

Western Telephone Company (391688) is a wholly owned subsidiary of Venture Communications Cooperative (391680). Western's annual audit is conducted as a part of the overall audit of Venture Communications and related subsidiaries. Specific Western Telephone Company financial information can be found on 30 of the attached file.

REDACTED – FOR PUBLIC INSPECTION



Consolidated Financial Statements
December 31, 2013 and 2012

**Venture Communications
Cooperative and Subsidiaries**

Venture Communications Cooperative and Subsidiaries

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December 31, 2013 and 2012

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Venture Communications Cooperative and Subsidiaries
Highmore, South Dakota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Venture Communications Cooperative and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and comprehensive income, equities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated 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 audit 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Venture Communications Cooperative and Subsidiaries as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of Venture Communications Cooperative and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Venture Communications Cooperative and Subsidiaries' internal control over financial reporting and compliance.

Eide Bailly LLP

Sioux Falls, South Dakota
March 28, 2014

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Assets	2013	2012
Current Assets		
Cash and cash equivalents	\$ [REDACTED]	\$ [REDACTED]
Temporary investments in marketable securities	[REDACTED]	[REDACTED]
Accounts receivable, net of allowance	[REDACTED]	[REDACTED]
Other accounts receivable, net of allowance	[REDACTED]	[REDACTED]
Accrued toll and access revenue	[REDACTED]	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]
Prepaid expenses	[REDACTED]	[REDACTED]
Interest receivable	[REDACTED]	[REDACTED]
Current maturities of notes receivable	[REDACTED]	[REDACTED]
Total current assets	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Investments and Noncurrent Assets		
Investments in marketable securities	[REDACTED]	[REDACTED]
Other investments	[REDACTED]	[REDACTED]
Investments in limited liability companies	[REDACTED]	[REDACTED]
Intangibles, net of amortization (2013 - \$ [REDACTED]; 2012 - [REDACTED])	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]
Long-term notes receivable	[REDACTED]	[REDACTED]
Total investments and noncurrent assets	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Telecommunications Plant		
In service	[REDACTED]	[REDACTED]
Acquisition adjustment	[REDACTED]	[REDACTED]
Under construction	[REDACTED]	[REDACTED]
Total investment in plant	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Less accumulated depreciation	[REDACTED]	[REDACTED]
Net plant	<u>[REDACTED]</u>	<u>[REDACTED]</u>
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

See Notes to Consolidated Financial Statements

Venture Communications Cooperative and Subsidiaries
 Consolidated Balance Sheets
 December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Equities		
Current Liabilities		
Current maturities of long-term debt	\$ [REDACTED]	\$ [REDACTED]
Accounts payable	[REDACTED]	[REDACTED]
Accounts payable - construction	[REDACTED]	[REDACTED]
Customer deposits	[REDACTED]	[REDACTED]
Advanced billings	[REDACTED]	[REDACTED]
Accrued taxes - other	[REDACTED]	[REDACTED]
Income taxes payable	[REDACTED]	[REDACTED]
Other current liabilities	[REDACTED]	[REDACTED]
Total current liabilities	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Long-Term Debt, Less Current Maturities	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Other Liabilities		
Deferred income taxes	[REDACTED]	[REDACTED]
Deferred credits	[REDACTED]	[REDACTED]
Total other liabilities	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Equities		
Patronage capital	[REDACTED]	[REDACTED]
Other allocated patronage	[REDACTED]	[REDACTED]
Other equities	[REDACTED]	[REDACTED]
Current year margins	[REDACTED]	[REDACTED]
Accumulated other comprehensive income	[REDACTED]	[REDACTED]
Total equities	<u>[REDACTED]</u>	<u>[REDACTED]</u>
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Operations and Comprehensive Income
 Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues		
Local network access	\$ [REDACTED]	\$ [REDACTED]
Network access services	[REDACTED]	[REDACTED]
Cable television revenue	[REDACTED]	[REDACTED]
Internet revenue	[REDACTED]	[REDACTED]
Long distance network services	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]
Nonregulated telecom and wireless revenue	[REDACTED]	[REDACTED]
Uncollectibles	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]
Operating Expenses		
Plant specific operations	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]
Cable television programming	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]
Amortization	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]
Operating taxes, other	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]
Net Operating Margin	[REDACTED]	[REDACTED]
Nonoperating Margin		
Interest and dividend income	[REDACTED]	[REDACTED]
AFUDC	[REDACTED]	[REDACTED]
Equity in earnings of investees	[REDACTED]	[REDACTED]
Impairment of intangible assets	[REDACTED]	[REDACTED]
Miscellaneous income (expense)	[REDACTED]	[REDACTED]
Net nonoperating margin	[REDACTED]	[REDACTED]
Net Margin Before Interest Expense and Income Taxes	[REDACTED]	[REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Operations and Comprehensive Income
 Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Interest Expense		
Interest on long-term debt	\$ ██████████	\$ ██████████
Net Margin Before Income Taxes	██████████	██████████
Provision for (Benefit from) Income Taxes	██████████	██████████
Net Margin	██████████	██████████
Other Comprehensive Income (Loss):		
Unrealized (loss) gain on marketable securities	██████████	██████████
Income tax effect on comprehensive income	██████████	██████████
Total other comprehensive (loss) income	██████████	██████████
Comprehensive Income	<u>\$ ██████████</u>	<u>\$ ██████████</u>

