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FCC Mail Room

June 30, 2014

Re: WC Docket No. 10-90, WC Docket No. 11-42, FCC Form 481 – Carrier Annual Reporting, for New Hope Telephone Cooperative

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th St., SW
Washington, D.C. 20554

Dear Secretary:

New Hope Telephone Cooperative submits this FCC Form 481 – Carrier Annual Reporting in accordance with FCC Rules 54.313 and 54.222. There are two copies of a Redacted – For Public Inspection version. In addition there is one copy with financial information marked as confidential information in accordance with a November 16, 2012 Protective Order, DA12-1857. A Redacted – For Public Inspection version is also being filed electronically via ECFS.

If there are any questions, I can be reached at 540-363-4182.

Sincerely,

Timothy M. Harris
General Manager

Attachments

cc: Charles Tyler, Telecommunications Access Policy Division (Two Confidential Copies)

No. of Copies rec'd 0+1
List ABCDE

FCC Form 481 - Carrier Annual Reporting Data Collection Form

FCC Form 481 OMB Control No. 3000-0048/0101 Control No. 3000-0019 July 2013

<010> Study Area Code 190239
<015> Study Area Name NEW HOPE TEL COOP
<020> Program Year 2015
<030> Contact Name: Person USAC should contact with questions about this data Timothy Harris
<035> Contact Telephone Number: Number of the person identified in data line <030> 5403634182 ext.
<039> Contact Email Address: Email of the person identified in data line <030> timharris@newhopetel.com

Received & Inspected

1111 - 1 2014

FCC Mail Room

ANNUAL REPORTING FOR ALL CARRIERS

Form containing sections 100-1200 with various input fields, checkboxes, and descriptive document attachments. Includes sections for Service Quality Improvement Reporting, Outage Reporting, Unfulfilled Service Requests, Complaints per 1,000 customers, and Service Quality Standards & Consumer Protection Rules Compliance.

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	190239
<015>	Study Area Name	NEW HOPE TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035>	Contact Telephone Number - Number of person identified in data line <030>	5403634182 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	timharris@newhopetel.com

<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111>	year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

190239va112.pdf

Name of Attached Document

Please check these boxes below to confirm that the attached documents(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>
<114>	Report how much universal service (USF) support was received	<input type="checkbox"/>
<115>	How (USF) was used to improve service quality	<input type="checkbox"/>
<116>	How (USF) was used to improve service coverage	<input type="checkbox"/>
<117>	How (USF) was used to improve service capacity	<input type="checkbox"/>
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input type="checkbox"/>



<010> Study Area Code	190239
<015> Study Area Name	NEW HOPE TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035> Contact Telephone Number - Number of person identified in data line <030>	5403634182 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	timharris@newhopetel.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

1200 Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3040-0146
 July 2013

<010> Study Area Code	190239
<015> Study Area Name	NEW HOPE TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035> Contact Telephone Number - Number of person identified in data line <030>	5403634182 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	timharris@newhopetel.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



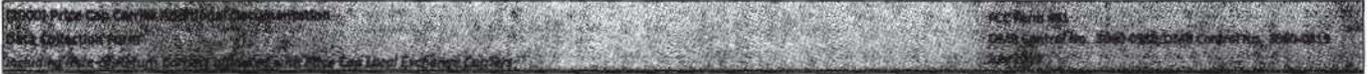
Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.newhopetel.net/Files/NMTC-Lifeline-Form.pdf>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,
- <1222> Details on the number of minutes provided as part of the plan,
- <1223> Additional charges for toll calls, and rates for each such plan.



