

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Cumby Telephone Cooperative, Inc. (the Cooperative) complies with applicable service quality standards and consumer protection rules as required by the Public Utility Commission of Texas (PUCT) and the Federal Communications Commission.

The rates, terms, and conditions under which the Cooperative operates are outlined in its Local Exchange Tariff, which is approved by the PUCT. The Cooperative's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Cooperative, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Cooperative's website.

Service quality standards for voice service are established by the PUCT and the Cooperative consistently meets or exceeds the standards and provides reports to the PUCT, in accordance with the state commission rules.

With regard to broadband service, the Cooperative provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a "best effort" service and are dependent upon a number of variables, many of which are outside the control of the Cooperative.

Finally, the protection of customers' privacy and information is of utmost importance and the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information Rules (47 C.F.R. §§64.2001-64.2011). Certification and a description of those operating procedures are filed at the FCC annually.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Cumby Telephone Cooperative, Inc. (the Cooperative) is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$46.96, which includes the federal subscriber line charge ("SLC").¹

In the exchanges served by Cumby Telephone Cooperative, Inc., the highest single-line residential local rate, including any mandatory extended area service charge, is \$10.00. When the federal SLC and the state universal service fee are added, the total is less than the reasonable comparability benchmark of \$46.96.

¹ *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply With New Rate Floor*, WC Docket No. 10-90, DA 14-384 (rel. Mar. 20, 2014), p. 2.

ATTACHMENT E

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Cumby Telephone Cooperative, Inc., (the Cooperative) provides qualified Lifeline Subscribers a Federal Lifeline discount of \$9.25 applied against the Subscriber Line Charge (SLC) of \$5.00 with the remainder applied to the stand-alone residence monthly local exchange access rate as outlined in its Local Exchange Tariff and a state Lifeline discount of \$3.50. The local exchange access line rate includes an unlimited amount of local calling minutes. Additional charges for toll calls associated with the stand-alone residential access line are billed at the rates of the long distance carrier chosen by the subscriber. Qualified Lifeline customers may also subscribe to Cumby Flex Pak and Cost Saver Entertainment for Residential customers with the same reductions applied against that portion of the package rate that is for basic network service (one line only). These plans include a long distance calling plan, internet and broadband services as well as a choice of optional services. Attached are the pages from the Cooperative's Local Exchange Tariff including pages describing the terms and conditions of Lifeline service.

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program

The Lifeline Program is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers.

1. General

- a. A qualifying low-income customer subscribing to the Lifeline Program shall receive federal and state reductions to their monthly tariffed residential local exchange access line rate.
- b. Nothing in this section shall prohibit a customer who is otherwise eligible for the Lifeline Service from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications services.
- c. Lifeline Service reductions do not apply to surcharges, taxes, long distance service, 976, and other information related telecommunications services, and optional services such as custom calling features. Customers may obtain these services, where available, at their discretion.
- d. The Lifeline Service reductions do not apply to service connection charges.

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Effective: April 2, 2012
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

1. General (Continued)

- e. The Cooperative may not disconnect the service of a Lifeline Service customer for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills. The Cooperative will inform the customer, by direct mail, of this change to their service due to the customer's non-payment of toll charges. Upon the customer's payment of all outstanding toll charges, the Cooperative shall remove mandatory toll blocking at no charge. T
- f. Upon subscribing to the Lifeline Service, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking. T
- h. The Lifeline Service rate reductions will not be available on a retroactive basis unless approved by the Public Utility Commission of Texas or the Low-Income Discount Administrator (LIDA). T

2. Designated Lifeline Services M

The Cooperative shall offer voice telephony services that provide the following functionalities as designated Lifeline Services: MT

- a. Voice grade access to the public switched network or its functional equivalent;
- b. Minutes of use for local service provided at no additional charge to the customer;
- c. Access to emergency services;
- d. Toll blocking service. MT

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

3. Eligibility Requirement

a. Qualifying Low-income (Eligible) Customer Criteria

An eligible customer shall be defined as an individual whose annual household income is at or below 150% of the federal poverty guidelines or in whose household resides a person who receives or has a child who receives benefits from at least one of the following programs:

- 1) Medicaid
- 2) Food Stamps (Supplemental Nutrition Assistance Program)
- 3) Supplemental Security Income (SSI)
- 4) Federal Public Housing Assistance (FPHA)
- 5) Low-Income Home Energy Assistance Program (LIHEAP)
- 6) Health benefits coverage under the state Children's Health Insurance Program (CHIP)
- 7) National School Lunch Program's Free Lunch Program
- 8) Temporary Assistance for Needy Families

The Lifeline Service rate reductions will be provided per eligible customer. The Low-Income Discount Administrator (LIDA) will provide a list of eligible customers to the Cooperative each month.