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Equities
 Years Ended December 31, 2013 and 2012

	Patronage Capital	Other Allocated Capital	Other Equities	Current Margins	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2012	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Assignment of prior year margins	[REDACTED]	-	[REDACTED]	[REDACTED]	-	-
Net margin	-	-	-	[REDACTED]	-	[REDACTED]
Retirement of capital credits	[REDACTED]	-	-	-	-	[REDACTED]
Donated capital credits	-	-	[REDACTED]	-	-	[REDACTED]
Federal excise tax refund	-	-	[REDACTED]	-	-	[REDACTED]
Rural economic development funds	-	-	[REDACTED]	-	-	[REDACTED]
Change in unrealized gain on marketable securities, net of deferred taxes	-	-	-	-	[REDACTED]	[REDACTED]
Balance, December 31, 2012	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assignment of prior year margins	[REDACTED]	-	[REDACTED]	[REDACTED]	-	-
Net margin	-	-	-	[REDACTED]	-	[REDACTED]
Retirement of capital credits	[REDACTED]	-	-	-	-	[REDACTED]
Donated capital credits	-	-	[REDACTED]	-	-	[REDACTED]
Federal excise tax refund	-	-	[REDACTED]	-	-	[REDACTED]
Change in unrealized gain on marketable securities, net of deferred taxes	-	-	-	-	[REDACTED]	[REDACTED]
Balance, December 31, 2013	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Cash Flows
 Years Ended December 31, 2013 and 2012

	2013	2012
Operating Activities		
Net margin	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net margin to net cash from operating activities		
Depreciation accruals		
Telecommunications plant	[REDACTED]	[REDACTED]
Nonregulated telecommunications plant	[REDACTED]	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]
Amortization - acquisition adjustment	[REDACTED]	[REDACTED]
Amortization - customer lists	[REDACTED]	[REDACTED]
Impairment - customer lists	-	[REDACTED]
Impairment - wireless license	-	[REDACTED]
Loss on disposal of assets	-	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]
Equity in earnings of equity investees	[REDACTED]	[REDACTED]
Gain on sale of marketable securities	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Change in current assets and liabilities	[REDACTED]	[REDACTED]
Receipt of grant receivable	[REDACTED]	[REDACTED]
Change in deferred credits	[REDACTED]	[REDACTED]
Net Cash from Operating Activities	[REDACTED]	[REDACTED]
Investing Activities		
Plant additions and replacements		
Telecommunications plant	[REDACTED]	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]
Nonregulated telecommunications equipment	[REDACTED]	[REDACTED]
Contribution in aid of construction	[REDACTED]	[REDACTED]
Grant funds received	[REDACTED]	[REDACTED]
Change in other investments	[REDACTED]	[REDACTED]
Contributions to equity investees	[REDACTED]	[REDACTED]
Distributions from equity investees	[REDACTED]	[REDACTED]
Purchases of marketable securities	[REDACTED]	[REDACTED]
Sales of marketable securities	[REDACTED]	[REDACTED]
Advances on notes receivable	[REDACTED]	[REDACTED]
Payments received on notes receivable	[REDACTED]	[REDACTED]
Net Cash used for Investing Activities	[REDACTED]	[REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Cash Flows
 Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Financing Activities		
Advances on long-term debt	-	[REDACTED]
Principal payments on long-term debt	[REDACTED]	[REDACTED]
Donated capital credits	[REDACTED]	[REDACTED]
Federal excise tax refund	[REDACTED]	[REDACTED]
Retirement of capital credits	[REDACTED]	[REDACTED]
Net Cash used for Financing Activities	[REDACTED]	[REDACTED]
Net Change in Cash and Cash Equivalents	[REDACTED]	[REDACTED]
Cash and Cash Equivalents - Beginning of Period	[REDACTED]	[REDACTED]
Cash and Cash Equivalents - End of Period	\$ [REDACTED]	\$ [REDACTED]
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ [REDACTED]	\$ [REDACTED]
Cash payments for income taxes	\$ [REDACTED]	\$ [REDACTED]
Non-Cash Investing and Financing Activities		
Accounts payable for plant additions	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The Cooperative and its subsidiaries' principal businesses are providing local telephone and internet service, cable television services, sales and lease of communications equipment, and access to long distance telephone service through its local exchange network.

General

The Cooperative follows the Federal Communications Commission's (FCC) Uniform System of Accounts for Class A and B Telephone Utilities as required by the Rural Utilities Service (RUS).

Rates charged to customers for local services are established by the Board of Directors. Toll and access rates are subject to state and FCC regulations.

Principles of Consolidation

The consolidated financial statements include the accounts of Venture Communications Cooperative and Subsidiaries and its wholly owned subsidiaries Western Telephone Company and Venture Vision, Inc. The assets and liabilities of the subsidiaries are consolidated with the assets and liabilities of the parent. All significant intercompany transactions have been eliminated in consolidation.