<010>	Study Area Code	190239
<015>	Study Area Name	NEW HOPE TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Timothy Harrie
<035>	Contact Telephone Number - Number of person identified in data line <030>	5401634182 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	t.harrie@newhopetel.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification (47 CFR § 54.313(b)(1))
- <2011> 3rd Year Certification (47 CFR § 54.313(b)(2))

Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

- <2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting (47 CFR § 54.313(e))

- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

- <2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

RUS Form 47 OMB Control No. 3045-0067/0168 Control No. 3045-0067-01 July 2013

<010> Study Area Code	190239
<015> Study Area Name	NFM HOPE TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035> Contact Telephone Number - Number of person identified in data line <030>	5403634182_ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	timharris@neshoptel.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) (Yes/No) Yes No

(3014) If yes, does your company file the RUS annual report (Yes/No) Yes No

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No) Yes No

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

190239va3026 .pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Report	FCC Form 493 OMB Control No. 3020-0067/0048 Control No. 3000-0037 July 2013
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<010>	Study Area Code	190239
<015>	Study Area Name	NEW HOPE TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035>	Contact Telephone Number - Number of person identified in data line <030>	5403634182 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	timharris@newhopetel.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	NEW HOPE TEL COOP
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/30/2014
Printed name of Authorized Officer:	Timothy Harris
Title or position of Authorized Officer:	Executive Vice President
Telephone number of Authorized Officer:	5403634182 ext.
Study Area Code of Reporting Carrier:	190239 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3020-0046 (Rev. 05-01-10) 481b-0019 July 2013
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<010>	Study Area Code	190239
<015>	Study Area Name	NEW HOPE TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Timothy Harris
<035>	Contact Telephone Number - Number of person identified in data line <030>	5403634182 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	timharris@newhopetel.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

REDACTED - FOR PUBLIC INSPECTION

5-Year Plan for Network Improvements and Upgrades

Pursuant to 47 C.F.R § 54.202(a)(1)(ii)

Company Name: New Hope Telephone Cooperative

Study Area Code: 190239

Project Information:

Wire Center/Exchange Project	Projected Start Year	Projected Completion Year	Estimated Population Served	Estimated Area	Describe the Proposed Improvement or Upgrade
1) 363					
a) Fiber to the Home and Host/Remote Upgrade	2015	2015	700	36	Fiber to the Home and the purchase of a Calix C7 and G2 Remote
b) Fiber to the Home and Host/Remote Upgrade	2016	2016	700	36	Fiber Back Haul and the purchase of a Calix E7 and Calix E3
c) Fiber to the Home and Host/Remote Upgrade	2017	2017	700	36	Fiber to the Home and the purchase of a Calix E3
d) Fiber to the Home	2018	2018	700	36	Fiber to the Home Deployment
e) Fiber to the Home	2019	2019	700	36	Fiber to the Home Deployment

Estimated Investment and Operating Expenses per Year:

Year	Network Investment	Operating Expenses
2015		
2016		
2017		
2018		
2019		
Total		



June 24, 2014

Form 481 - Line (310) Detail on Attempts (Voice)

New Hope Telephone Cooperative had no Unfulfilled Service Requests in 2013, thus, there are no Attempts Details to report.

Timothy M. Harris
Executive Vice President/General Manager



June 24, 2014

Form 481 – Line (510) Service Quality Standards & Consumer Protection Rules Compliance

Service Quality

New Hope Telephone Cooperative employs several resources and tools to ensure a high service quality for its customer base.

Proactive Line and Trunk Monitoring

Switch reporting capabilities allow us to create procedures to indicate possible troubles on customer lines and trunk groups. Action can then be taken to correct troubles before a customer ever realizes a problem.

Trouble Reporting

Trouble reporting is handled with a "live" Customer Service Representative. In the event all Customer Service Representatives are busy callers are allowed to leave a message and will be contacted as soon as a representative becomes available.

After-Hours Support

When customers contact the company outside of normal business hours they are presented with options to leave a message that will be handled during regular business hours or to speak with an employee that is on-call. When speaking with an employee on-call the customer can request their issue be treated as essential and handled immediately.

Response Times

Trouble and service related issues are dispatched to technicians immediately after receiving them. We have a very aggressive target completion time of four hours. We were able to meet our target completion time for year 2013.

