Consolidated Financial Statements
December 31, 2014 and 2013

TPC, Inc. and Subsidiary

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
TPC, Inc. and Subsidiary
Devils Lake, North Dakota

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of TPC, Inc. and Subsidiary which comprise the consolidated balance sheets as of December 31, 2014 and 2013 and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial position of TPC, Inc. and Subsidiary as of December 31, 2014 and 2013, and the consolidated results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary consolidating information on pages 17 through 24 is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
April 13, 2015

(This page left blank intentionally.)

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 4,547,379	$ 5,855,637
Accounts receivable		
Telecommunications, net of allowances	164,143	172,943
Other	916,449	1,293,727
Prepaid income taxes	1,643,918	72,351
Materials and supplies	641,619	707,305
Prepayments	342,460	445,935
Total current assets	8,255,968	8,547,898
Noncurrent Assets		
Equity investments	4,615,653	4,297,177
Other investments	1,020,554	1,095,232
Debt issuance costs, net of accumulated amortization	104,271	31,767
Total noncurrent assets	5,740,478	5,424,176
Telecommunications Plant		
In service	137,388,366	133,469,212
Nonregulated plant in service	5,438,109	5,469,084
Under construction	-	125,517
	142,826,475	139,063,813
Less accumulated depreciation and amortization	94,529,374	93,762,708
Net plant	48,297,101	45,301,105
Total assets	$ 62,293,547	$ 59,273,179

	2014	2013
Liabilities and Equities		
Current Liabilities		
Accounts payable	$ 721,593	$ 2,240,593
Current maturities of long-term debt	-	2,400,000
Advance billing and customer deposits	60,235	60,397
Accrued taxes - other	110,036	106,292
Accrued income taxes	1,870	-
Other current liabilities	92,752	94,290
Total current liabilities	986,486	4,901,572
Long-Term Debt, Less Current Maturities	8,704,349	3,600,000
Deferred Income Taxes	9,922,491	8,956,593
Equities		
Common stock, par value $1,000, authorized 10,000 shares; issued and outstanding 9,200 shares	9,200,000	9,200,000
Retained earnings	33,480,221	32,615,014
Total equities	42,680,221	41,815,014
Total liabilities and equities	$ 62,293,547	$ 59,273,179

	2014	2013
Operating Revenues		
Local network access	$ 4,340,254	$ 4,190,006
Network access services	8,482,885	10,725,526
Miscellaneous revenue	1,825,333	1,889,743
Leasing, sales and installation	1,024,567	871,414
Internet revenue	3,916,217	3,704,662
Video revenue	2,503,425	2,101,766
Total operating revenues	22,092,681	23,483,117
Operating Expenses		
Plant specific operations	4,513,089	4,624,991
Plant nonspecific operations	3,590,717	3,181,966
Cable television programming	1,842,084	1,515,400
Depreciation	5,528,662	7,835,231
Customer operations	1,571,694	1,487,810
Corporate operations	1,988,745	1,950,644
Operating taxes, other	124,531	116,585
Cost of sales and installations	825,423	795,348
Total operating expenses	19,984,945	21,507,975
Net Operating Income	2,107,736	1,975,142
Nonoperating Income (Expense)		
Interest and dividend income	2,131	2,870
Allowance for funds used during construction	41,183	60,516
Other nonoperating expense	(33,510)	(48,962)
Gain from equity investments, net	1,003,279	940,597
Amortization of debt issuance	(37,115)	(17,501)
Total nonoperating income (expense), net	975,968	937,520
Net Income Before Interest Expense and Income Taxes	3,083,704	2,912,662
Interest Expense on Long-Term Debt, Net of Patronage Allocations from Lender	133,232	149,461
Net Income Before Income Taxes	2,950,472	2,763,201
Income Tax Expense	1,085,265	1,011,444
Net Income	1,865,207	1,751,757
Retained Earnings		
Beginning of year	32,615,014	31,863,257
Dividends paid	(1,000,000)	(1,000,000)
End of year	$ 33,480,221	$ 32,615,014