Telecommunications and Other Plant

Additions to plant are stated at cost. The cost of additions to plant includes contracted work, direct labor and materials, and allocable overheads. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and replacements and renewal of items determined to be less than units of property are charged to maintenance.

Recoverability of Long-Lived Assets

The Cooperative reviews its long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If a review indicates that the carrying value of such asset is not recoverable as determined based on projected undiscounted cash flows related to the asset over its remaining life, the Cooperative would determine whether an impairment loss should be recognized. Impairment losses have been identified in the financial statements as they pertained to wireless licenses and customer lists.

Depreciation

Depreciation is computed using the straight-line method based upon the estimated useful lives of the various classes of property.

Amortization

Amortization of intangible assets is computed using the straight-line method over the useful life of such assets. The acquisition adjustment and customer lists are currently being amortized over periods of 8 to 15 years.

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Cash and Cash Equivalents

For purposes of reporting cash flows, the Cooperative considers all cash deposits, certificates of deposit, and treasury securities purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Accounts Receivable

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected. The allowance for uncollectible accounts was approximately [REDACTED] and [REDACTED] as of December 31, 2013 and 2012, respectively.

Materials and Supplies

Inventories are stated at average cost.

Investments

The Cooperative uses the provisions of ASC 320, *Investments – Debt and Equity Securities*. The objective of the standard is to classify the investment portfolio between those investments the Company intends to hold to maturity, those investments available-for-sale, and those investments held for trading purposes.

Investments classified as held-to-maturity securities consist solely of debt securities which the Cooperative has the positive intent and ability to hold to maturity and are stated at amortized cost. Premiums and discounts on investments in debt securities are amortized over the contractual lives of those securities using the straight-line method. Gains or losses on held-to-maturity securities are recognized only upon realization using the specific identification method.

Investments classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are reported at fair value and include securities not classified as held-to-maturity or trading. Unrealized holding gains and losses are excluded from earnings and reported, net of any income tax effect, as a separate component of member's equity. Realized gains and losses are reported in earnings based on the adjusted cost of the specific security sold.

Trading securities are those held principally for the purpose of selling in the near future and are carried at fair value. The Cooperative does not have any investments held for trading purposes.

Investments in limited liability companies are accounted for using the equity method. Under the equity method, the Cooperative records its proportionate share of earnings and losses of this entity. Distributions from these investments reduce their carrying value.

Investments which are not readily marketable or that are a condition of acquiring long-term debt are recorded at cost.

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Fair Value Measurements

The Cooperative has determined the fair value of certain assets and liabilities in accordance with the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Notes Receivable

The Cooperative invests in economic development loan agreements. The loans are reported at the amount the Cooperative expects to collect on balances outstanding at year end. Interest on loans is recognized over the term of the note.

The Cooperative issues primarily rural economic development loans that are secured by real estate or equipment. Management reviews delinquent loans to evaluate the adequacy of the valuation allowance. Management arrives at an estimate it believes will not be collected on these loans and evaluates the allowance account to the total estimated loss on delinquent loans. Management also considers inherent losses on loans not classified as delinquent.

The allowance for loan losses is evaluated on a regular basis by management. Management considers past loan loss experience, known and inherent risks in the loan portfolio, adverse situations that may affect the borrower's ability to repay, and current economic conditions in arriving at an allowance for unknown and inherent losses. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available.

There is no valuation allowance on the notes receivable as of December 31, 2013 and 2012.

Patronage Capital

The Cooperative operates on a nonprofit basis. Amounts received from the furnishing of telephone services in excess of operating costs and expenses are assigned to patrons on a patronage basis. All other amounts received by the Cooperative from its operations in excess of costs and expenses may be allocated to its patrons or transferred to unallocated equity.

Revenue Recognition

Revenue from local telephone network, internet and CATV service is reflected in the accounts at the time such revenue is actually billed to the customers. Revenues from toll and network access service are recorded through approximately the 12th of each month. Unbilled toll and access is accrued through the end of the period.

Concentrations of Business and Credit Risk

The Cooperative provides telephone, internet and cable television service on account to its customers located in central and northeastern South Dakota. The Cooperative also provides access service on account to various long distance companies, which provide toll service to the Cooperative's customers.

A significant portion of the Cooperative's revenues are from long distance carriers in the telephone industry, and consequently, the Cooperative is directly affected by the financial well-being of that industry. However, the credit risk associated with other accounts receivable is minimized due to the larger number of long distance carriers, and historically, credit losses have not been significant.

In 2013 and 2012, the Cooperative received approximately [REDACTED] and [REDACTED], respectively, of its operating revenues from access revenues and assistance provided by the Federal Universal Service Fund. The manner in which access revenues and revenues from the Universal Service Fund are determined is currently being modified by regulatory bodies.

The Cooperative maintains cash and cash equivalent balances in several commercial banks located in South Dakota. The accounts at these institutions are generally insured by deposit insurance limits of the FDIC. At times during the year, the Cooperative's balances at certain institutions may exceed this limit.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Funds used During Construction (AFUDC)

The allowance for funds used during construction represents a rate of return on general funds, a noncash item, used to finance construction of telephone plant. The AFUDC rate is based on the Cooperative's cost of debt.