Installation

The State Corporation Commission in Virginia requires installations to be completed within five business days. In 2013 we had zero installations that weren't completed within five business days.

Repeat Trouble Reports

The State Corporation Commission in Virginia requires that repeat trouble reports be 16% or below. Our target percentage is 10% or below. In 2013 our repeat trouble report rate was 2.7%.

Outside Plant Troubles

The State Corporation Commission in Virginia requires that outside plant related troubles be 3% or below. Our target percentage is 2% or below and we met that goal in 2013.

Payment Assistance

In the event a customer becomes delinquent on their bill payment arrangements can be made on an individual case basis in order that they may keep their service active. Determinations will be based on amount owed, payment history, amount the customer is able to pay and length of time for the arrangement. As long as the customer honors their commitment, their service remains active.

Consumer Protection

New Hope Telephone Cooperative is committed to maintaining subscriber privacy. In addition to protecting personal information the company is obligated to give additional protections to certain information about how subscribers use their services. In considering this New Hope Telephone Cooperative follows all requirements the FCC has mandated concerning Customer Proprietary Network Information (CPNI).

New Hope Telephone Cooperative also employs an Identity Theft Prevention Program to ensure no information pertaining to our customers is compromised.

Proper photo identification and passwords are required for customers to access information or inquire about their services.

At least once annually all employees are required to attend classes that confirm the employee's knowledge of Privacy, CPNI and Identity Theft Prevention procedures.

Timothy M. Harris
Executive Vice President/General Manager



June 24, 2014

Form 481 – Line (610) Functionality in Emergency Situations

Backup and Emergency Power

New Hope Telephone Cooperative has one main Central Office, zero Remote Offices and several small, environmentally hardened, circuit equipment locations.

The Central Office has a permanently mounted, propane-powered backup generator in place for times of commercial power outages. The Central Office is also equipped with battery backup power that will last eight hours before needing to be recharged.

All small remote circuit equipment locations have battery backup power that lasts eight hours before needing to be recharged. Each location is also provisioned for connection to gasoline supplied portable generators. Several portable gasoline-powered generators are stored and maintained at the central office which is located within 30 minutes of all remote locations.

Network Facilities

New Hope Telephone Cooperative connects to the Verizon tandem switch in Staunton, VA. Primary and backup fiber facilities are used for connections to the Verizon tandem. Switchover to backup facilities is automatic.

Primary and backup fiber facilities are also used for connection to Lumos Networks for direct trunking to their exchanges. Switchovers to backup facilities are automatic for these facilities as well.

Traffic Spikes

New Hope Telephone Cooperative's switch is equipped with the Line Load Control feature. It is administered manually. Line load control is used to temporarily limit originating service to non-essential lines during a disaster or other emergency situation. There are three classes to Line Load Control: 1) Class A – Essential Lines, 2) Class B – Semi-essential Lines, and 3) Class C – Non-essential lines.

Timothy M. Harris
Executive Vice President/General Manager



June 24, 2014

Form 481 – Line (1010) Voice Services Rate Comparability

Public Notice, DA 14-384, states that the average urban rate for local service is \$20.46. Two deviations above the \$20.46 would be \$46.96. Our current residential local service rates are:

<u>Exchange</u>	<u>Zone</u>	<u>Local Service Rate</u>	<u>State SLC</u>	<u>State USF</u>	<u>Total Rate</u>
363	0	12.00	0	0	\$12.00
363	1	13.25	0	0	\$13.25
363	2	14.00	0	0	\$14.00

As the table shows we are well below two deviations above the average urban rate for local service.