Effective: June 1, 2012
By: Karen Zimmerman
Title: Manager

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LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

3. Eligibility Requirement (Continued)

b. Obligations of the Customer

- 1) Customers whose annual household income is at or below 150% of the federal poverty guidelines or who participate in FPHA or LIHEAP programs may self-enroll for Lifeline Program benefits by completing an application form and returning it to LIDA. LIDA will send a blank application upon customer request. LIDA can be reached at 1-866-4LITEUP. Current customers receiving benefits under Medicaid, Food Stamps, SSI or CHIP will be subject to the Lifeline Program automatic enrollment procedures as provided by the LIDA unless they provide a written request to the LIDA to be excluded from the Lifeline Program.
- 2) A customer who is eligible for the Lifeline Program but does not have telephone service at the time the LIDA provides its eligibility list to the Cooperative, shall be responsible for initiating a request for the Lifeline Program from the Cooperative.

c. Obligations of the Cooperative

- 1) LIDA will provide a list of eligible customers to the Cooperative on a monthly basis. Upon receipt of the list, the Cooperative shall begin reduced billing for those customers within 30 days.

Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

3. Eligibility Requirement (Continued)

d. Discontinuance of Service

- 1) Discontinuance of Lifeline Discounts for customers automatically enrolled: The eligibility period for automatically enrolled customers is the length of their enrollment in Texas Health and Human Services Commission (THHSC) benefits plus a period of 60 days for renewal. Automatically enrolled customers will have an opportunity to renew their THHSC benefits or self-enrollment with LIDA upon the expiration of their automatic enrollment.

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Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

3. Eligibility Requirement (Continued)

d. Discontinuance of Service (Continued)

- 2) Discontinuance of Lifeline Discounts for customers who have self-enrolled: Individuals not receiving benefits through THHSC programs, but who have met Lifeline income qualifications, are eligible to receive the Lifeline Discount for seven months, which includes a period of 60 days during which the customer may renew their eligibility with LIDA for an additional seven months.

4. Deposit and Credit Requirements

- a. The Cooperative shall be prohibited from charging a service deposit in order to initiate the Lifeline Program if the eligible customer voluntarily elects to receive toll blocking.
- b. The Cooperative may charge a service deposit if the eligible customer denies subscription to toll blocking upon subscribing to the Lifeline Program.
- c. In instances where the Cooperative may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Cooperative are also applicable to eligible customers for the Lifeline Program.

Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

5. Service Connection Charges

- a. Service connection charges do not apply to eligible customers with existing, qualifying service converting to the Lifeline Program.
- b. Service connection charges do apply when:
 - 1) Existing eligible customer requests additional non-qualifying services at the time Lifeline Program reduced billing is initiated.
 - 2) New customers (those without existing local exchange access service) eligible for the Lifeline Program establish service.
 - 3) Customers make subsequent moves or changes after initial connection to the Lifeline Program.

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LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

6. Lifeline Program Rate Reduction

a. Implementation

The Cooperative shall provide reduced billing for all Lifeline Program eligible customers within its service area in accordance with the Commission's Substantive rules.

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In instances where a customer inquires about participation in the Lifeline Program, the Cooperative shall contact information for LIDA.

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Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

II. APPLICATION OF RATES (Continued)

C. Lifeline Program (Continued)

6. Lifeline Program Rate Reduction-(Continued)

b. Amounts

The Cooperative shall apply Lifeline Program rates, per eligible customer, as described below.

	<u>Monthly Rate Reduction</u>
1) Federal Reduction applied to Federal Subscriber Line Charge and Residential Local Exchange Access Line Charge	47.C.F.R. Section 54.403
2) Maximum State Reduction to Residential Local Exchange Access Line Rate	\$3.50

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Effective: April 2, 2012
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

III. LOCAL EXCHANGE SERVICE RATES AND CHARGES

A. Residence Monthly Local Exchange Access Line Rates ⁽¹⁾

	<u>Monthly Rate</u>
1-Party Service	\$10.00

B. Business Monthly Local Exchange Access Line Rates ⁽¹⁾

	<u>Monthly Rate</u>	
1-Party Service	\$15.00	I
PBX Trunks	\$17.10	T
Rotary/Multi-Line Service	\$15.00	I T

(1) Rates for Access Line Service do not include a charge for an instrument or other customer premises equipment.