Pension Costs

The policy is to fund pension costs accrued.

Sales Taxes

The Cooperative has customers in South Dakota and several of its municipalities, the governmental units of which impose a sales tax on certain sales. The Cooperative collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Cooperative's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Income Taxes

The Cooperative is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code; however, based upon guidance contained in a Technical Advice Memorandum (TAM) issued by the Internal Revenue Service (IRS) in March of 1991, the Cooperative does not meet the 85-percent-member income requirement of Section 501(c)(12) for the years ended after December 31, 1991. The Cooperative files federal and state income tax returns as a taxable cooperative and pays tax on “nonpatronage” sourced income.

The Cooperative files a consolidated income tax return with its subsidiary. The subsidiary is subject to income taxes as a fully taxable “C” corporation. Deferred income taxes are established for all temporary differences resulting from the use of different accounting methods reported for financial accounting and income tax purposes, principally equity investments. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Cooperative has evaluated whether it was necessary to recognize any benefit from uncertain tax positions in currently open tax periods and determined that there are no material uncertainties within its filed tax returns. As of December 31, 2013 and 2012, the unrecognized tax benefit accrual was zero. The Cooperative would recognize future accrued interest and penalties related to unrecognized tax benefits in income tax, if incurred. Generally, the Cooperative is no longer subject to federal and state tax examinations by tax authorities for years prior to 2010.

Reclassifications

Certain reclassifications have been made to the 2012 financial statement presentation to conform to the 2013 presentation. These reclassifications had no impact on consolidated net margins.

Subsequent Events

The Cooperative has evaluated subsequent events through March 28, 2014 the date on which the consolidated financial statements were available to be issued.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 2 - Marketable Securities

Available-for-sale securities:

	2013	2012
Current	\$ [REDACTED]	\$ [REDACTED]
Non-current	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

	2013		
	Cost	Unrealized Gain/(Loss)	Fair Value
Municipal bonds	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Corporate bonds	[REDACTED]	[REDACTED]	[REDACTED]
Certificates of deposit	[REDACTED]	[REDACTED]	[REDACTED]
Common stock and mutual funds	[REDACTED]	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

	2012		
	Cost	Unrealized Gain/(Loss)	Fair Value
Municipal bonds	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Corporate bonds	[REDACTED]	[REDACTED]	[REDACTED]
Certificates of deposit	[REDACTED]	[REDACTED]	[REDACTED]
Common stock and mutual funds	[REDACTED]	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

Available-for-sale securities are recorded at fair market value, with unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported as a component of equities.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 3 - Fair Value Measurements

The related fair values are determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2013				
Assets:				
Marketable securities	\$ <u>██████████</u>	\$ -	\$ -	\$ <u>██████████</u>
December 31, 2012				
Assets:				
Marketable securities	\$ <u>██████████</u>	\$ -	\$ -	\$ <u>██████████</u>

Fair Value of Financial Instruments

The Cooperative considers the carrying amount of significant classes of financial instruments on the balance sheets, including cash and cash equivalents, construction payables, and variable rate debt to be reasonable estimates of fair value due to the length of maturity underlying such financial instruments, credit considerations, and interest rates that approximate prevailing market rates at December 31, 2013 and 2012.

The Cooperative has fixed-rate long term debt financial instruments as of December 31, 2013 and 2012. Generally, the carrying value of the Cooperative's fixed rate long-term debt approximates fair value, but certain fixed-rate long-term debt financial instruments of the Cooperative have carrying values that may differ from their estimated fair values. It is not practicable for the Cooperative to estimate the fair value of these financial instruments given the nature of the debt agreements that are in place which include debt from federal agencies of the United States with interest rates that are not considered to have comparable prevailing rates as of December 31, 2013 and 2012.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 4 - Other Investments

	<u>2013</u>	<u>2012</u>
Rural Telephone Finance Cooperative		
Patronage capital allocations	\$ [REDACTED]	\$ [REDACTED]
Membership fee	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Express Communications - common stock (at cost)	[REDACTED]	[REDACTED]
Solix, Inc. - common stock (at cost)	[REDACTED]	[REDACTED]
RTIC Holding - common stock (at cost)	[REDACTED]	[REDACTED]
NRTC patronage capital	[REDACTED]	[REDACTED]
Patronage capital allocations from other cooperatives	[REDACTED]	[REDACTED]
Cash surrender value of life insurance	[REDACTED]	[REDACTED]
Memberships and other investments	[REDACTED]	[REDACTED]
Notes receivable	-	[REDACTED]
LMDS licenses (at cost, less impairment allowance)	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>
	\$ [REDACTED]	\$ [REDACTED]

In connection with a loan from RTFC, the Cooperative was required to purchase subordinated capital certificates based on a percentage of the outstanding loan balance. The certificates are non-interest bearing and are refunded to the Cooperative as the debt is paid down. The patronage allocations reflect the Cooperative's allocable share of net margins of RTFC.

