or to an end user of telecommunication services.

Revenues for certain interstate access services are currently received through tariffed access charges filed by the National Exchange Carrier Association ("NECA") with the FCC on behalf of the NECA member companies. These access charges are currently billed by the Company to interstate interexchange carriers and pooled with like-revenues from all NECA member companies. The pooled access charge revenues received by the Company are currently based upon the actual cost of providing interstate access services, plus a return on the investment dedicated to providing these services. Pooled access charge revenues are estimated at December 31 each year and are subject to adjustment. Such adjustments are normal occurrences and are recorded by the Company during the year in which they occur.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Revenue Recognition, Major Customers and Services (Continued)***

The FCC 11-161 modified and replaced the existing universal service and intercarrier compensation systems with universal service reform and intercarrier compensation reform. A Connect America Fund has been established to replace all existing high-cost support mechanisms and sets broadband service requirements. Alongside the broadband service rules, reforms to establish a framework to limit reimbursements for excessive capital and operating expenses were implemented as of July 1, 2012, and phase outs of certain support payments occurred. Intercarrier compensation reform adopts a uniform bill-and-keep framework as the ultimate end state for all telecommunications traffic exchanged with the Company. Intercarrier compensation rates are capped, and the disparity between intrastate and interstate terminating end office rates are being brought to parity in two steps as outlined in FCC 11-161. The state's public utilities commissions will be overseeing the modifications to rates in intrastate tariffs. Limits on carriers' total eligible recovery will reflect existing downward trends on intercarrier compensation revenues with declining switching costs and minutes of use.

The Company continues to review the reforms and modifications to the support that the Company receives and understands that those reforms and modifications could have an adverse effect on the Company's revenues and cash flow. Revenue impacts are subject to change based on future data submissions and further clarification from the FCC.

Revenues for intrastate access services are received through tariffed access charges filed by the Company at the WUTC. Once filed, the tariffed access charges become effective if specifically approved by the WUTC or allowed to become effective by operation of law. The intrastate switched access charges are billed by the Company to intrastate interexchange carriers. Intrastate special access charges are also billed to intrastate interexchange carriers that order such services and, in some cases, to retail customers that order special access services. Before July 1, 2014, the switched access charges associated with carrier common line and state universal service fund were pooled with all Washington Exchange Carrier Association ("WECA") member companies and the Company received a distribution of net revenues based upon the Company's proportionate share of WUTC approved revenue objectives of all participating WECA member companies.

Effective July 1, 2014, the WUTC implemented a state universal communications service program ("State USF Program") that temporarily replaced the terminated universal service support pool ("Traditional USF") administered by WECA and also replaced the cumulative reduction in support the Company received from the federal Connect America Fund ("CAF"). The State USF Program was to begin January 2015 which resulted in a cash flow issue for some of the companies that met the WUTC criteria to be eligible for such support. The



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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Revenue Recognition, Major Customers and Services (Continued)***

WUTC granted a one-time partial distribution in 2014 of the State USF Program equal to the amount the Company received from the Traditional USF for 2012 in the amount of \$[REDACTED]. The remainder of the annual distribution, which was comprised of the cumulative reduction in CAF support of \$[REDACTED], was disbursed in January 2015. Subsequent annual disbursements comprised of the Traditional USF and the disbursement of the cumulative CAF deficit support are scheduled to occur in January of the following State USF Program years, assuming the Company continues to be eligible under the program. The State USF Program year runs from July 1 to June 30, therefore, the Company accrued \$[REDACTED] as a receivable due from the State USF Program for the period July 1, 2014 to June 30, 2015, and deferred revenue of \$[REDACTED] for the unearned portion. The State USF Program is scheduled to last for five program years.

As of July 31, 2014, WECA terminated the pooling of originating carrier common line ("CCL") minutes of use and the Company opted to keep its existing originating CCL rate, which was allowed by the WUTC to become effective as a matter of law.

For certain services that the Company provides to its customers, the Company relies upon services and facilities supplied to it by other companies. Any material disruption of the services or facilities supplied to the Company by other companies could potentially have an adverse effect upon the Company's operating results.