Timothy M. Harris
 Executive Vice President/General Manager

NEW HOPE TELEPHONE COOPERATIVE
FINANCIAL STATEMENTS
YEAR ENDED OCTOBER 31, 2013

NEW HOPE TELEPHONE COOPERATIVE

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT
ON THE FINANCIAL STATEMENTS**

To the Board of Directors
New Hope Telephone Cooperative
New Hope, Virginia

We have reviewed the accompanying balance sheets of New Hope Telephone Cooperative (the Cooperative), as of October 31, 2013 and 2012, and the related statements of income, members' equity, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

PBMares, LLA

Harrisonburg, Virginia
January 27, 2014

NEW HOPE TELEPHONE COOPERATIVE

BALANCE SHEETS

October 31, 2013 and 2012

See Independent Accountant's Review Report

ASSETS	2013	2012
Current Assets		
Cash and cash equivalents		
Trade receivables, net		
Inventories		
Prepaid expenses		
Income taxes receivable		
Total current assets		
Investments		
Marketable securities		
VITAL partnership		
Deferred Income Taxes		
Property, Plant and Equipment		
Land		
Buildings		
Switching equipment		
Poles and cable		
Circuit equipment		
Other work equipment		
Automotive equipment		
Station equipment		
Office equipment		
Non-regulated equipment		
Construction in process		
Less accumulated depreciation		

See Notes to Financial Statements.

LIABILITIES AND MEMBERS' EQUITY

2013

2012

Current Liabilities

- Accounts payable
- Income taxes payable
- Deposits
- Accrued expenses

Total current liabilities

Long-Term Liabilities

- Virginia PCS Alliance, L.C.
- Deferred income taxes

Total long-term liabilities

Total liabilities

Members' Equity

- Certificates of membership, redeemable at ████ per certificate; 681 and 714 certificates issued and outstanding at October 31, 2013 and 2012, respectively
- Accumulated earnings
- Other comprehensive income



NEW HOPE TELEPHONE COOPERATIVE

STATEMENTS OF INCOME

Years Ended October 31, 2013 and 2012

See Independent Accountant's Review Report

2013

2012

Operating Revenue
 Local network services
 Network access services
 Long distance network services
 Miscellaneous
 Uncollectible revenues

Operating Expenses
 Plant specific operations:
 Network support
 General support
 Central office switching
 Central office transmission
 Information origination/termination
 Cable and wire facilities
 Plant non-specific operations:
 Network operations
 Depreciation
 Access expenses
 Other property, plant and equipment
 Customer operations
 Corporate operations:
 Executive and planning
 General and administrative
 Operating taxes