Note 5 - Notes Receivable

Notes receivable represent customers' obligations to the Cooperative in conjunction with the Rural Economic Development Loan & Grant (REDLG) program. The instruments are repayable in monthly installments over a 10-year period at 0% interest. The amounts are funded by a 0% loan from REDLG in the amount of \$740,000, along with a \$300,000 grant that has been recorded in other equities as of December 31, 2013.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 6 - Investments in Limited Liability Companies

	2013	2012
South Dakota Network, LLC (9.45% equity)	\$ [REDACTED]	\$ [REDACTED]
SWS, LLC (9.9% equity)	[REDACTED]	[REDACTED]
KTC AWS Limited Partnership (14.66% equity)	[REDACTED]	[REDACTED]
Airwave Wireless, LLC (16.67% equity)	[REDACTED]	[REDACTED]
Kennebec Communications (14.66% equity)	[REDACTED]	[REDACTED]
Kennebec 700 (10.00% equity)	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

Summarized financial information of the significant equity method investees as of December 31, 2013, are as follows:

	South Dakota Network, LLC	KTC AWS Limited Partnership	Kennebec 700
Revenues	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Expenses	[REDACTED]	[REDACTED]	[REDACTED]
Net income (loss)	[REDACTED]	[REDACTED]	[REDACTED]
Assets	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Liabilities	[REDACTED]	[REDACTED]	[REDACTED]
Equity	[REDACTED]	[REDACTED]	[REDACTED]

South Dakota Network, LLC (SDN) provides centralized equal access services and access to leased transport facilities. The Cooperative's share of income was [REDACTED] and [REDACTED] in 2013 and 2012, respectively. The Cooperative received distributions from SDN of [REDACTED] and [REDACTED] in 2013 and 2012, respectively. SWS LLC, KTC AWS Limited Partnership, Airwave Wireless, LLC, Kennebec Communications and Kennebec 700 are joint ventures that were created to explore and develop wireless communication systems. The Cooperative recorded (losses) gains from these entities totaling [REDACTED] and [REDACTED] in 2013 and 2012, respectively.

Note 7 - Intangibles

	2013		2012
	Cost	Accumulated Amortization	Net
Customer list	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The excess of the Western Telephone purchase price over the estimated fair value of net assets acquired has been allocated to intangible assets - customer lists. Customer lists are being amortized over an 8 year period on a straight-line basis. Amortization expense on this intangible asset totaled [REDACTED] and [REDACTED] for the years ended December 31, 2013 and 2012, respectively. Amortization expense on the intangible asset over the next four years is estimated to be [REDACTED] per year, at which point they will become fully amortized.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 8 - Telecommunications Plant and Depreciation

	Depreciation/ Amortization Rates	2013	2012
Land and support assets	██████████	\$ ██████████	\$ ██████████
Central office switching	██████████	██████████	██████████
Central office transmission	██████████	██████████	██████████
Information origination and termination	██████████	██████████	██████████
Cable and wire facilities	██████████	██████████	██████████
CATV plant	██████████	██████████	██████████
Internet equipment	██████████	██████████	██████████
Organization costs	██████████	██████████	██████████
Original cost of plant in service	██████████	██████████	██████████
Acquisition adjustment	██████████	██████████	██████████
Plant in service	██████████	██████████	██████████
Plant under construction	██████████	██████████	██████████
Total plant	██████████	██████████	██████████

Acquisition adjustment is the difference between the purchase price of plant acquired from another telephone company and the original cost of the plant net of accumulated depreciation at the time of purchase. Amortization of the acquisition adjustment of ██████████ was charged to expense for the years ended December 31, 2013 and 2012. Amortization of the acquisition adjustment is estimated to be ██████████ for the year ended December 31, 2014, and ██████████ for the year ended December 31, 2015, at which point it will become fully amortized.

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 9 - Long-Term Debt

	2013	2012
Rural Utilities Service (RUS) mortgage notes		
2% notes due in quarterly installments through 2018	\$ [REDACTED]	\$ [REDACTED]
5% notes due in monthly installments through 2035	[REDACTED]	[REDACTED]
4.497% notes due in monthly installments through 2035	[REDACTED]	[REDACTED]
1.710% notes due in monthly installments through 2035	[REDACTED]	[REDACTED]
Federal Financing Bank (FFB)		
3.458% note due in quarterly installments through 2018	[REDACTED]	[REDACTED]
3.917% note due in quarterly installments through 2027	[REDACTED]	[REDACTED]
3.114% note due in quarterly installments through 2027	[REDACTED]	[REDACTED]
2.633% note due in quarterly installments through 2028	[REDACTED]	[REDACTED]
2.044% note due in quarterly installments through 2028	[REDACTED]	[REDACTED]
1.435% note due in quarterly installments through 2028	[REDACTED]	[REDACTED]
USDA (BIP loan program)		
3.286% note due in quarterly installments through 2032	[REDACTED]	[REDACTED]
3.110% note due in quarterly installments through 2032	[REDACTED]	[REDACTED]
2.176% note due in quarterly installments through 2032	[REDACTED]	[REDACTED]
USDA (REDLG program)		
0% note due in \$6,852 monthly installments through 2022	[REDACTED]	[REDACTED]
Long-term debt	[REDACTED]	[REDACTED]
Less current maturities	[REDACTED]	[REDACTED]
Long-term debt, less current maturities	\$ [REDACTED]	\$ [REDACTED]

Substantially all assets are pledged as security for this debt.