***Federal Income Taxes***

The Company provides federal income taxes for the effects of transactions reported in the financial statements and consists of taxes currently due and deferred income taxes. The Company files a consolidated federal income tax return with Wahkiakum West, Inc. and affiliated subsidiaries. The consolidated tax liability of the affiliated group is allocated based upon each company's contributions to consolidated taxable income.

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance, if any, is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Federal Income Taxes (Continued)***

The Company is required to recognize, measure and disclose uncertain tax positions in the financial statements. Management is of the opinion that the income tax positions taken by the Company meet the more-likely-than-not threshold that the tax returns filed by the Company have greater than a [REDACTED] percent chance of being sustained under examination by the Internal Revenue Service. The Company's federal income tax returns for the tax years ended previous to December 31, 2011 are closed to examination.

***Advertising Costs***

Costs incurred for advertising are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 was \$[REDACTED] and \$[REDACTED], respectively.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 may differ from those estimates and assumptions used in preparing the accompanying financial statements.

***Subsequent Events***

The management of the Company evaluated for subsequent events and transactions for potential recognition and disclosure through March 16, 2015, the date the financial statements were available to be issued. All identified material events or transactions have been recorded or disclosed.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Company maintains cash balances at two financial institutions in southwestern Washington State, insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company periodically maintains cash balances in excess of the federally insured limits. At December 31, 2014, the Company's cash balances exceeded the insured amount by \$[REDACTED]. The Company also maintains a balance at a financial institution insured by Securities Investor Protection Corporation ("SIPC") up to \$500,000. At December 31, 2014, the Company's balance did not exceed the insured amount.

The Company's accounts receivable are subject to potential credit risk as they are concentrated in and around Naselle and Grays River, Washington and are unsecured.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 3 - TELECOMMUNICATIONS ACCOUNTS RECEIVABLE**

The telecommunications accounts receivable balance at December 31, 2014 and 2013 consists of:

	<u>2014</u>	<u>2013</u>
Due from customers and agents		
Due from exchange carriers and exchange carrier associations		
Total		

The Company extends credit to its business and residential customers based upon a written credit policy. Service interruption is the primary vehicle for controlling losses. Telecommunications accounts receivable are recorded when subscriber bills, carrier access bills and exchange carrier associations settlement statements are rendered. Certain exchange carrier associations' settlements are subject to out-of-period adjustments and are recorded during the year in which they become determinable. Telecommunications accounts receivable are written off when they are determined to be uncollectible. The Company believes no allowance for doubtful accounts is necessary at December 31, 2014 and 2013.

As of December 31, 2014, less than █% of the accounts receivable were outstanding ninety days or more after the date of invoice on which they were first billed.

**NOTE 4 - TELECOMMUNICATIONS PLANT IN SERVICE AND DEPRECIATION**

Telecommunications plant in service is stated at cost. Listed below are the major classes of the telecommunications plant as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
General support facilities		
Central office equipment		
Cable and wire facilities		
Intangibles		
Total		



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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 4 - TELECOMMUNICATIONS PLANT IN SERVICE AND DEPRECIATION**  
(Continued)

Provision has been made for depreciation of the major classes of the telecommunications plant at straight-line rates as follows:

- General support facilities
  - Buildings
  - Furniture and office equipment
  - Vehicles and other work equipment
- Central office equipment
- Cable and wire facilities
- Intangible assets



***Depreciation Expense***

The provision for depreciation on telecommunications plant in service is as follows:

	<u>2014</u>	<u>2013</u>
Telecommunications plant		

**NOTE 5 - LONG-TERM DEBT**

Long-term debt consists of the following:

	Current Annual Installments of Principal	<u>Principal Amount</u>	
		<u>2014</u>	<u>2013</u>
Federal Financing Bank ("FFB") - Supplemental mortgage notes			
- due January 2033			
- due January 2033			
- due January 2033			
- due January 2033			
- due January 2033			
- due January 2033			
- due January 2033			

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 5 - LONG-TERM DEBT** (Continued)

