

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS

	DECEMBER 31,	
	2012	2011
CURRENT ASSETS		
Cash	\$ 192,765	\$ 162,411
Subscriber accounts receivable, less bad debt allowance of \$44,196 for 2012 and \$12,000 for 2011	835,918	791,017
Settlement and access accounts receivable	510,887	333,513
Other accounts receivable	11,742	15,628
Materials and supplies	179,145	188,326
Prepaid expenses	144,133	165,191
Total current assets	1,874,590	1,656,086
NONCURRENT ASSETS		
Marketable securities	94	206
Investments	1,975,760	1,967,377
Intangible assets	13,975	28,266
Other noncurrent assets	7,668	8,428
Deferred income taxes	130,189	147,460
Total noncurrent assets	2,127,686	2,151,737
PROPERTY, PLANT, AND EQUIPMENT		
Regulated plant in service	31,788,856	31,578,332
Regulated plant under construction	112,717	-
Nonregulated plant in service	11,204,529	11,313,897
Nonoperating plant	157,125	157,125
	43,263,227	43,049,354
Less accumulated depreciation	26,430,105	24,997,388
Net property, plant, and equipment	16,833,122	18,051,966
	\$ 20,835,398	\$ 21,859,789

**BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
 CONSOLIDATED BALANCE SHEETS**

LIABILITIES AND MEMBERS' EQUITY

	DECEMBER 31,	
	2012	2011
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 1,417,973	\$ 1,558,282
Current portion of capital lease obligations	32,438	62,554
Accounts payable	1,111,300	633,499
Advance billing and customer deposits	281,193	298,912
Income taxes payable	106	300
Accrued expenses	1,521,009	1,225,591
Deferred revenue	46,933	46,682
Line of credit payable	200,000	190,000
Total current liabilities	4,610,952	4,015,820
LONG-TERM LIABILITIES		
Long-term debt, less current portion	9,288,608	10,705,727
Capital lease obligations, less current portion	79,094	111,532
Deferred credits	11,649	18,622
Total long-term liabilities	9,379,351	10,835,881
MEMBERS' EQUITY		
Controlling interest		
Memberships and other capital	109,371	127,784
Patronage capital	6,824,874	6,971,696
Accumulated other comprehensive loss	(25,459)	(25,347)
Total controlling interest	6,908,786	7,074,133
Noncontrolling interest	(63,691)	(66,045)
Total members' equity	6,845,095	7,008,088
	\$ 20,835,398	\$ 21,859,789

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

Study Area Code: 532359
 Study Area Name: Beaver Creek
 Cooperative Telephone Company
 Program Year: 2014

	YEARS ENDED DECEMBER 31,	
	2012	2011
OPERATING REVENUES		
Local network	\$ 1,818,609	\$ 1,940,965
Interstate access	1,200,515	1,041,775
Intrastate access	284,574	223,417
Federal universal service and state high cost support	1,626,259	1,644,947
Miscellaneous	350,227	386,186
Internet, long distance, and wireless revenue	2,004,817	1,858,796
Cable television	1,550,456	1,602,356
Ad insertion and related revenues	370,114	360,333
Total operating revenues	<u>9,205,571</u>	<u>9,058,775</u>
OPERATING EXPENSES		
Plant specific	1,714,050	1,796,516
Plant nonspecific	358,880	316,473
Customer	844,294	917,449
Corporate	1,012,453	1,183,113
Depreciation	1,785,071	1,729,911
Amortization	14,291	3,596
Other taxes	260,410	240,877
Internet, long distance, and wireless costs	1,084,018	943,224
Cable television costs	1,187,456	1,107,212
Ad insertion and related costs	265,963	114,633
Other nonregulated expenses	237,585	273,275
Total operating expenses	<u>8,764,471</u>	<u>8,626,279</u>
OPERATING MARGINS	<u>441,100</u>	<u>432,496</u>
OTHER INCOME (EXPENSE)		
Interest and dividend income	83,769	122,763
Other income	185,124	355,488
Equity loss in investment	(812)	-
Interest expense	(835,296)	(960,762)
Total other income and (expense)	<u>(567,215)</u>	<u>(482,511)</u>
LOSS BEFORE INCOME TAXES	<u>(126,115)</u>	<u>(50,015)</u>
Income tax (benefit) expense	17,379	(13,461)
LOSS BEFORE NONCONTROLLING INTEREST	<u>(143,494)</u>	<u>(36,554)</u>
NONCONTROLLING INTEREST	<u>(2,354)</u>	<u>(3,442)</u>
NET LOSS	<u>\$ (145,848)</u>	<u>\$ (39,996)</u>

Study Area Code: 532359
Study Area Name: Beaver Creek
Cooperative Telephone Company
Program Year: 2014

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	YEARS ENDED DECEMBER 31,	
	2012	2011
NET LOSS	\$ (145,848)	\$ (39,996)
Other comprehensive income (loss):		
Unrealized loss on securities available for sale	(112)	(387)
Reclassification adjustment	-	2,075
Other comprehensive loss	(112)	1,688
COMPREHENSIVE LOSS	\$ (145,960)	\$ (38,308)

**BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
 CONSOLIDATED STATEMENTS OF CASH FLOWS**

	YEARS ENDED DECEMBER 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (145,848)	\$ (39,996)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	1,799,362	1,733,507
Deferred income taxes	17,271	(14,261)
Loss attributable to noncontrolling interest	2,354	3,442
Equity loss in affiliate investment	812	-
Patronage capital credits, noncash	(40,804)	(62,227)
Allowance for funds used during construction	(454)	(1,235)
Loss on disposition of assets	11,215	10,773
Effect of changes in operating assets and liabilities:		
Accounts receivable	(218,389)	151,608
Materials and supplies	9,181	21,214
Prepaid expenses	21,058	1,475
Other assets	(1,026)	1,427
Accounts payable	477,801	(475,690)
Advance billing and customer deposits	(17,719)	(6,461)
Income taxes refundable/payable	(194)	(500)
Accrued expenses	295,418	(985,727)
Deferred revenue	251	(68,860)
Deferred credits	(6,973)	(5,814)
Net cash from operating activities	<u>2,203,316</u>	<u>262,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment, net	(576,988)	(490,704)
Proceeds from marketable securities sale	-	124
Purchase of RTFC subordinated capital credits	-	(700,000)
Proceeds from RTFC subordinated capital credits	75,636	178,131
(Purchase) proceeds of investment	(44,027)	20,006
Purchase of intangible	-	(27,781)
Net cash from investing activities	<u>(545,379)</u>	<u>(1,020,224)</u>

**BEAVER CREEK COOPERATIVE TELEPHONE COMPANY
 CONSOLIDATED STATEMENTS OF CASH FLOWS**

	YEARS ENDED DECEMBER 31,	
	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on line of credit	10,000	(2,398,502)
Proceeds from long-term debt	-	8,088,502
Principal payments on long-term debt	(1,557,428)	(4,726,965)
Proceeds from capital lease obligations	-	27,781
Principal payments on capital lease obligations	(62,554)	(79,972)
Memberships received and retired, net	(18,413)	(19,002)
 Net cash from financing activities	 <u>(1,628,395)</u>	 <u>891,842</u>
 NET CHANGE IN CASH	 30,354	 134,293
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>162,411</u>	 <u>28,118</u>
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 192,765</u>	 <u>\$ 162,411</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for:		
Interest	<u>\$ 843,711</u>	<u>\$ 902,411</u>
 Income taxes	 <u>\$ 302</u>	 <u>\$ 1,300</u>