It is estimated that principal repayments on the above debt for the next five years ending December 31 are as follows:

	RUS	FFB	USDA	Total
2014	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2015	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2016	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2017	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2018	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

All loan funds advanced by RUS and FFB are deposited in a special trust bank account, the disbursements from which are restricted by the provisions of the loan agreement to purposes approved by RUS and FFB. There were unadvanced loan funds available to the Cooperative of [REDACTED] from FFB as of December 31, 2013. The mortgage provisions restrict the Cooperative's debt limit to [REDACTED].

Venture Communications Cooperative and Subsidiaries
 Notes to Consolidated Financial Statements
 December 31, 2013 and 2012

Note 10 - Deferred Credits

	<u>2013</u>	<u>2012</u>
Unclaimed checks	\$ [REDACTED]	\$ [REDACTED]
Deferred revenue	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

Note 11 - Patronage Capital

	<u>2013</u>	<u>2012</u>
Assigned to date	\$ [REDACTED]	\$ [REDACTED]
Retired to date	[REDACTED]	[REDACTED]
Balance	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>
Assigned to date - special allocation	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The long-term debt agreements with Rural Utilities Service contain restrictions on retirements of patronage capital, memberships, and equity capital. The restrictions are related in general to the Cooperative's adjusted net worth and assets as defined in said agreement. The Cooperative may, however, make distributions in any calendar year equal to [REDACTED] percent of the net margins of the prior calendar year.

Note 12 - Other Equities

	<u>2013</u>	<u>2012</u>
Unallocated nonoperating margins	\$ [REDACTED]	\$ [REDACTED]
Rural Economic Development Grant funds	[REDACTED]	[REDACTED]
Total other equities	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 13 - Pension Plan

The Cooperative has a contributory defined benefit pension plan covering substantially all employees. The National Telephone Cooperative Association (NTCA) Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is [REDACTED] and the Plan Number is [REDACTED].

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative's contributions to the RS Plan in 2013 and 2012 represented less than [REDACTED] percent of the total contributions made to the plan by all participating employers. The Cooperative made contributions to the plan of approximately [REDACTED] in 2013 and [REDACTED] in 2012. There have been no significant changes that affect the comparability of 2013 and 2012 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. The program meets ERISA minimum funding requirements. The Funding Target Attainment Percentage valued as of January 1, 2012 is [REDACTED]. Section 104 of PPA delays the effective date of funding rules for certain multiple employer rural cooperative plans. As such, the program will not be subject to the PPA funding rules until after December 31, 2016.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Note 14 - Income Tax Expense/Accumulated Deferred Taxes

The provision for income tax is reflected in the consolidated statements of operations as follows:

	<u>2013</u>	<u>2012</u>
Income tax expense consists of the following:		
Current payable	\$ [REDACTED]	\$ [REDACTED]
Deferred - accelerated depreciation - CATV plant	[REDACTED]	[REDACTED]
Deferred - amortization of CATV customer lists	[REDACTED]	[REDACTED]
Deferred - accelerated depreciation - Western plant	[REDACTED]	[REDACTED]
Deferred - timing differences from equity investments	[REDACTED]	[REDACTED]
Alternative minimum tax credit carryforward used (accumulated)	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Provision for (benefit from) income taxes	\$ [REDACTED]	\$ [REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Venture Communications Cooperative and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Deferred income tax assets (liabilities) consist of the following:

	<u>2013</u>	<u>2012</u>
Accelerated depreciation - CATV plant	[REDACTED]	[REDACTED]
Timing difference - amortization of CATV customer lists	[REDACTED]	[REDACTED]
Accelerated depreciation - Western Telephone	[REDACTED]	[REDACTED]
Equity investments - timing differences	[REDACTED]	[REDACTED]
AMT credit carryforwards	[REDACTED]	[REDACTED]
Marketable securities	[REDACTED]	[REDACTED]
Deferred tax (liabilities) assets	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The deferred income tax credits relate to the deferred payment of income tax through the use of accelerated depreciation for income tax purposes.

The estimated deferred taxes related to marketable securities represent an income tax liability that would occur if the securities were sold.

The net deferred tax asset related to alternative minimum tax credit carryforwards is from years where the Cooperative's alternative minimum tax liability exceeded its regular income tax liability. The credit carryforwards can be used to reduce regular income taxes in years when the regular income tax exceeds AMT.

Note 15 - Supplemental Cash Flow Disclosures

The following is the detail information for the changes in current assets and liabilities shown on the consolidated statements of cash flows.