	2014	2013
Operating Activities		
Net income	$ 1,865,207	$ 1,751,757
Adjustments to reconcile net income to net cash from operating activities		
Depreciation		
Telecommunications plant	4,879,924	7,207,010
Nonregulated plant	648,738	628,221
Amortization of other intangibles	37,115	17,501
Gain from equity investments	(1,003,279)	(940,597)
Noncash capital credit allocations	(88,727)	(147,392)
Deferred income taxes	965,898	536,759
	7,304,876	9,053,259
Change in current assets and current liabilities (Note 11)	(1,173,185)	(1,172,977)
Net Cash from Operating Activities	6,131,691	7,880,282
Investing Activities		
Telecommunications plant additions	(9,882,887)	(10,086,827)
Dividends received - equity investments	684,803	1,025,583
Proceeds from CoBank equity retirements	163,405	207,307
Increase in other investments and noncurrent assets	-	2,181
Net Cash used for Investing Activities	(9,034,679)	(8,851,756)
Financing Activities		
Principal payments on long-term debt	(1,400,000)	(2,400,000)
Advances on long-term debt	4,104,349	-
Payments of debt issuance costs	(109,619)	-
Dividends paid	(1,000,000)	(1,000,000)
Net Cash from (used for) Financing Activities	1,594,730	(3,400,000)
Net Change in Cash and Cash Equivalents	(1,308,258)	(4,371,474)
Cash and Cash Equivalents, Beginning of Year	5,855,637	10,227,111
Cash and Cash Equivalents, End of Year	$ 4,547,379	$ 5,855,637

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

TPC, Inc. (the Company)'s primary line of business is to provide local telephone, internet, IPTV television, and access to long-distance telephone services throughout its local exchange network. The principal market for these telecommunications services are local, residential and business customers residing in each of the exchanges the Company serves.

The Company follows the Federal Communication Commission's (FCC) Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

The Company's local service rates are subject to rate of return regulation by the North Dakota Public Service Commission. Toll charges to customers and access fees charged to long distance carriers are subject to state and federal regulation. The Company participates in the National Exchange Carrier Association (NECA) pooling process for interstate access as a "cost company."

Principles of Consolidation

The consolidated financial statements include the accounts of TPC, Inc. (a North Dakota Corporation) and its wholly-owned subsidiary, North Dakota Telephone Company (a North Dakota Corporation) located in Devils Lake, North Dakota. The assets and liabilities of the subsidiary are consolidated with the assets and liabilities of TPC, Inc. All significant intercompany assets and liabilities have been eliminated. The operations of the subsidiary are consolidated with the operations of TPC, Inc.

Telecommunications and Other Plant

Telecommunications and other plant assets are stated at cost. The cost of additions to telephone plant are recorded at cost, which 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. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of property are charged to expense.

Recoverability of Long-Lived Assets

The Company 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 Company would determine whether an impairment loss should be recognized. No impairment losses have been identified in the consolidated financial statements.

Depreciation

Depreciation is computed using the straight-line method based upon the estimated service lives of the depreciable assets.

Amortization

Intangible assets are recorded at cost. Amortization of intangible assets is computed using the straight-line method over the useful life of such assets or term of the related loans. Debt issuance costs are amortized over the term of the related loans which was approximately 7 years as of December 31, 2014 and ranged from 8 to 15 years as of December 31, 2013. Accumulated amortization of debt issuance costs were approximately $5,400 and $117,400 as of December 31, 2014 and 2013, respectively.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash deposits and money market savings accounts with an original maturity of three months or less to be cash and cash equivalents. Cash and 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. Allowances for uncollectible accounts amounted to approximately $15,000 and $14,000 as of December 31, 2014 and 2013, respectively.

Materials and Supplies

Inventories are stated at average cost except for material held for resale which is valued by the specific identification method.

Investments

Investments in limited liability companies (LLC's) are accounted for using the equity method. Under the equity method, the Company records its invested capital and proportionate share of earnings and losses less the amount of any distributions received. Investments in cooperatives, including the Company's lender, are recorded at cost plus any allocated patronage capital.

Fair Value Measurements

The Company 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.

Revenue Recognition

Revenue from local telephone network, internet and IPTV television services is recorded as revenue in the month when it is billed to customers. Toll and access revenues are accrued through December 31.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Pension Costs

The policy is to fund pension costs accrued.

Estimated Self-Insurance

The Company self-insures the health care benefits of its employees. To provide for the self-insured benefits, the Company has set up an estimated liability for any claims incurred prior to the year-end. In addition, the Company has entered into a stop-loss agreement whereby their costs for these self-insurance plans are subject to a ceiling, after which the costs will be covered by an insurance contract. Any differences between the estimated liability and the actual benefits will be reflected in the subsequent year's consolidated statement of income.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Company generally provides for deferred income taxes resulting from timing differences between amounts reported for financial accounting and income tax purposes, principally depreciation expense and earnings from equity investments.

The Company 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, 2014 and 2013, the unrecognized tax benefit accrual was zero. The Company would recognize future accrued interest and penalties related to unrecognized tax benefits in income tax, if incurred. The Company is no longer subject to Federal and state income tax examinations by tax authorities for fiscal years prior to 2011.

Sales Taxes

The Company has customers in North Dakota and its municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from operating revenues and operating expenses.

