WASHINGTON 547 WESTGATE
WESTGATE COMMUNICATIONS, LLC
d.b.a. WEAVTEL

Chelan, Washington

REVIEWED FINANCIAL STATEMENTS

December 31, 2015

KIRKPATRICK, UTGAARD & PERRY, P.S.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Members
Westgate Communications, LLC
Chelan, Washington

We have reviewed the accompanying financial statements of Westgate Communications, LLC (a Washington Limited Liability Company), which comprise the balance sheet as of December 31, 2015, and related statements of operations and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 controls relevant to the preparation and fair presentation of financial statement that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Service Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as the basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the result of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kirkpatrick, Utgaard & Perry, P.S.

Certified Public Accountants

September 2, 2016

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

Reviewed Finanical Statements

December 31, 2015

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

BALANCE SHEET

Year Ended December 31, 2015

ASSETS

CURRENT ASSETS		
Cash	$	56,493
Telecommunications accounts receivable		44,654
Prepaid expenses		102
Total Current Assets		101,249
NONCURRENT ASSETS		
Due from related party		13,652
Unamortized debt issuance expense, less accumulated amortization of 8,750		3,250
Total Noncurrent Assets		16,902
PROPERTY, PLANT AND EQUIPMENT		
Telecommunications plant under construction		6,635
Telecommunications plant in service		2,299,207
Less accumulated depreciation		(1,532,216)
Total Telecommunications Plant in Service		773,626
Nonregulation plant (Net)		18,759
Total Property, Plant and Equipment		792,385
TOTAL ASSETS	$	910,536

See Accompaning notes and independent accountant's review report.

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

BALANCE SHEET

Year Ended December 31, 2015

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$	508,690
Note payable line of credit		63,599
Taxes, other than income taxes		2,885
Accrued interest payable		617,778
Deferred Income Washington State Utilities Commission		29,146
Member notes payable		5,457
Installment on long-term debt due within one year		1,379,975
Total Current Liabilities		2,607,530
LONG-TERM DEBT, less portion classified as a current liability		277,258
Total Liabilites		2,884,788
MEMBERS' EQUITY		(1,974,252)
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	910,536

See Accompaning notes and independent accountant's review report.

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

STATEMENT OF OPERATIONS

Year Ended December 31, 2015

OPERATING REVENUES		
Local network service revenues	$	21,422
Network access service revenues		517,507
Long distance network service revenues		3,553
Miscellaneous revenues		24,498
Uncollectible revenues (deduction)		0
Total Operating Revenues		566,980
OPERATING EXPENSES		
Plant specific operations		270,830
Plant nonspecific operations		24,711
Depreciation and amortization		144,158
Customer operations		21,964
Corporate operations		103,307
Taxes, other than income taxes		669
Total Operating Expense		565,639
Net Operating Loss		1,341
FIXED CHARGES		78,126
OTHER INCOME		
Nonregulated income		4,326
Debt forgiveness and vendor adjustment		32,183
Total Other Income		36,509
NET LOSS	$	(40,276)

See Accompaning notes and independent accountant's review report.

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

STATEMENT OF CHANGES IN MEMBERS' DEFICIT

Year Ended December 31, 2015

BEGINNING MEMBERS' DEFICIT	$	(1,930,919)
Prior year Adjustment		(3,057)
Net loss for the year		(40,276)
ENDING MEMBERS' DEFICIT	$	(1,974,252)

See Accompaning notes and independent accountant's review report.

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

STATEMENT OF CASHFLOWS

Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$	(40,276)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation of telecommunications plant		143,408
Depreciation of nonregulated plant		565
Amortization of other assets		750
Noncash forgiveness of debt and vender adjustments		(32,183)
Net change in operating assets and liabilities		
Increase in telecommunications accounts receivable		4,471
Increase in prepaid expenses		3,138
Increase in accounts payable		2,588
Increase in deferred income		29,146
Decrease in taxes, other than income taxes		(4,060)
Increase in accrued interest expense		59,820
Net Cash Provided by Operating Activities		167,367
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to telecommunications plant		(63,313)
Additions to nonregulated plant		(17,044)
Due from related party		7,343
Net Cash Used by Investing Activities		(73,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt		(31,060)
Payments on member notes payable		(10,274)
Net Cash Used by Financing Activities		(41,334)
NET INCREASE IN CASH		53,019
Cash at Beginning of Year		3,474
CASH AT END OF YEAR	$	56,493

See Accompaning notes and independent accountant's review report.