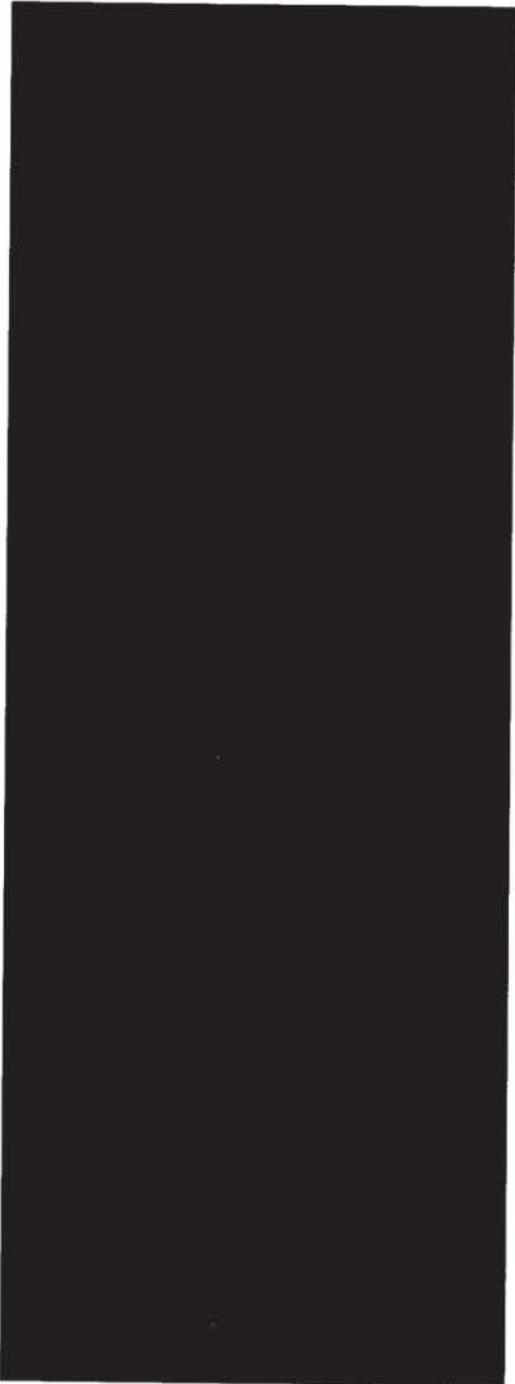
Operating loss

Non-Operating Income (Expense)
 Non-regulated income
 Non-regulated expenses
 Investment income
 Other non-operating income

Net income before income taxes

Federal and State Income Tax Expense

Net income

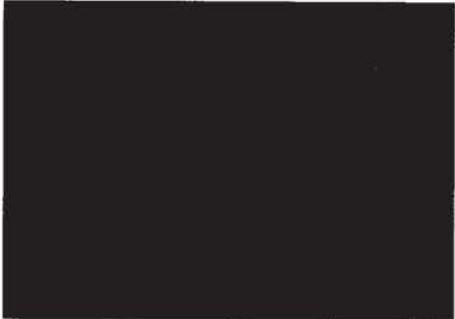


NEW HOPE TELEPHONE COOPERATIVE

STATEMENTS OF OTHER COMPREHENSIVE INCOME

Years Ended October 31, 2013 and 2012

See Independent Accountant's Review Report

	2013	2012
Net Income		
Other Comprehensive Income		
Unrealized gains on securities, net of income tax expense; 		
Comprehensive income		

NEW HOPE TELEPHONE COOPERATIVE

STATEMENTS OF MEMBERS' EQUITY
Years Ended October 31, 2013 and 2012
See Independent Accountant's Review Report

	Certificates of Membership	Accumulated Earnings	Other Comprehensive Income (Loss)	Total
Balance, November 1, 2011				
Net income				
Other comprehensive income				
Return of accumulated earnings				
Prior capital payments forfeited				
Decrease in memberships, net				
Balance, October 31, 2012				
Net income				
Other comprehensive income				
Return of accumulated earnings				
Prior capital payments forfeited				
Decrease in memberships, net				
Balance, October 31, 2013				

NEW HOPE TELEPHONE COOPERATIVE

STATEMENTS OF CASH FLOWS

Years Ended October 31, 2013 and 2012

See Independent Accountant's Review Report

2013

2012

Cash Flows From Operating Activities

Net income
 Adjustments to reconcile net income to net cash provided by operating activities:
 Depreciation
 Deferred income taxes
 Loss on disposal of property and equipment
 Net gain on investments accounted for under the equity method
 Decrease (increase) in:
 Trade receivables
 Inventories
 Income taxes receivable
 Prepaid expenses
 Increase (decrease) in:
 Accounts payable
 Income taxes payable
 Accrued expenses
 Net cash provided by operating activities

Cash Flows From Investing Activities

Purchase of property and equipment
 Purchase of marketable securities
 Distributions received from equity investment
 Proceeds from sale of marketable securities
 Net cash provided by (used in) investing activities

Cash Flows From Financing Activities

Return of membership certificates
 Decrease in customer deposits
 Accumulated earnings returned to members, net of forfeitures
 Net cash used in financing activities

Increase (decrease) in cash and cash equivalents

Cash and Cash Equivalents, beginning

Cash and Cash Equivalents, ending



NEW HOPE TELEPHONE COOPERATIVE**NOTES TO FINANCIAL STATEMENTS****See Independent Accountant's Review Report**

Note 1. Nature of Business and Significant Accounting Policies

New Hope Switchboard Association of New Hope, Virginia (Association) was formed October 2, 1902 and later began trading under the name The New Hope Telephone Company of New Hope, Virginia. During 2005, the Association incorporated in the Commonwealth of Virginia and became New Hope Telephone Cooperative (Cooperative). The Cooperative is entitled to carry on business as a telephone company under a Certificate of Public Convenience and Necessity issued by the Commonwealth of Virginia.