Reclassifications

Certain reclassifications have been made to the 2013 consolidated financial statements to conform to the 2014 presentation. The reclassifications had no effect on previously reported net income.

Note 2 - Concentrations of Business and Credit Risk

The Company provides telephone, internet and IPTV television service on account to its customers located in north central North Dakota. The Company also provides access service on account to various long distance companies, which provide toll service to the Company's customers.

The Company receives a significant portion of its revenues from access services, participation in the NECA pool and from universal service funding. The mechanism and regulation of these activities is undergoing changes that may significantly impact future revenues of the Company. In 2014 and 2013, the Company received approximately 47% and 52%, respectively, of its revenues from network access and assistance provided by the Federal Universal Service Fund.

The Company maintains its cash accounts in several commercial banks located in North Dakota. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At times during the years ended December 31, 2014 and 2013, the bank balances exceeded this limit.

Note 3 - Other Investments

	2014	2013
CoBank		
Subordinated capital stock	$ 537,454	$ 622,131
Patronage capital allocations	48,000	61,200
Other patronage capital credit allocations	435,100	411,901
	$ 1,020,554	$ 1,095,232

In connection with the loans from CoBank, the Company is required to purchase subordinated capital certificates equal to 5% of the outstanding loan balance. The certificates are non-interest bearing and are refunded to the Company as the debt is paid down. The patronage allocations reflect the Company's allocable share of net margins of CoBank.

Note 4 - Equity Investments

The Company accounts for the following investments on the equity method.

North Dakota Long Distance LLC (NDLD)	10% Ownership
North Dakota Telcom I LLC (NDT-I) – dissolved September 11, 2013	33.33% Ownership
Dakota Carrier Network LLC (DCN)	7.262% Ownership
North Plains Utility Contracting LLC (NPUC)	25% Ownership
Dakota Video Network (DVN)	33.33% Ownership

Under the equity method, the investment is initially recorded at cost, then reduced by the dividends and increased or decreased by the investor's proportionate share of the investee's net earnings or loss.

	2013	Capital Contributions (Distributions)	Current Earnings (Loss)	2014
NDLD	$ 88,566	$ -	$ 68,903	$ 157,469
DCN	3,466,713	(584,803)	908,158	3,790,068
NPUC	559,571	(100,000)	40,657	500,228
DVN	182,327	-	(14,439)	167,888
	$ 4,297,177	$ (684,803)	$ 1,003,279	$ 4,615,653

	2012	Capital Contributions (Distributions)	Current Earnings (Loss)	2013
NDLD	$ 106,842	$ (70,000)	$ 51,724	$ 88,566
NDT - I	297,010	(292,591)	(4,419)	-
DCN	3,129,384	(562,992)	900,321	3,466,713
NPUC	601,068	(100,000)	58,503	559,571
DVN	247,859	-	(65,532)	182,327
	$ 4,382,163	$ (1,025,583)	$ 940,597	$ 4,297,177

NDT-1 was established primarily as a holding company to own IdeaOne Communications. During 2012, NDT-1 sold IdeaOne Communications. The Company's respective share of the gain on the sale is reflected in the equity earnings from NDT-1. A substantial portion of the sale proceeds were distributed during 2012 as well. The Company dissolved the investment in NDT-1 on September 11, 2013.

The Company provides North Dakota Long Distance LLC and North Dakota Telcom I LLC certain management, customer service, billing and collection, and other services on a contractual basis. Payments under these contracts for the years ended December 31, 2014 and 2013, were approximately $74,000 and $86,000, respectively.

The Company agrees to lease certain bay and fiber optic cable facilities to Dakota Carrier Network. Under this agreement, the Company received revenues of approximately $78,000 for the years ended December 31, 2014 and 2013. The Company also agrees to leases circuit equipment on a short-term basis to and from Dakota Carrier Network. Under this agreement, the Company received approximately $1,360,000 and $1,417,000 for the years ended December 31, 2014 and 2013, respectively, and paid approximately $242,000 and $209,000 for the years ended December 31, 2014 and 2013, respectively.

The Company purchases licenses and television programming services from Dakota Video Network LLC. These purchases are considered to be priced at fair market value. No intercompany profits have been eliminated in recording the equity earnings of Dakota Video Network LLC. The Company made payments of approximately $40,000 and $36,000 to Dakota Video Network LLC for the years ended December 31, 2014 and 2013, respectively.

The Company purchases utility construction services from North Plains Utility Contracting LLC. These services are considered to be priced at fair market value. No intercompany profits have been eliminated in recording the equity earnings of North Plains Utility Contracting LLC. The Company made payments of approximately $523,000 and $1,024,000 to North Plains Utility Contracting LLC for the years ended December 31, 2014 and 2013, respectively. The Company also rents storage space to North Plains Utility Contracting LLC. Rents received from North Plains Utility Contracting LLC amounted to $24,000 for the years ended December 31, 2014 and 2013.