WESTGATE COMMUNICATIONS, LLC
d.b.a WEAVTEL

STATEMENT OF CASHFLOWS (Continued)

Year Ended December 31, 2015

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	$ 18,306
Noncash financing activity:	
Debt Forgiveness and vendor adjustment in accounts payable	$ 32,183

See Accompaning notes and independent accountant's review report.

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

Telephone Industry
Westgate Communications, LLC d.b.a WeavTel ("the Company") is a local exchange telecommunications company providing local exchange and other telecommunications services to customers in Stehekin, Washington and the surrounding vicinity in north central Washington State. The upper portion of the Telecommunications exchange area is in the Chelan National Recreation Area which is regulated by the National Park Service

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

Organization
Westgate Communications, LLC operates as a Washington Limited Liability Company ("LLC") and is comprised of 2 members at December 31, 2015. As a LLC, the members of the Company have limited personal liability for certain obligations or debts of the Company; certain obligations do have personal member guarantees.

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

Cash and Cash Equivalents
For Purposes of the statement of cash flows, the Company considers cash to be cash in checking and savings accounts.

Unamortized Debt Issuance Expense
Cost incurred to obtain financing for telecommunications plant additions are capitalized and amortized over the respective loan period.

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 asset.

Telecommunications Plant Requirements
When an asset is retired or otherwise disposed of, the cost of the asset is removed from the asset accounts 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.

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

Accounting for the Impairment or Disposal of Long-Lived Assets
The Company periodically reviews its long-lived assets such as property, plant, and equipment for impairments whenever events or changes in circumstances indicate that the carrying amounts of an assets may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amounts of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amounts 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. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell, and depreciation ceases. At December 31, 2015, management believes that there were no material impairment charges to be recorded as of that date, subject to the Company's ability to complete suspended construction projects and to continue as a going concern.

As discussed in Note 2, certain conditions indicate that the Company may be unable to continue as a going concern. In the event that the Company is forced to cease operations and liquidate its assets, material impairment charges may result on the disposal of property, plant and equipment.

Revenue Recognition, Major Customers and Services
Services provided by the Company include primarily local networks, long distance networks and network 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 telecommunications services.

Revenue 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 provide 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.

The FCC 11-161 modified and replaced the existing universal service and intercarrier compensation systems, with universal services reform and intercarrier compensation reform. A Connect America Fund has been established to replace all existing high-cost support mechanisms and set broadband service requirements. Alongside the

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

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

broadband service rules, reforms to establish a framework to limit reimbursements for excessive capital and operating expenses have been implemented as of July 1, 2012 and phase outs of certain support occurred. Intercarrier compensation reform adopts a uniform bill-and-keep framework as the ultimate end for all telecommunications traffic exchanged with the Company. Intercarrier compensation 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. Limited on carriers' total eligible recover will reflect existing downward trends on intercarrier compensation revenues with declining switch cost and minutes of use.

The company intends to petition the FCC for a waiver of the limitations placed on the Company in receiving federal universal service support (see Note 2).

The Company continues to review the reforms and modifications to the support that the Company receives and understands that those reforms and modifications will 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 clarifications from the FCC.

Revenues from 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 America Fund ("CAF"). The State USF Program was to begin January 2015 which resulted in cash flow issue for some of the companies that met the WUTC criteria to be eligible for such support. The WUTC granted a one-time partial distribution in 2014 of the State USF Program equal to the amount the Company received from Traditional USF for 2012 which for the Company was zero as the Company did not receive traditional USF. 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 Programs years, assuming the Company continues to be eligible under the program. The State USF Program year runs from July 1 to June 30, he Company received $58,291 in December 2015 from the State USF Program for the period July 1, 2014 to June 30, 2015. Of the $58,291, half is booked as income and half or $29,145.50 is deferred to 2016.

