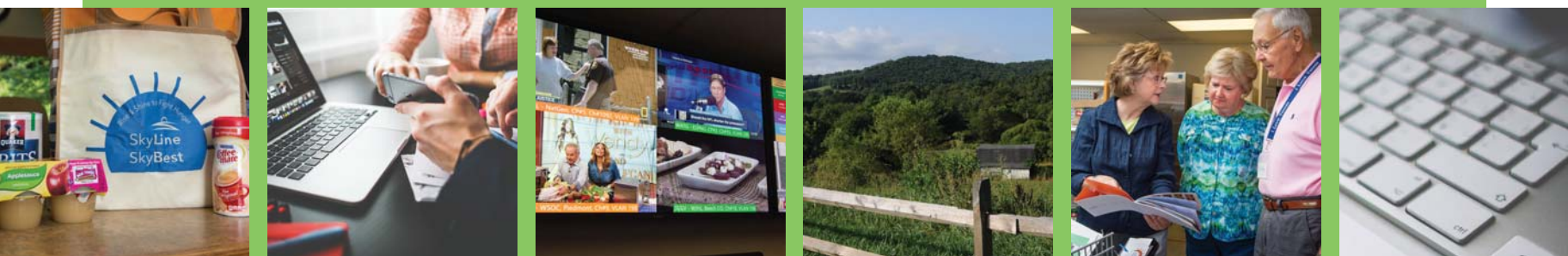

Raising the BAR

The mission of SkyLine is to provide state-of-the-art communications and technology solutions enabled by a culture of excellence in customer service.



2015 Annual Meeting Report


SkyLine
membership corp.



SKYLINE MEMBERSHIP CORPORATION
CONSOLIDATED BALANCE SHEET AND
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DEC. 31, 2014

FINANCIALS

ASSETS

2014

Current Assets:

Cash and temporary investments	\$ 4,755,623
Accounts receivable (less allowances)	1,155,136
Investment in debt and equity securities	18,468,155
Materials and supplies	1,774,972
Prepayments and deferred charges	659,340
Total Current Assets	26,813,226

Non-Current Assets:

Investment in debt and equity securities	2,569,433
Goodwill	576,000
Equity investment	16,887,877
Other investments (net)	1,452,589
Notes receivable	355,252
Total Non-Current Assets	21,841,151

Property and Equipment:

Telecommunications plant in service	210,522,586
Telecommunications plant under construction	24,865,212
Non-operating plant	357,619
Total Property and Equipment	235,745,417
Less, Accumulated Depreciation	134,931,063
Net Property and Equipment	100,814,354

Total Assets: **\$ 149,468,731**

LIABILITIES & CAPITALIZATION

2014

Current Liabilities:

Accounts payable and customer deposits	\$ 3,998,541
Advance billings and payments	-
Current maturities on long-term debt	885,450
Accrued liabilities	2,121,397
Total Current Liabilities	7,005,388

Non-Current Liabilities:

Long-term debt, less current maturities	10,981,795
Deferred compensation	666,993
Deferred revenue	1,111,360
Post-retirement benefits	3,755,100
Deferred income taxes	805,502
Total Non-Current Liabilities	17,320,750

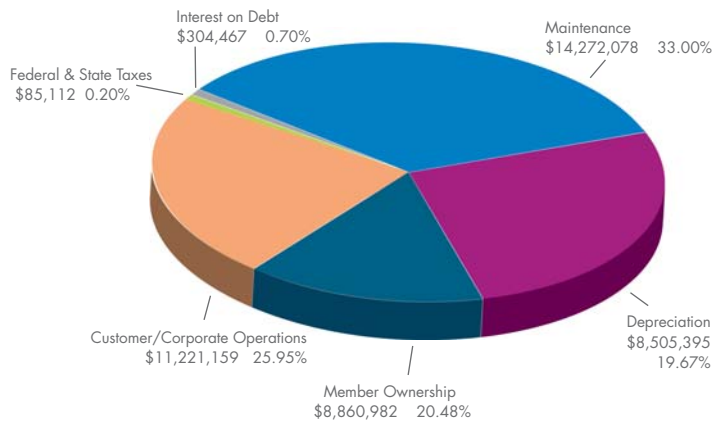
Total Liabilities: **24,326,138**

Capitalization:

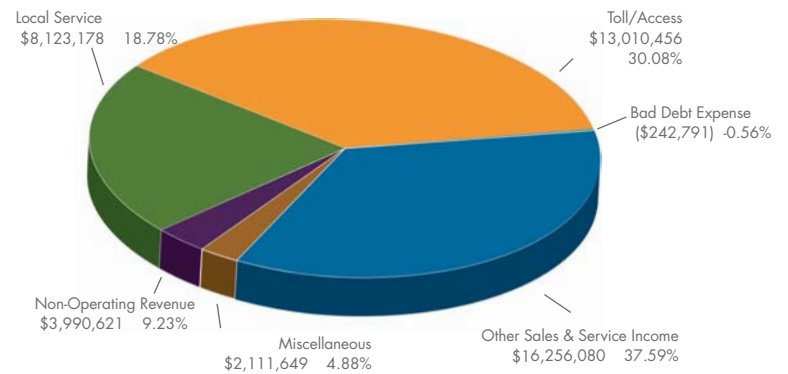
Accumulated other comprehensive income (loss)	(1,929,792)
Patronage capital	127,072,385
Total Capitalization	125,142,593

Total Liabilities and Capitalization: **\$ 149,468,731**

**How our dollars are spent:
Total \$43,249,193**



**How our dollars are received:
Total \$43,249,193**



OPERATING

2014

Operating Revenues:

Basic local network service	\$ 8,123,178
Network access and long-distance revenue	13,010,456
Other sales and services revenue	16,256,080
Other	2,111,649
Less uncollectible	(242,791)
Total Operating Revenues	<u>39,258,572</u>

Operating Expenses:

Plant specific operations	6,713,381
Plant non-specific operations	7,558,697
Depreciation	8,505,395
Customer operations	5,375,662
Corporate operations	5,845,497
Total Operating Expenses	<u>33,998,632</u>

Operating Income:

5,259,940

Non-Operating Income (Expenses):

Investment income	766,992
Allowance for funds used in construction	215,198
Earnings from equity investments (net)	2,202,218
Realized gain (loss) on sale of securities available for sale	806,213
Interest expense	(304,467)
Total Non-Operating Income	<u>3,686,154</u>

Net margins before income taxes	8,946,094
Federal and state income taxes (benefits)	85,112

Net Margins for the Year **\$ 8,860,982**

FINANCIALS

ASSETS

2014

Current Assets:

Cash	\$ 152,841
Accounts receivable - parent company	1,402,705
Other accounts receivable	525
Prepayments and deferred charges	84,556
Total Current Assets	1,640,627

Non-Current Assets:

Parent company capital credits receivable	1,354,217
Other Investments	100,001
Total Non-Current Assets	1,454,218

Property and Equipment:

Telecommunications plant in service	11,493,845
Telecommunications plant under construction	55,028
Total property and equipment	11,548,873
Less, accumulated depreciation	4,430,906
Net Property and Equipment	7,117,967

Total Assets: \$ 10,212,812

LIABILITIES & CAPITALIZATION

2014

Current Liabilities:

Accounts payable and customer deposits	\$ 99,640
Accounts payable - parent company	5,036,682
Current maturities on long-term debt	348,028
Other accrued liabilities	57,388
Total Current Liabilities	5,541,738

Non-Current Liabilities:

Long-term debt, less current maturities	1,255,327
Equity Investments	85,052
Deferred income taxes	805,502
Total Non-Current Liabilities	2,145,881

Total Liabilities: 7,687,619

Stockholder's Equity:

Capital stock	200,000
Additional paid-in capital	1,000,000
Retained earnings	1,325,193
Total Capitalization	2,525,193

Total Liabilities and Stockholder's Equity: \$ 10,212,812



OPERATING

2014

Operating Revenues:

Basic local network service	\$ 810,115
Network access and long-distance revenue	3,178,596
Other sales and services revenue	16,032,772
Other revenue	169,934
Less uncollectible	(72,052)
Total Operating Revenues	20,119,365

Operating Expenses:

Plant specific operations	1,997,150
Plant non-specific operations	9,054,379
Depreciation	1,116,556
Customer operations	3,384,090
Corporate operations	4,305,019
Total Operating Expenses	19,857,194

Operating Income (Loss):

262,171

Non-Operating Income (Expenses):

Investment income	59
Interest on long-term debt	(66,760)
Loss from equity investment	(6,672)
Allowance for funds used during construction	0
Total Non-Operating Income	(73,373)

Income before income taxes	188,798
Federal and state income taxes (benefits)	85,112

Net Income (Loss) for the Year **\$ 103,686**

Mailing Address

P.O. Box 759
1200 NC Hwy 194 N.
West Jefferson, NC 28694

Phone Numbers

Toll free: 1-800-759-2226
Phone: (336) 877-3111
Fax: (336) 877-2020

Web Addresses

www.skyline.org
www.skybest.com

Office Locations

Banner Elk
Seven Devils
Sparta
West Jefferson

Our Annual Meeting Report
is also online at:

<http://raisingthebar.skyline.org>