The Company has accounts receivable balances arising from the various affiliated transactions at December 31, 2014 and 2013, totaling approximately $1,500 and $700, respectively. The Company has accounts payable balances arising from the various affiliated transactions at December 31, 2014 and 2013, totaling approximately $8,000 and $230,000, respectively.

Summary financial information for the Company's equity investees for the year ended December 31, 2014, is as follows:

	North Dakota Long Distance LLC	Dakota Carrier Network LLC	North Plains Utility Contracting LLC	Dakota Video Network LLC
Revenues	$ 6,669,092	$ 45,502,639	$ 2,575,765	$ 145,029
Expenses	5,980,037	32,996,526	2,413,138	225,938
Net income	689,055	12,506,113	162,627	(80,909)
Assets	$ 5,794,597	$ 53,226,471	$ 2,060,220	$ 507,663
Liabilities	532,481	837,326	26,572	4,000
Equity	5,262,116	52,389,145	2,033,648	503,663

Note 5 - Nonregulated Investments

	2014	2013
Leased telecommunications equipment (5 - 7 year estimated life)	$ 408,177	$ 405,196
Internet equipment (5 year estimated life)	1,012,937	1,022,432
Video equipment (7 year estimated life)	4,004,382	3,989,547
Under construction	12,613	51,909
	5,438,109	5,469,084
Less accumulated depreciation	3,902,459	3,993,833
Nonregulated investments	$ 1,535,650	$ 1,475,251

The revenues and expenses associated with nonregulated telecommunications equipment are as follows:

	2014	2013
Revenues		
Revenue - leasing, sales and installation	$ 1,024,567	$ 871,414
Internet revenue	3,916,217	3,704,662
Video revenue	2,503,425	2,101,766
	7,444,209	6,677,842
Expenses		
Cost of sales, installations and repairs	825,423	795,348
Internet expenses	4,154,584	3,438,498
Video expenses	2,761,059	2,303,063
Depreciation	648,738	628,221
	8,389,804	7,165,130
Nonregulated net loss	$ (945,595)	$ (487,288)

Note 6 - Telecommunications Plant

	2014		2013	
	Plant	Depreciation Rates	Plant	Depreciation Rates
Land and support assets	$ 12,949,299	2.71 - 20.96%	$ 12,882,102	2.71 - 20.96%
Central office switching equipment	46,711,778	5.00 - 20.00%	46,024,176	5.00 - 20.00%
Information origination and termination	37,371	14.32%	37,371	14.32%
Cable and wire facilities	77,689,918	2.51 - 5.3%	74,525,563	2.51 - 8.47%
Total in service	137,388,366		133,469,212	
Nonregulated plant	5,438,109		5,469,084	
Under construction	-		125,517	
	$ 142,826,475		$ 139,063,813	

Note 7 - Long-Term Debt

	2014	2013
CoBank term loan with variable interest rate, interest only until September 30, 2016, then varying quarterly installments through June 30, 2021 Variable rate of 2.92% at December 31, 2014	$ 8,704,349	$ -
CoBank term loan with variable interest rate, due in varying quarterly installments, $200,000 principal plus applicable interest, refinanced August 2014	-	6,000,000
	8,704,349	6,000,000
Less current maturities	-	(2,400,000)
	$ 8,704,349	$ 3,600,000

The Company has an $11 million term loan agreement which expires June 30, 2021. Repayment provisions for the term loan include planned quarterly principal payments of $550,000. Repayment of the $11 million term loan will begin on September 30, 2016.

Substantially all assets of the Company are pledged as collateral on the notes executed with CoBank. The mortgage covenants require the Company to meet certain financial ratios, minimum net worth levels and minimum cash flow requirements. Management believes that the Company was in compliance with all mortgage covenants at December 31, 2014 and 2013.

It is estimated that principal repayments on the above debt for the next five years will be as follows:

Years Ended December 31,	
2015	$ -
2016	1,100,000
2017	2,200,000
2018	2,200,000
2019	2,200,000

The Company has a revolving credit agreement which expires August 19, 2021. Available financing under the revolving line-of-credit was $1,000,000 at December 31, 2014. Repayment terms for the revolving line-of-credit included planned monthly reductions to the maximum financing available under this line of credit. At December 31, 2014 and 2013, the Company had no borrowing under the revolving line-of-credit.