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

Revenue Recognition, Major Customers and Services *(Continued)*
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 some of the services that the Company provides to its customers, the Company relies upon services and facilities supplied to it by other companies. Any material disruptions of the services or facilities supplied to the Company by other companies could potentially have an adverse effect upon the Company's operating results.

Debt Forgiveness and Vendor Adjustment
In 2015, the Company negotiated with certain creditors a reduced settlement amount for expenses incurred in previous years. These amounts are included in the statement of operations under other income, debt forgiveness and vendor adjustment.

Federal Income Taxes
The Company has elected to be taxed as a partnership under the LLC provision of the Internal Revenue Code. Therefore, taxable earnings and losses of the Company are flowed through to the Company's member tax returns and taxed at the applicable tax rate of the members and no provision for federal income tax is recorded in the financial statements.

The Company's federal income tax returns for the tax year ended previous to December 31, 2012 are closed to examination.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 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.

NOTE 2 - GOING CONCERN

At December 31, 2015, the Company was not in compliance with its financial obligations to the Rural Utilities Service ("RUS"), which has suspended the Company's ability to draw additional funds. The Company had a net loss of $40,276 for the year ended December 31, 2015, and has a working capital deficit of $2,506,281 and members' deficit of $1,974,252 at December 31, 2015.

NOTE 2 - GOING CONCERN (Continued)

Management continues to work towards restoring its ability to draw additional RUS loan funds and become current with its financial obligations. The Company intends to petition the FCC for a waiver of the limitations placed on the Company in receiving federal universal service support. The ability of the Company to continue as a going concern is dependent on many factors, one of which is restoring the availability of the RUS loan funds that will allow the Company to complete suspended construction projects necessary to meet the original revenue requirement projections and continue to make payments on the Great Plains Capital Corporation outstanding loan and outstanding vendor accounts payable. As disclosed in Note 1 under the caption of Revenue Recognition, Major Customers and Services, the completion of suspended construction projects and the resulting increase in Company subscribers served would help in easing the limitation imposed by the FCC 11-161 for reimbursement of excessive capital and operating expenses that the Company is currently experiencing. An additional factor is the outcome of the FCC petition for a waiver of those limitations placed on the Company to also meet certain RUS loan covenants and obligations.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at two financial institutions in northeastern Washington State, each insured by the Federal Deposit Insurance Corporation up to $250,000 at December 31, 2015. The Company periodically maintains cash balances in excess of the federally insured limits. At December 31, 2015, the Company's cash balance did not exceed the insured amount.

The Company's telecommunications account receivable are subject to potential credit risk as they are concentrated in and around Stehekin, Washington, and are unsecured.

NOTE 4 - TELECOMMUNICATIONS ACCOUNTS RECEIVABLE

The telecommunications accounts receivable balance at December 31, 2015 consist of:

Due from customers and agents	$	$1,848
Due from exchange carriers and exchange carrier associations		42,806
	$	$44,654

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. Accounts receivable are written off when they are determined to uncollectible. As of December 31, 2015, there were no significant outstanding accounts receivable over ninety days or more after the date of the invoice on which they were first billed.

NOTE 5 - TELECOMMUNICATIONS PLANT IN SERVICE AND DEPRECIATION

General support facilities	$	674,564
Central office equipment		1,346,762
Cable and wire facilities		277,880
		2,299,206

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

General support facilities	
Buildings	4.00%
Furniture and office equipment	15.00% - 25.00%
Vehicles and other work equipment	16.00%
Central office equipment	9.00% - 11.19%
Cable and wire facilities	4.55% - 20.40%

Nonregulated Plant

Nonregulated plant is stated at original cost which consists of pay phones and DSL equipment which are depreciated at a straight-line rate of 20%.

NOTE 6 - NOTE PAYABLE LINE OF CREDIT

The company has a line of credit with Wells Fargo Bank in the amount of $60,000 with an annual interest rate of 14.5%. As of December 31, 2015, the Company owed $63,599 and was over the allowed line of credit limit by $3,599. As of the date of this report, Wells Fargo Bank has requested repayment in full on the line of credit. No interest has been accrued on the line of credit for 2015. The line of credit is secured bye a guarantee by a member of the Company.