Effective: June 1, 2013
By: Karen Zimmerman
Title: Manager

LOCAL EXCHANGE SERVICE

IV. LOCAL EXCHANGE SERVICE PACKAGE – Residential

	<u>Monthly Rate</u> ⁽¹⁾
Cumby Flex Pak	\$75.85
- Two Access Lines	
- OPTIONAL SERVICES – Pick any or All Services ⁽³⁾	
- Call Forwarding Busy/No Answer	
- Call Block	
- Call Waiting/Cancel Call Waiting	
- Remote Access to Call Forwarding	
- Speed Dial (8 numbers)	
- Three Way Calling	
- Call Return	
- Selective Call Forwarding	
- Caller ID Name and Number	
- Anonymous Call Rejection	
- LONG DISTANCE CALLING PLAN ⁽²⁾⁽⁵⁾	
- Nationwide Calling – 600 minutes	
- INTERNET SERVICE ⁽⁴⁾	
- 2Mbps Broadband Service with Unlimited Internet Access	
- UPGRADE LONG DISTANCE SERVICE FOR ⁽²⁾⁽⁵⁾	
<i>Save on Personal Touch Long Distance Calling Plans</i>	
- Unlimited Nationwide Calling	\$15.00
- UPGRADE BROADBAND SERVICES TO ANY PACKAGE ⁽⁴⁾	
<i>For an additional charge per month</i>	
- 4Mbps Broadband Service	\$20.00
- 6Mbps Broadband Service	\$40.00
- High-Speed Modem Protection	\$2.99
- Wireless Router Equipment Charge	\$3.99
- Email Accounts	\$2.00

(1) Rates do not include applicable state and federal taxes. The End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc. Tariff FCC No. 5, is not included in the package price.

(2) Package subscribers must subscribe to Personal Touch Long Distance. Upgrade Long Distance Minutes to unlimited plan for an additional fee of \$15.00 per month.

(3) Customers can choose any or all features on one or both lines.

(4) Broadband Service is provided by Cumby Telephone. DSL/Internet Service is available on one access line. Speed for an additional monthly fee.
Upgrade to Broadband 4: \$20.00 more per month
Upgrade to Broadband 6: \$40.00 more per month

(5) Toll Calling is provided by Personal Touch Long Distance. Additional minutes above package minutes are at 10 cents per minute. Both access lines share the minutes in each calling plan. Certain restrictions apply.

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

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LOCAL EXCHANGE SERVICE

IV. LOCAL EXCHANGE SERVICE PACKAGE – Residence

	<u>Monthly Rate</u> ⁽¹⁾
Cumby Cost Saver Entertainment Pak	\$99.95
- Two Access Lines	
- OPTIONAL SERVICES – Pick any four features ⁽³⁾	
- Call Forwarding Busy/No Answer	
- Call Block	
- Call Waiting/Cancel Call Waiting	
- Remote Access to Call Forwarding	
- Speed Dial (8 numbers)	
- Three Way Calling	
- Call Return	
- Selective Call Forwarding	
- Caller ID Name and Number	
- Anonymous Call Rejection	
- LONG DISTANCE CALLING PLAN ⁽²⁾⁽⁵⁾	
- Nationwide Calling – 600 minutes	
- INTERNET SERVICE ⁽⁴⁾	
- 2Mbps Broadband Service with Unlimited Internet Access	
- VIDEO SERVICE	
- Includes all Local and Premium Channels	
- OPTIONAL SERVICES	
- <i>For an additional charge per month</i>	
- Email Accounts	\$2.00
- Voicemail	\$1.00
- UPGRADE BROADBAND SERVICES ⁽⁴⁾	
- <i>For an additional charge per month</i>	
- 4Mbps Broadband Service	\$20.00
- 6Mbps Broadband Service	\$40.00
- 10Mbps Broadband Service	\$60.00
- High-Speed Modem Protection	\$2.99
- Wireless Router Equipment Charge	\$3.99

⁽¹⁾ Rates do not include applicable state and federal taxes. The End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc. Tariff FCC No. 5, is not included in the package price.

⁽²⁾ Package subscribers must subscribe to Personal Touch Long Distance. Upgrade Long Distance Minutes to unlimited plan for an additional fee of \$14.95 per month.

⁽³⁾ Customers can choose up to four features on one or both lines.

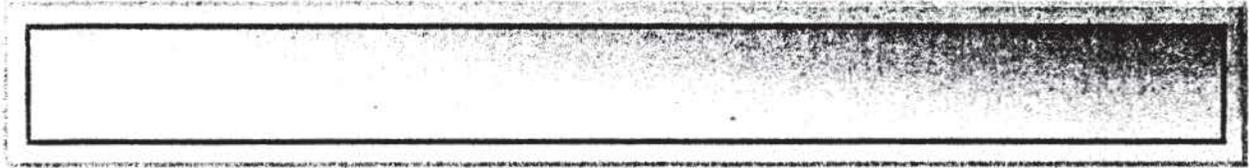
⁽⁴⁾ Broadband Service is provided by Cumby Telephone. DSL/Internet Service is available on one access line. Speed for an additional monthly fee.
Upgrade to Broadband 4Mbps: \$20.00 more per month
Upgrade to Broadband 6Mbps: \$40.00 more per month
Upgrade to Broadband 10Mbps: \$60.00 more per month

⁽⁵⁾ Toll Calling is provided by Personal Touch Long Distance. Additional minutes above package minutes are at \$0.10 per minute. Both access lines share the minutes in each calling plan. Certain restrictions apply.