	Current Annual Installments of Principal	Principal Amount	
		2014	2013
Wahkiakum West, Inc. Notes payable at █%; interest only payments required; due September 2021			
Less principal installments of long-term debt due within one year			

At December 31, 2014, maturities on long-term debt for the next five years and thereafter are as follows:

2015
2016
2017
2018
2019
Thereafter

Substantially all of the Company's telecommunications plant now owned and hereafter acquired is subject to first and supplemental mortgage agreements executed to the Federal Financing Bank. The terms of the mortgage agreements restrict distributions to the stockholder, redemptions of capital stock and investments in affiliated companies. Allowable distributions are based on minimum net worth requirements defined in the agreements.

The Company has available \$█ for future borrowings from Federal Financing Bank for approved telephone plant expenditures.

Pursuant to the FFB Loan Agreement dated June 10, 2011, Section 5.12, TIER Requirement, the Company "will endeavor, but not be required, to maintain a TIER of at least 1.0." At December 31, 2014, the Company exceeded the TIER required.

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December 31, 2014 and 2013

**NOTE 5 - LONG-TERM DEBT** (Continued)

During 2014, the Company borrowed \$ [REDACTED] from the parent company, Wahkiakum West, Inc., with quarterly interest only payments required. There are two \$ [REDACTED] notes that are due in full in September 2021. Subsequent to the balance sheet date the Company paid \$ [REDACTED] on one of the notes payable to Wahkiakum West, Inc. In 2014, the Company paid \$ [REDACTED] in interest on these notes.

**NOTE 6 - FEDERAL INCOME TAXES**

The Company recognizes deferred federal income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent future federal income tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate to the depreciable assets' lives and methods of calculating depreciation and the deduction for the accrual of compensated time off for financial reporting and income tax reporting.

The tax effects of temporary differences that give rise to significant portions of deferred tax liabilities (assets) consist of the following:

	<u>2014</u>	<u>2013</u>
Telecommunications plant	[REDACTED]	
Accrued compensated time off		

The provision for federal income taxes (benefits) is allocated between operating and nonoperating income as follows:

	<u>2014</u>	<u>2013</u>
Operating Federal Income Taxes	[REDACTED]	
Current (benefits) payable		
Deferred income taxes		
Nonoperating Federal Income Taxes	[REDACTED]	
Current benefits		

REDACTED

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 6 - FEDERAL INCOME TAXES** (Continued)

Components of provision for federal income taxes (benefits) are as follows:

	<u>2014</u>	<u>2013</u>
Current (benefits) payable		
Deferred income taxes		



**NOTE 7 - LEASES**

Future lease commitments are not material; total rental and lease expense for the years ended December 31, 2014 and 2013 is less than one percent of revenues.

**NOTE 8 - PENSION PLAN**

The Company has adopted a 401(k) profit sharing plan. Employees become eligible to participate in the plan upon reaching age 21 and having one year of service. Each plan year, employees are allowed to defer █% of their compensation or the maximum as established by Internal Revenue Service regulations. Employees may also make voluntary after-tax contributions to the profit sharing plan each year. The Company has a matching provision as defined in the plan for the deferred employee compensation amounts. The plan also allows the Company to make discretionary profit sharing contributions to the plan each year, subject to limitations provided by the plan and Internal Revenue Service rules and regulations. For the years ended December 31, 2014 and 2013, the Company's discretionary profit sharing contributions amounted to \$█ and \$█, respectively.



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WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Company is affiliated with Wahkiakum West Television, Inc. and Wahkiakum West Long Distance, Inc. through common ownership by Wahkiakum West, Inc.