Note 8 - Income Tax Expense/Accumulated Deferred Taxes

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

	2014	2013
Operating taxes - federal income	$ 630,581	$ 567,176
Operating taxes - state income	82,469	78,778
Total operating	713,050	645,954
Nonoperating taxes - federal income	329,176	321,063
Nonoperating taxes - state income	43,039	44,427
Total nonoperating	372,215	365,490
Total provision for income taxes	$ 1,085,265	$ 1,011,444

Income tax expense consists of the following:

	2014	2013
Federal income tax computed at statutory rates	$ 102,288	$ 414,440
State income tax computed at statutory rates	17,079	60,245
Deferred income tax credits (charges) - accelerated depreciation	933,668	411,832
Deferred income tax credits (charges) - other	32,230	124,927
Total provision for income taxes	$ 1,085,265	$ 1,011,444

The effects of various timing differences are shown as net deferred income taxes. The Company also has deferred tax credits and charges from the use of different tax and book methods of depreciation, accounting for bad debts, work opportunity tax credit carryforwards, loss carryforwards, and equity investments. As of December 31, 2014 and 2013, the Company has recorded income tax refund receivables of $-0-, respectively. The income tax refund receivables are recorded in other receivables on the consolidated balance sheets.

Long-term deferred income tax liabilities consist of the following:

	2014	2013
Deferred income taxes		
Accumulated deferred income tax credits		
Accelerated depreciation and amortization	$ (9,285,366)	$ (8,351,698)
Timing differences from equity investments	(637,125)	(604,895)
Total deferred income tax liability - long-term	$ (9,922,491)	$ (8,956,593)

Note 9 - Pension Plan

The Company 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 52-0741336 and the Plan Number is 333.

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 Company's contributions to the RS Plan in 2014 and 2013 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Company made contributions to the plan of approximately $622,000 in 2014 and $549,000 in 2013. There have been no significant changes that affect the comparability of 2014 and 2013 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 85.59%. 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.

Employees of the Company are also eligible for a 401(k) savings plan. The plan is offered through Alerus Financial. The Company made a contribution of up to 4% of employees' base wages for the years ended December 31, 2014 and 2013. The Company made annual contributions of approximately $198,000 and $195,000 in 2014 and 2013, respectively.

Note 10 - Common Stock

	2014	2013
Issued 3,726 shares of common stock to United Telephone Mutual Aid Corporation	$ 3,726,000	$ 3,726,000
Issued 3,726 shares of common stock to Polar Communications Mutual Aid Corporation	3,726,000	3,726,000
Issued 1,748 shares of common stock to Dakota Central Telecommunications Cooperative	1,748,000	1,748,000
	$ 9,200,000	$ 9,200,000

Note 11 - Supplementary Cash Flow Disclosures

Set forth is information with respect to changes in current assets and current liabilities, and cash paid for interest and income taxes:

	2014	2013
(Increase) decrease in current assets		
Accounts receivable	$ 386,078	$ 712
Prepaid income taxes	(1,571,567)	(72,351)
Materials and supplies	65,686	(1,364)
Prepayments	103,475	(114,594)
Increase (decrease) in current liabilities		
Accounts payable	(160,771)	(6,906)
Advance billing and deposits	(162)	(3,846)
Taxes accrued - other	3,744	7,091
Accrued income taxes	1,870	(863,964)
Other current liabilities	(1,538)	(117,755)
	$ (1,173,185)	$ (1,172,977)
Supplementary Disclosures of Cash Flow Information		
Cash payments for interest	$ 120,135	$ 136,364
Cash payments for income taxes, net	$ 1,840,000	$ 1,411,000
Supplemental Disclosure of Noncash Investing and Financing Activities		
Plant additions funded with accounts payable at year end	$ 28,281	$ 1,386,510

Note 12 - Contingencies

The Company is a defendant in legal proceedings arising in the normal course of its operations. While the outcome of these matters cannot be predicted with certainty, management believes the disposition of these proceedings will not have a significant impact on the financial position of the Company.

Note 13 - Subsequent Events

The Company has evaluated subsequent events through April 13, 2015, the date which the financial statements were available to be issued.

Supplemental Information
December 31, 2014 and 2013

TPC, Inc. and Subsidiary

(This page left blank intentionally.)