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

		Principal Amount
Rural Utilities Service (RUS) first mortgage notes		
5.0% - due November 2020	$	505,927
5.0% - due November 2020		531,829
5.0% - due November 2020		71,126
5.0% - due November 2020		231,514
		1,340,396

NOTE 7 - LONG-TERM DEBT (Continued)

		Principal Amount
Great Plains Capital Corporation with no interest and monthly payments of $3,500, collateralized by all loan proceeds made to the Company by RUS	$	290,353
Installment note secured by a vehicle, monthly payments of $562, including interest at 4.99%, due January 2020.		26,484
		1,657,233
Less principal installment of long-term debt due within one year		1,379,975
		277,258

The Company is not in compliance with its financial obligation to RUS. RUS has suspended the Company's ability to draw additional funds until the Company becomes current with its payments to RUS and reimburses the construction fund cash account $184,953. The Company is also not in compliance with various Sections of its Loan Agreement with RUS including but not limited to the Company's maintaining a time interest earned ratio ("TIER") of at least 1.0, becoming current with its obligations to RUS, unallowed distributions of members deficit, providing timely audited financial statements and related management letters as required by the RUS, and reimbursing the construction fund cash account for the disallowed cash disbursements of $184,953. Due to the loan violations, the entire RUS debt is classified as current for purposes of the financial statement presentation.

The Company disagrees with RUS in relation to a disallowed cash disbursement of $184,953 and continues to review the applicable loan and contract documents in its discussions with RUS.

RUS could call the loan due to compliance issues noted above. But in the event that RUS does not call the loan, at December 31, 2015, maturities on long-term debt in the next five years are as follows:

2016	$	244,415
2017		254,769
2018		265,653
2019		282,978
2020		292,581
	$	1,340,396

Substantially all of the Company's telecommunications plant now owned and hereafter acquired is subject to a first mortgage executed to the RUS. The terms of the mortgage agreement restrict distributions to members,

NOTE 7 - LONG-TERM DEBT (Continued)

redemptions of member's equity, and investments in affiliated companies. Allowable distributions are based on minimum net worth requirements defined in the agreements.

In February 2006, the Company defaulted on a loan with Bank of America. The loan was transferred to Great Plains Capital Corporation as of April 2007 with a principal balance of $512,499. The Company negotiated an interest rate of 5% and received a waiver of the unpaid interest and agreed to $5,500 monthly payments starting June 2007.

The loan to Great Plains Capital Corporation became in default in September 2007. On April 5, 2010, the Company negotiated with Great Plains Capital Corporation a new promissory note through a modification agreement ("Agreement"). The Agreement requires monthly payments of $3,500 per month beginning February 2010, with no interest being paid on the unpaid balance. Bank of America also continues to be noted as a secured party to the debt obligation. The principal balance owing as of December 31, 2015 is $290,353.06.

NOTE 8 - LEASE AND SERVICE AGREEMENTS

The Company leases office space in Chelan, Washington. The annual lease expired March 2016 and was renewed for one year to March 2017. The current monthly payment is $350 per month, with the potential of estimated costs allocable to the premises as noted in the lease.

The Company has a single channel per carrier service agreement with SES World Skies, with a projected termination date of August 2016 as amended. The service agreement has certain bandwidth allocations, service level and power level requirements as defined in the agreement. The agreement required monthly payments of $7,000.00

NOTE 9 - RELATED PARTY TRANSACTIONS

The Company is affiliated with WeavNet, through common ownership. The Company has paid for equipment and internet services on behalf of WeavNet in the amount of $11,490 as of December 31, 2015.

Member notes payable are subordinated to the notes payable to Great Plains Capital Corporation and RUS notes payable and bear interest at the applicable federal rate as determined by the Internal Revenue Service. The Company owes a member $5,457 as of December 31, 2015.

The spouse of one of the members charged the Company $4,315 for consulting for the year ended December 31, 2015.