The Cooperative provides telephone and Internet service to approximately 800 residential and commercial customers in the New Hope area, which is located in Augusta County, Virginia.

Significant accounting policies are as follows:

Cash and cash equivalents: The Cooperative considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Cooperative maintains its cash in bank deposit accounts which, at times, exceeded federally insured limits. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on cash.

Valuation of trade receivables: Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the bill date. Unpaid accounts receivable with invoice dates over 30 days old bear interest at 1.5% per month.

Accounts receivable are stated at the amount billed to customer plus any accrued and unpaid interest. Customer account balances with invoices dated over 90 days are considered delinquent. When an account becomes delinquent, telephone service is disconnected and the account is placed on nonaccrual status. Interest accruals cease and do not resume unless the account ceases to be classified as delinquent.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all delinquent accounts receivable balances. An additional allowance is recorded based on certain percentages of aged receivables, which are determined based on historical experience. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

The allowance for doubtful accounts at October 31, 2013 and 2012 was \$1,500. The recorded investment in delinquent trade receivables still accruing interest and those on nonaccrual status is immaterial at October 31, 2013 and 2012.

Inventories: Inventory of replacement parts and supplies is stated at the lower of cost or market with cost determined principally using an average costing method.

NEW HOPE TELEPHONE COOPERATIVE**NOTES TO FINANCIAL STATEMENTS****See Independent Accountant's Review Report**

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investment in marketable securities: The Cooperative has a portfolio of investments in money market and mutual funds. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The classification of those securities and the related accounting policies are as follows:

Available-for-sale securities – Available-for-sale securities consist of marketable equity securities not classified as trading or held-to-maturity. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses are reported as a separate component of members' equity.

Property, plant and equipment: Telephone plant in service is reported at cost, which includes the materials, equipment and installation purchased from suppliers, plus labor and overhead. The cost of materials, labor and overhead incurred in the routine maintenance of plant is charged to operations in the accounting period incurred. Depreciation is computed using an accelerated method based on estimated useful lives of 5 to 25 years.

Capital payments: Accumulated earnings are allocated to members on a percentage basis as determined by the Board of Directors; return of accumulated earnings is distributed in the form of cash refunds, all monies not received by the end of the fiscal year are considered forfeitures.

Estimates and assumptions: 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.

Subsequent events: Subsequent events have been evaluated through January 27, 2014, which was the date the financial statements were available to be issued.

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Note 2. Investments

The following is a summary of the Cooperative's investment in marketable securities as of October 31, 2013 and 2012:

	2013		
	Cost	Gross Unrealized Gains	Gross Unrealized Losses
Money Market Funds	[REDACTED]		
Mutual Funds			
Capital World Bond Fund			
Columbia Mid Cap Value Fund			
Credit Suisse Commodity Return Stragety Fund			
Dodge & Cox Income Fund			
Dodge & Cox International Stock Fund			
Dreyfus International Stock Fund			
Eaton Vance Income Fund			
Franklin High Income Fund			
Hartford Dividend and Growth Fund			
Hartford Inflation Plus Fund			
ING Global Real Estate Fund			
JP Morgan Short Duration Bond Fund Select			
JP Morgan Core Bond Fund Select			
Legg Mason Clear Bridge Aggressive Growth Fund			
Loomis Sayles investment Grade Bond Fund			
Metropolitan West Funds Total Return Bond Fund			
MFS Growth Fund			
MFS International Value Fund			
MFS Value Fund			
Munder Mid Cap Core Growth Fund			
T Rowe Price Dividend Growth Fund			
T Rowe Price New Income Fund			
Templeton Global Bond Fund			
Thornburg International Value Fund			