Assets	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 169,770	$ 4,377,609	$ -	$ 4,547,379
Accounts receivable				
Telecommunications, net	-	164,143	-	164,143
Other	3,952,404	916,630	(3,952,585)	916,449
Materials and supplies	-	641,619	-	641,619
Prepayments	-	342,460	-	342,460
Prepaid income taxes	-	1,643,918	-	1,643,918
Total current assets	4,122,174	8,086,379	(3,952,585)	8,255,968
Noncurrent Assets				
Investment in affiliate	38,223,689	-	(38,223,689)	-
Other investments	334,539	686,015	-	1,020,554
Equity investments	-	4,615,653	-	4,615,653
Debt issuance costs, net of amortization	-	104,271	-	104,271
Total noncurrent assets	38,558,228	5,405,939	(38,223,689)	5,740,478
Plant, Property and Equipment				
In service	-	137,388,366	-	137,388,366
Nonregulated plant in service	-	5,438,109	-	5,438,109
Total investment in plant	-	142,826,475	-	142,826,475
Less accumulated depreciation	-	94,529,374	-	94,529,374
Net plant	-	48,297,101	-	48,297,101
Total assets	$ 42,680,402	$ 61,789,419	$ (42,176,274)	$ 62,293,547

Liabilities and Equities	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Current Liabilities				
Accounts payable	$ 181	$ 4,673,997	$ (3,952,585)	$ 721,593
Advance billing and customer deposits	-	60,235	-	60,235
Accrued taxes - other	-	110,036	-	110,036
Accrued income taxes	-	1,870	-	1,870
Other current liabilities	-	92,752	-	92,752
Total current liabilities	181	4,938,890	(3,952,585)	986,486
Long-Term Debt, Less Current Maturities	-	8,704,349	-	8,704,349
Other Liabilities				
Deferred income taxes	-	9,922,491	-	9,922,491
Total other liabilities	-	9,922,491	-	9,922,491
Equities				
Common stock	9,200,000	807,950	(807,950)	9,200,000
Other equities	-	32,587,659	(32,587,659)	-
Retained earnings	33,480,221	4,828,080	(4,828,080)	33,480,221
Total equities	42,680,221	38,223,689	(38,223,689)	42,680,221
Total liabilities and equities	$ 42,680,402	$ 61,789,419	$ (42,176,274)	$ 62,293,547

Assets	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 220,209	$ 5,635,428	$ -	$ 5,855,637
Accounts receivable:				
Telecommunications, net	-	172,943	-	172,943
Other	3,801,180	1,293,930	(3,801,383)	1,293,727
Materials and supplies	-	707,305	-	707,305
Prepayments	-	445,935	-	445,935
Prepaid income taxes	-	72,351	-	72,351
Total current assets	4,021,389	8,327,892	(3,801,383)	8,547,898
Noncurrent Assets				
Investment in affiliate	37,356,382	-	(37,356,382)	-
Other investments	437,446	657,786	-	1,095,232
Equity investments	-	4,297,177	-	4,297,177
Debt issuance costs, net of amortization	-	31,767	-	31,767
Total noncurrent assets	37,793,828	4,986,730	(37,356,382)	5,424,176
Plant, Property and Equipment				
In service	-	133,469,212	-	133,469,212
Nonregulated plant in service	-	5,469,084	-	5,469,084
Under construction	-	125,517	-	125,517
Total investment in plant	-	139,063,813	-	139,063,813
Less accumulated depreciation	-	93,762,708	-	93,762,708
Net plant	-	45,301,105	-	45,301,105
Total assets	$ 41,815,217	$ 58,615,727	$ (41,157,765)	$ 59,273,179

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Liabilities and Equities				
Current Liabilities				
Accounts payable	$ 203	$ 6,041,773	$ (3,801,383)	$ 2,240,593
Current maturities of long-term debt	-	2,400,000	-	2,400,000
Advance billing and customer deposits	-	60,397	-	60,397
Accrued taxes - other	-	106,292	-	106,292
Accrued income taxes	-	-	-	-
Other current liabilities	-	94,290	-	94,290
Total current liabilities	203	8,702,752	(3,801,383)	4,901,572
Long-Term Debt, Less Current Maturities	-	3,600,000	-	3,600,000
Other Liabilities				
Deferred income taxes	-	8,956,593	-	8,956,593
Total other liabilities	-	8,956,593	-	8,956,593
Equities				
Common stock	9,200,000	807,950	(807,950)	9,200,000
Other equities	-	32,587,659	(32,587,659)	-
Retained earnings	32,615,014	3,960,773	(3,960,773)	32,615,014
Total equities	41,815,014	37,356,382	(37,356,382)	41,815,014
Total liabilities and equities	$ 41,815,217	$ 58,615,727	$ (41,157,765)	$ 59,273,179