PUBLIC UTILITY COMMISSION OF TEXAS
APPROVED

Effective: Upon Approval
By: Karen Zimmerman
Title: Manager

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**CUMBY TELEPHONE COOPERATIVE, INC.
CUMBY, TEXAS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**As of December 31, 2013 and 2012
With Independent Auditor's Report**

CUMBY TELEPHONE COOPERATIVE, INC.
CUMBY, TEXAS

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Independent Auditor's Report

The Board of Directors
Cumby Telephone Cooperative, Inc.
Cumby, Texas

We have audited the accompanying consolidated financial statements of Cumby Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 basis for our audit opinion.

Opinion

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

Change in Accounting Principle

As discussed in Note 12 to the financial statements, management has elected to change its method for accounting for the investment in cellular partnerships in 2013. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The comparative balance sheets, statements of operations, and cash flows on pages 25 through 28, are presented for purposes of additional analysis and are 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 audit 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.

Curtis Blahely & Co., P.C.
Longview, Texas

March 8, 2014

CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED BALANCE SHEETS
 December 31

	<u>2013</u>	<u>2012</u>	
Assets			
Current Assets:			
Cash and cash equivalents	\$	[REDACTED]	
Certificates of deposit			
Marketable securities			
Telecommunications accounts receivable			
Other receivables			
Materials and supplies			
Prepayments			
Total Current Assets			
Property, Plant, and Equipment:			
Plant in service			
Plant under construction			
Total Property, Plant, and Equipment			
Less: Accumulated depreciation			
Net Property, Plant, and Equipment			
Investments and Other Assets:			
Cellular investments			
Intangibles			
Other assets			
Total Investments and Other Assets			
Total Assets	\$		

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

**CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED BALANCE SHEETS
December 31**

Liabilities and Equity

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
Accounts payable	\$	
Accrued income tax		
Other accrued liabilities		
Unearned revenue		
Total Current Liabilities		
Other Liabilities:		
Deferred income tax		
Accrued postretirement benefits		
Total Other Liabilities		
Equity:		
Memberships		
Retained margin		
Patronage capital		
Accumulated other comprehensive income:		
Unrealized gain on marketable securities		
Unrecognized postretirement benefit costs		
Total Equity		
Total Liabilities and Equity	\$	

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

CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Years Ended December 31

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Local network services	\$	
Network access services		
Long distance network services		
Internet services		
Miscellaneous		
Uncollectibles		
Total Operating Revenues		
Operating Expenses:		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Total Operating Expenses		
Operating Taxes:		
Income tax expense		
Other operating taxes		
Total Operating Taxes		
Operating Margin		
Nonoperating Margin:		
Interest and dividend income		
Distributions from partnerships		
Other nonoperating expenses		
Income taxes		
Total Nonoperating Margin		
Net Margin	\$	

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

CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the Years Ended December 31

	<u>2013</u>	<u>2012</u>
Net Margin	\$	
Other Comprehensive Income:		
Unrealized holding gain (loss) arising during period		
Income tax		
Less: Reclassificaton adjustment for prior year unrealized (gains) losses		
Income Tax		
Total unrealized holding (loss) gain adjustment		
Postretirement benefit gain emerging		
Amounts reclassified from accumulated other comprehensive income		
Income tax		
Total Pension and Post-Retirement Benefit Adjustment		
Other Comprehensive Income		
Comprehensive Income	\$	

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

CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31

	<u>Retained</u> <u>Margin</u>	<u>Patronage</u> <u>Capital</u>	<u>Accumulated Other</u> <u>Comprehensive</u> <u>Income</u>	<u>Total</u>
Balance, January 1, 2012, as previously reported				
Prior period adjustment - change in accounting principle				
Balance, January 1, 2012, as restated				
Net margin				
Retirements and other changes				
Retained margin assigned				
Federal excise tax refund				
Other comprehensive income				
Balance, December 31, 2012				
Net margin				
Retirements and other changes				
Federal excise tax refund				
Other comprehensive income				
Balance, December 31, 2013				

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

**CUMBY TELEPHONE COOPERATIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margin		
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation		
Gain on sale of securities		
Amortization of premium		
Change in assets and liabilities:		
Accounts receivable		
Prepays		
Accounts payable and accruals		
Deferred income tax		
Total Adjustments		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Proceeds from sales of plant		
Capital expenditures		
(Investment in) proceeds from certificates of deposit		
Investment in marketable securities		
Proceeds from marketable securities		
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities:		
Receipt of memberships		
Payment of capital credits		
Excise tax refund received		
Net Cash Used in Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year		

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