	<u>2013</u>	<u>2012</u>
Changes in Current and Other Assets and Liabilities		
Accounts receivable	\$ [REDACTED]	\$ [REDACTED]
Accrued toll and access revenue	[REDACTED]	[REDACTED]
Other accounts receivable	[REDACTED]	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]
Interest receivable	[REDACTED]	[REDACTED]
Prepaid expenses	[REDACTED]	[REDACTED]
Prepaid income taxes	[REDACTED]	[REDACTED]
Accounts payable	[REDACTED]	[REDACTED]
Customer deposits	[REDACTED]	[REDACTED]
Advanced billings	[REDACTED]	[REDACTED]
Accrued taxes - other	[REDACTED]	[REDACTED]
Income taxes payable	[REDACTED]	[REDACTED]
Other current liabilities	[REDACTED]	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

REDACTED – FOR PUBLIC INSPECTION



Supplemental Information
December 31, 2013 and 2012

**Venture Communications
Cooperative and Subsidiaries**



Independent Auditor's Report on Supplementary Information

To the Board of Directors
Venture Communications Cooperative and Subsidiaries
Highmore, South Dakota

We have audited the consolidated financial statements of Venture Communications Cooperative and Subsidiaries as of and for the year ended December 31, 2013, and our report thereon dated March 28, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 24 through 29 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
March 28, 2014

REDACTED – FOR PUBLIC INSPECTION

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Current Assets					
Cash and cash equivalents	\$ [REDACTED]	\$ -	\$ [REDACTED]	\$ -	\$ [REDACTED]
Temporary investments in marketable securities	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Accounts receivable, net of allowance	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Other accounts receivable, net of allowance	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Accrued toll and access revenue	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Prepaid expenses	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Interest receivable	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Due from affiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Current maturities of notes receivable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Short-term lease receivable from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments and Noncurrent Assets					
Investments in marketable securities	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Investment in subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments in limited liability companies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intangibles, net	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long-term notes receivable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long-term lease receivable from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total investments and noncurrent assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Telecommunications Plant					
In service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition adjustment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Under construction	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total investment in plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less accumulated depreciation and amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Balance Sheets with Supplementary Consolidating Information
 December 31, 2013

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Current Liabilities					
Current maturities of long-term debt	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Accounts payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accounts payable - construction	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Due to (from) affiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer deposits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advanced billings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued taxes - other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income taxes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other current liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long-Term Debt, Less Current Maturities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Liabilities					
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred credits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total other liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equities					
Patronage capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other allocated equity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other equities (deficit)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Common stock	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Current year margins	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accumulated other comprehensive income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total equities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

REDACTED – FOR PUBLIC INSPECTION

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Current Assets					
Cash and cash equivalents	\$ [REDACTED]	\$ -	\$ [REDACTED]	\$ -	\$ [REDACTED]
Temporary investments in marketable securities	[REDACTED]	-	-	-	[REDACTED]
Accounts receivable, net of allowance	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Other accounts receivable, net of allowance	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Accrued toll and access revenue	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]	-	-	[REDACTED]
Interest receivable	[REDACTED]	-	-	-	[REDACTED]
Due from affiliates	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Current maturities of notes receivable	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Short-term lease receivable from affiliate	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments and Noncurrent Assets					
Investments in marketable securities	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Investment in subsidiaries	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Other investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investments in limited liability companies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intangibles, net	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Nonregulated investments	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Long-term notes receivable	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Long-term lease receivable from affiliate	[REDACTED]	-	-	[REDACTED]	[REDACTED]
Total investments and noncurrent assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Telecommunications Plant					
In service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition adjustment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Under construction	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total investment in plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less accumulated depreciation and amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Balance Sheets with Supplementary Consolidating Information
 December 31, 2012

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Current Liabilities					
Current maturities of long-term debt	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Accounts payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accounts payable - construction	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Due to (from) affiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer deposits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advanced billings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued taxes - other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income taxes payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other current liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long-Term Debt, Less Current Maturities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Liabilities					
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred credits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total other liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equities					
Patronage capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other allocated equity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other equities (deficit)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Common stock	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Current margins	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accumulated other comprehensive loss	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total equities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Operations with Supplementary Consolidating Information
 Year Ended December 31, 2013

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Operating Revenues					
Local network access	\$ [REDACTED]	\$ -	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Network access services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable television revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Internet revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long distance network services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Uncollectible revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated telecom and wireless revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating Expenses					
Plant specific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable television programming	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating taxes, other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Operating Margin	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonoperating Margin (Loss)					
Interest and dividend income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
AFUDC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonoperating margin (loss) from					
Earnings in equity of subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Earnings (losses) in equity of investee	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated net income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net nonoperating margin (loss)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin Before Interest and Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest Expense					
Interest on long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total interest expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin (Loss) Before Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Provision for (Benefit from) Income Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin (Loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Operations with Supplementary Consolidating Information
 Year Ended December 31, 2012