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Operating Revenues				
Local network access	$ -	$ 4,340,254	$ -	$ 4,340,254
Network access services	-	8,482,885	-	8,482,885
Miscellaneous revenue	-	1,825,333	-	1,825,333
Leasing, sales and installation	-	1,024,567	-	1,024,567
Internet revenue	-	3,916,217	-	3,916,217
Video revenue	-	2,503,425	-	2,503,425
Total operating revenues	-	22,092,681	-	22,092,681
Operating Expenses				
Plant specific operations	-	4,513,089	-	4,513,089
Plant nonspecific operations	-	3,590,717	-	3,590,717
Cable television programming	-	1,842,084	-	1,842,084
Depreciation	-	5,528,662	-	5,528,662
Customer operations	-	1,571,694	-	1,571,694
Corporate operations	3,324	1,985,421	-	1,988,745
Operating taxes - other	-	124,531	-	124,531
Cost of sales and installations	-	825,423	-	825,423
Total operating expenses	3,324	19,981,621	-	19,984,945
Net Operating (Loss) Income	(3,324)	2,111,060	-	2,107,736
Nonoperating Income (Expense)				
Interest and dividend income	-	2,131	-	2,131
Allowance for funds used during construction	-	41,183	-	41,183
Subsidiary earnings	1,867,307	-	(1,867,307)	-
Nonoperating expense	-	(33,510)	-	(33,510)
Gain from equity investments, net	-	1,003,279	-	1,003,279
Amortization of debt issuance	-	(37,115)	-	(37,115)
Net nonoperating income	1,867,307	975,968	(1,867,307)	975,968
Net Income Before Interest Expense and Income Taxes	1,863,983	3,087,028	(1,867,307)	3,083,704
Interest Expense on Long-Term Debt	-	133,232	-	133,232
Net Income Before Income Taxes	1,863,983	2,953,796	(1,867,307)	2,950,472
Income Tax (Benefit) Expense	(1,224)	1,086,489	-	1,085,265
Net Income	$ 1,865,207	$ 1,867,307	$ (1,867,307)	$ 1,865,207

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Operating Revenues				
Local network access	$ -	$ 4,190,006	$ -	$ 4,190,006
Network access services	-	10,725,526	-	10,725,526
Miscellaneous revenue	-	1,889,743	-	1,889,743
Leasing, sales and installation	-	871,414	-	871,414
Internet revenue	-	3,704,662	-	3,704,662
Video revenue	-	2,101,766		2,101,766
Total operating revenues	-	23,483,117	-	23,483,117
Operating Expenses				
Plant specific operations	-	4,624,991	-	4,624,991
Plant nonspecific operations	-	3,181,966	-	3,181,966
Cable television programming		1,515,400	-	1,515,400
Depreciation	-	7,835,231	-	7,835,231
Customer operations	-	1,487,810	-	1,487,810
Corporate operations	4,304	1,946,340	-	1,950,644
Operating taxes - other	-	116,585	-	116,585
Cost of sales and installations	-	795,348	-	795,348
Total operating expenses	4,304	21,503,671	-	21,507,975
Net Operating (Loss) Income	(4,304)	1,979,446	-	1,975,142
Nonoperating Income (Expense)				
Interest and dividend income	32	2,838	-	2,870
Allowance for funds used during construction	-	60,516	-	60,516
Subsidiary earnings	1,754,442	-	(1,754,442)	-
Nonoperating expense	-	(48,962)	-	(48,962)
Gain from equity investments, net	-	940,597	-	940,597
Amortization of debt issuance	-	(17,501)	-	(17,501)
Net nonoperating income	1,754,474	937,488	(1,754,442)	937,520
Net Income Before Interest Expense and Income Taxes	1,750,170	2,916,934	(1,754,442)	2,912,662
Interest Expense on Long-Term Debt	-	149,461	-	149,461
Net Income Before Income Taxes	1,750,170	2,767,473	(1,754,442)	2,763,201
Income Tax (Benefit) Expense	(1,587)	1,013,031	-	1,011,444
Net Income	$ 1,751,757	$ 1,754,442	$ (1,754,442)	$ 1,751,757