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS
See Independent Accountant's Review Report

Note 2. Investments (Continued)

	2012			Fair Market Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Certificate of Deposit and Money Market Funds				
Mutual Funds				
Capital World Bond Fund				
Columbia Mid Cap Value Fund				
Credit Suisse Commodity Return Strategy Fund				
Dodge & Cox Income Fund				
Dodge & Cox International Stock Fund				
Eaton Vance Income Fund				
Franklin High Income Fund				
Hartford Dividend and Growth Fund				
ING Global Real Estate Fund				
JP Morgan Core Bond Fund Select				
Legg Mason Clear Bridge Aggressive Growth Fund				
Loomis Sayles Investment Grade Bond Fund				
Lord Abbett Total Return Fund				
Managers Cadence Capital Appreciation Fund				
Metropolitan West Funds Total Return Bond Fund				
MFS Growth Fund				
MFS International Value Fund				
MFS Value Fund				
Munder Mid Cap Core Growth Fund				
Oppenheimer International Bond Fund				
T Rowe Price Dividend Growth Fund				
T Rowe Price New Income Fund				
Thornburg International Value Fund				

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS
See Independent Accountant's Review Report

Note 2. Investments (Continued)

The Cooperative also holds investments in telecommunications partnerships, which are accounted for under the equity method. Ownership interest and activity in each investment during the years ended October 31, 2013 and 2012 was as follows:

	Virginia PCS Alliance L.C.	Virginia Independent Telephone Alliance (VITAL)
Ownership Interest	[REDACTED]	
Carrying Value at November 1, 2011		
2012 Income allocated to the Cooperative		
2012 Distributions		
Carrying Value at October 31, 2012		
2013 Income allocated to the Cooperative		
2013 Distributions		
Carrying Value at October 31, 2013		

Under the equity method, the investor accounts for its investment by increasing the carrying value of the investment for contributions made and its share of income earned. Any losses or distributions from the investment decrease the carrying value of the investment. Once losses have reduced the carrying value to zero, any additional losses allocated to the investor can only reduce the carrying value down to a liability of the investor's amount of debt and contribution guarantees. Any losses which do not reduce the carrying value of the investment are carried forward and are used to offset future income allocated to the investor from the investment. At October 31, 2013 and 2012, the Cooperative's share of Virginia PCS Alliance, L.C.'s non-recognized losses totaled zero. The investment has been reduced to zero and a liability recognized as follows:

	2013	2012
Guaranteed debt and commitments to contribute to equity at October 31	[REDACTED]	
Income recognized, cumulative		
Distributions received, cumulative		

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS
See Independent Accountant's Review Report

Note 2. Investments (Continued)

For the years ended October 31, 2013 and 2012, the Cooperative recognized [REDACTED] as investment income from Virginia PCS Alliance, L.C., respectively.

Investment income is composed of the following:

	2013	2012
Interest, dividends and capital gain distributions	[REDACTED]	[REDACTED]
Interest paid on customer deposits	[REDACTED]	[REDACTED]
Realized gain (loss) on sale of investments	[REDACTED]	[REDACTED]
VITAL income	[REDACTED]	[REDACTED]
PCS Alliance income	[REDACTED]	[REDACTED]
Gain (loss) on disposal of equipment	[REDACTED]	[REDACTED]

Note 3. Retirement Plan

The Cooperative has adopted a simplified employer pension plan which covers all full-time employees. The Cooperative is required to annually match 5% of the employee's compensation. The cost of this plan to the Cooperative was \$8,096 and \$9,132 for the years ended October 31, 2013 and 2012, respectively.