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Operating Revenues					
Local network access	\$ [REDACTED]	\$ -	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Network access services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable television revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Internet revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Long distance network services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Uncollectible revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated telecom and wireless revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating Expenses					
Plant specific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable television programming	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating taxes, other	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Operating Margin (Loss)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonoperating Margin (Loss)					
Interest and dividend income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
AFUDC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonoperating margin (loss) from					
Losses in equity of subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Earnings in equity of investee	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated net income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment of customer list	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment of license	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous income (expense) charges	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net nonoperating margin (loss)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin (Loss) Before Interest and Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest Expense					
Interest on long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total interest expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin (Loss) Before Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Provision for (Benefit from) Income Taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Margin (Loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

REDACTED – FOR PUBLIC INSPECTION

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Cash Flows with Supplementary Consolidating Information
 Year Ended December 31, 2013

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Operating Activities					
Net margin (loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net margin (loss) to net cash from (used for) operating activities					
Depreciation accruals					
Telecommunications plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Nonregulated telecommunication plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Amortization - plant adjustment	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Amortization - customer lists	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Equity in (earnings) losses of investees	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Equity in earnings of subsidiaries	[REDACTED]	-	[REDACTED]	[REDACTED]	[REDACTED]
Gain on sale of marketable securities	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Change in current assets and liabilities	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Change in lease receivable from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Change in due to/due from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Change in deferred credits	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Net Cash from (used for) Operating Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investing Activities					
Plant additions and replacements, net	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Telecommunications plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Nonregulated telecommunication equipment	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Contribution in aid of construction	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Change in other investments	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Contributions to equity investees	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Distributions from equity investees	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Purchases of marketable securities	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Sales of marketable securities	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Advances on notes receivable	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Payments received on notes receivable	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Net Cash (used for) from Investing Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing Activities					
Advances on long-term debt	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Principal payments on long-term debt	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Donated capital credits	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Federal excise tax refund	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Retirement of capital credits	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Net Cash used for Financing Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Change in Cash and Cash Equivalents	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cash and Cash Equivalents					
Beginning of period	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
End of period	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Venture Communications Cooperative and Subsidiaries
 Consolidated Statements of Cash Flows with Supplementary Consolidating Information
 Year Ended December 31, 2012

	Venture Communications Cooperative	Venture Vision, Inc.	Western Telephone Company	Eliminations	Consolidated
Operating Activities					
Net margin (loss)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net margin (loss) to net cash from (used for) operating activities					
Depreciation accruals					
Telecommunications plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Nonregulated telecommunication plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Amortization - plant adjustment	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Amortization - customer lists	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Impairment - customer lists	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Impairment - wireless license	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Loss on disposal of assets	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Equity in earnings of investees	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity in losses of subsidiaries	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gain on sale of marketable securities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in current assets and liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Receipt of grant receivable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in lease receivable from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in due to/due from affiliate	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change in deferred credits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Cash from (used for) Operating Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investing Activities					
Plant additions and replacements, net					
Telecommunications plant	[REDACTED]	-	[REDACTED]	-	[REDACTED]
CATV plant	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Nonregulated telecommunication equipment	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Contribution in aid of construction	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Grand funds received	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Change in other investments	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Contributions to equity investees	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Distributions from equity investees	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Purchases of marketable securities	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Sales of marketable securities	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Advances on notes receivable	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Payments received on notes receivable	[REDACTED]	[REDACTED]	[REDACTED]	-	[REDACTED]
Net Cash (used for) from Investing Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Financing Activities					
Advances on long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Principal payments on long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Donated capital credits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Federal excise tax refund	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Retirement of capital credits	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Cash used for Financing Activities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Change in Cash and Cash Equivalents	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cash and Cash Equivalents					
Beginning of period	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
End of period	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
Based on an Audit of Consolidated Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Board of Directors
Venture Communications Cooperative and Subsidiaries
Highmore, South Dakota

We have audited, 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, the consolidated financial statements of Venture Communications Cooperative and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013, and the related consolidated statements of operations and comprehensive income, equities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Venture Communications Cooperative and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Venture Communications Cooperative and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Venture Communications Cooperative and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Venture Communications Cooperative and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters and required audit communications that we reported to management of Venture Communications Cooperative and Subsidiaries in a separate letter dated March 28, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Sioux Falls, South Dakota
March 28, 2014



CPAs & BUSINESS ADVISORS

March 28, 2014

To the Board of Directors
Venture Communications Cooperative and Subsidiaries
Highmore, South Dakota

We have audited the consolidated financial statements of Venture Communications Cooperative and Subsidiaries for the year ended December 31, 2013, and have issued our report thereon dated March 28, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 11, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Venture Communications Cooperative and Subsidiaries are described in Note 1 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Depreciation Expense – Management's estimate of the useful plant life is based on the estimated useful life of the property based on industry guidelines.

Revenue Recognition for Access and Universal Service – The inputs for these revenues are based on forecasts and are subject to future true ups based on actual results.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements was the disclosure of concentrations of business and credit risk in Note 1 that discloses those concentrations that are significant to the Company. The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

There were no uncorrected misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

REDACTED – FOR PUBLIC INSPECTION

This information is intended solely for the use of the Board of Directors and management of Venture Communications Cooperative and Subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Eide Sully LLP

Sioux Falls, South Dakota