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Operating Activities				
Net income	$ 1,865,207	$ 1,867,307	$ (1,867,307)	$ 1,865,207
Adjustments to reconcile net income to net cash provided by operating activities				
Subsidiary earnings	(1,867,307)	-	1,867,307	-
Depreciation				
Telecommunications plant	-	4,879,924	-	4,879,924
Nonregulated plant	-	648,738	-	648,738
Amortization of other intangibles	-	37,115	-	37,115
Gain from equity investments	-	(1,003,279)	-	(1,003,279)
Noncash capital credit allocations	-	(88,727)	-	(88,727)
Deferred income taxes	-	965,898	-	965,898
	(2,100)	7,306,976	-	7,304,876
Change in current assets and liabilities				
Accounts receivable	(151,224)	386,100	151,202	386,078
Prepaid income taxes	-	(1,571,567)	-	(1,571,567)
Materials and supplies	-	65,686	-	65,686
Prepayments	-	103,475	-	103,475
Accounts payable	(22)	(9,547)	(151,202)	(160,771)
Advance billing and deposits	-	(162)	-	(162)
Taxes accrued - other	-	3,744	-	3,744
Accrued income taxes	-	1,870	-	1,870
Other current liabilities	-	(1,538)	-	(1,538)
Net Cash (used for) from Operating Activities	(153,346)	6,285,037	-	6,131,691
Investing Activities				
Telecommunications plant additions	-	(9,882,887)	-	(9,882,887)
Dividends received - equity investments	-	684,803	-	684,803
Proceeds from CoBank patronage and equity retirements	102,907	60,498	-	163,405
Net Cash from (used for) Investing Activities	102,907	(9,137,586)	-	(9,034,679)
Financing Activities				
Principal payments on long-term debt	-	(1,400,000)	-	(1,400,000)
Advances on long-term debt	-	4,104,349	-	4,104,349
Payments of debt issuance costs	-	(109,619)	-	(109,619)
Dividends received	1,000,000	-	(1,000,000)	-
Dividends paid	(1,000,000)	(1,000,000)	1,000,000	(1,000,000)
Net Cash from Financing Activities	-	1,594,730	-	1,594,730
Net Change in Cash and Cash Equivalents	(50,439)	(1,257,819)	-	(1,308,258)
Cash and Cash Equivalents				
Beginning of year	220,209	5,635,428	-	5,855,637
End of year	$ 169,770	$ 4,377,609	$ -	$ 4,547,379

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Supplementary Disclosures of Cash Flow Information				
Cash payments for interest	$ -	$ 120,135	$ -	$ 120,135
Cash payments for income taxes	$ -	$ 1,840,000	$ -	$ 1,840,000
Noncash Investing and Financing Activities				
Plant additions funded with accounts payable at year end	$ -	$ 28,281	$ -	$ 28,281
Debt refinanced	$ -	$ 4,600,000	$ -	$ 4,600,000

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Operating Activities				
Net income	$ 1,751,757	$ 1,754,442	$ (1,754,442)	$ 1,751,757
Adjustments to reconcile net income to net cash provided by operating activities				
Subsidiary earnings	(1,754,442)	-	1,754,442	-
Depreciation				
Telecommunications plant	-	7,207,010	-	7,207,010
Nonregulated plant	-	628,221	-	628,221
Amortization of other intangibles	-	17,501	-	17,501
Gain from equity investments	-	(940,597)	-	(940,597)
Noncash capital credit allocations	-	(147,392)	-	(147,392)
Deferred income taxes	-	536,759	-	536,759
	(2,685)	9,055,944	-	9,053,259
Change in current assets and liabilities				
Accounts receivable	(1,586)	731	1,567	712
Prepaid income taxes	-	(72,351)	-	(72,351)
Materials and supplies	-	(1,364)	-	(1,364)
Prepayments	-	(114,594)	-	(114,594)
Accounts payable	(1,104)	(4,235)	(1,567)	(6,906)
Advance billing and deposits	-	(3,846)	-	(3,846)
Taxes accrued - other	-	7,091	-	7,091
Accrued income taxes	-	(863,964)	-	(863,964)
Other current liabilities	-	(117,755)	-	(117,755)
Net Cash (used for) from Operating Activities	(5,375)	7,885,657	-	7,880,282
Investing Activities				
Telecommunications plant additions	-	(10,086,827)	-	(10,086,827)
Dividends received - equity investments	-	1,025,583	-	1,025,583
Proceeds from CoBank patronage and equity retirements	134,598	72,709	-	207,307
Change in other investments	-	2,181	-	2,181
Net Cash from (used for) Investing Activities	134,598	(8,986,354)	-	(8,851,756)
Financing Activities				
Principal payments on long-term debt	-	(2,400,000)	-	(2,400,000)
Contributed capital	(350,000)	350,000	-	-
Dividends received	1,000,000	-	(1,000,000)	-
Dividends paid	(1,000,000)	(1,000,000)	1,000,000	(1,000,000)
Net Cash used for Financing Activities	(350,000)	(3,050,000)	-	(3,400,000)
Net Change in Cash and Cash Equivalents	(220,777)	(4,150,697)	-	(4,371,474)
Cash and Cash Equivalents				
Beginning of year	440,986	9,786,125	-	10,227,111
End of year	$ 220,209	$ 5,635,428	$ -	$ 5,855,637

	TPC, Inc.	North Dakota Telephone Company	Eliminations	Consolidated
Supplementary Disclosures of Cash Flow Information				
Cash payments for interest	$ -	$ 136,364	$ -	$ 136,364
Cash payments for income taxes	$ -	$ 1,411,000	$ -	$ 1,411,000
Noncash Investing and Financing Activities				
Plant additions funded with accounts payable at year end	$ -	$ 1,386,510	$ -	$ 1,386,510