Note 4. Income Taxes

The Cooperative is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code when it receives 85% of revenues from its members. For the years ended October 31, 2013 and 2012, the Cooperative's member revenue was less than 85% of the Cooperative's total gross revenue. Consequently, the Cooperative became a taxable entity and filed a federal and Virginia corporate income tax return.

Deferred income tax assets and liabilities are determined using the liability method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities, and gives current recognition to changes in tax rates and laws.

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Note 4. Income Taxes (Continued)

The Cooperative adopted the provisions of accounting for uncertainty in income taxes, as of November 1, 2009. The adoption had no material effect on the Cooperative's financial statements. It is the Cooperative's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

Management does not believe it is exposed to any uncertain tax positions as they are defined within accounting principles. The Cooperative files income tax returns with the United States federal jurisdiction and the Commonwealth of Virginia. Such returns for the tax years ended October 31, 2010 through 2013 remain open to potential examination by taxing authorities.

The deferred tax asset (liability), classified entirely as long-term, consists of the following components as of October 31, 2013 and 2012:

	2013	2012
Unrealized net gains (losses) on securities (included in Other Comprehensive Income)		
Cumulative book/tax differences on partnership investments		

The provision for income taxes consist of the following for the years ended October 31, 2013 and 2012:

	2013	2012
Current		
Deferred		

Note 5. Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair market value hierarchy under FASB ASC 820 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Cooperation has the ability to access.

NEW HOPE TELEPHONE COOPERATIVE**NOTES TO FINANCIAL STATEMENTS****See Independent Accountant's Review Report**

Note 5. Fair Value of Financial Instruments (Continued)

Level 2: Input to the valuation methodology includes:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in active markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the fiscal year ended October 31, 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual Fund Investments: The fair value of mutual fund investments is based on quoted market rates. These investments are classified as Level 1 due to observable inputs.

Certificates of Deposit: Long-term certificates of deposit (maturity beyond one year) are priced using a market value pricing model. The market value pricing model uses observable Level 1 inputs to arrive at an estimate of fair value; however, there is not an active market for which to trade these assets. Accordingly, certificates of deposit are considered Level 2 investments in the fair value hierarchy.

Cash Equivalents and Money Market Accounts: Cash equivalent and money market account balances are stated at cost. Cost approximates fair value. These investments are classified as Level 1 in the fair value hierarchy.

In determining the appropriate levels, the Cooperative performs a detailed analysis of the assets and liabilities that are being measured and reported on a fair value.

NEW HOPE TELEPHONE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

Note 5. Fair Value of Financial Instruments (Continued)

The table below presents the balances of investments measured at fair value on a recurring basis by level within the hierarchy at October 31, 2013 and 2012.

	2013			
	Level 1	Level 2	Level 3	Total
Mutual Funds	[REDACTED]			
Money Market				
	2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds	[REDACTED]			
Money Market				
Certificate of Deposit				



**INDEPENDENT ACCOUNTANT'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

To the Board of Directors
New Hope Telephone Cooperative
New Hope, Virginia

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements and we did not become aware of any material modifications that should be made to such information.

AB Mares, LLC

Harrisonburg, Virginia
January 27, 2014

NEW HOPE TELEPHONE COOPERATIVE
COMPARATIVE FINANCIAL STATISTICS

	October 31,				
	2013	2012	2011	2010	2009
Income Statistics					
Operating revenue					
Operating expenses					
Operating income (loss)					
Net income					
Percent of operating income (loss) to operating revenue					
Percent of net income to operating revenue					
Percent of net income to members' equity					
Balance Sheet Statistics					
Cash					
Inventories					
Receivables and other					
Total current assets					
Total current liabilities					
Working capital					
Ratio of current assets to current liabilities					
Property, plant and equipment					
Acquisition of property, plant and equipment					
Number of outstanding certificates of membership					
Certificates of membership					
Members' equity					