	<u>Wahkiakum West, Inc.</u>	<u>Wahkiakum West Television, Inc.</u>	<u>Wahkiakum West Long Distance, Inc.</u>	<u>Total Due From (To) Affiliated Companies</u>
<b>Balance December 31, 2012</b>				
Advances to affiliates				
Transfer of federal income taxes				
Revenues billed on behalf of the affiliated company				
Telecommunications services provided				
Repayment of advances				
<b>Balance December 31, 2013</b>				
Advances to affiliates				
Transfer of federal income taxes				
Revenues billed on behalf of the affiliated company				
Telecommunications services provided				
Repayment of advances				
<b>Balance December 31, 2014</b>				

See Note 5, long-term debt for a description of the long-term notes payable due to Wahkiakum West, Inc.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

In 2014, the Company was examined by the Washington State Department of Revenue for the period January 1, 2010 to March 31, 2014 for revenues reported for the business and occupation tax and retail and local sales tax. From that examination, the Company was assessed a tax due of \$[REDACTED]. The Company paid the assessment which is included on the 2014 statement of income under the caption, taxes, other than income.

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**

(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2014 and 2013

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

The Company, along with other independent telephone companies in Washington State, through the Washington Independent Telecommunications Association ("WITA"), have challenged the assessment which relates primarily to classification of telecommunication revenues in the wholesale, retail and service classifications for business and occupation tax calculations. WITA and the Company believe that through negotiation or possible litigation, the Company's assessment will be reduced. The Company is uncertain as to the ultimate outcome of this issue, and no provision has been made in the 2014 financial statements at this time.

**WAHKIAKUM WEST, INC.**  
**Summary Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]



**WAHKIAKUM WEST, INC.**  
**Summary Balance Sheet**  
As of December 31, 2013

	<u>Dec 31, 13</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]



**WAHAKIYAKUM WEST TELEVISION, INC**  
**Summary Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]







**WAHKIAKUM WEST TELEVISION, INC**  
**Summary Balance Sheet**  
As of December 31, 2013

	<u>Dec 31, 13</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]

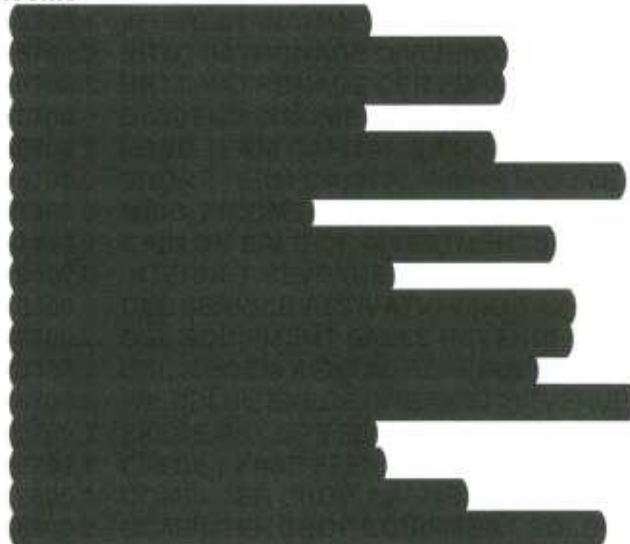
WAHAKIYAKUM WEST TELEVISION, INC

Profit & Loss

January through December 2013

Jan - Dec 13

Income

A list of approximately 12 redacted income items, each with a corresponding value in the right column.A vertical column of approximately 12 redacted numerical values corresponding to the income items.

Total Income

A single redacted numerical value representing the total income.

Expense

A list of approximately 20 redacted expense items, each with a corresponding value in the right column.A vertical column of approximately 20 redacted numerical values corresponding to the expense items.



**WAHAKIAKUM WEST LONG DISTANCE, INC**  
**Summary Balance Sheet**  
As of December 31, 2014

	<u>Dec 31, 14</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]

**WAHKIAKUM WEST LONG DISTANCE, INC**  
**Profit & Loss**  
January through December 2014

Jan - Dec 14

Income	[REDACTED]	[REDACTED]
Total Income	[REDACTED]	[REDACTED]
Expense	[REDACTED]	[REDACTED]
Total Expense	[REDACTED]	[REDACTED]
Net Income	[REDACTED]	[REDACTED]



**WAHAKIAKUM WEST LONG DISTANCE, INC**  
**Summary Balance Sheet**  
As of December 31, 2013

	<u>Dec 31, 13</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]

