

Reports of Independent Auditors  
and Financial Statements

**Washington County Rural Telephone Cooperative, Inc.  
(dba Tele-Media Solutions)**

December 31, 2025 and 2024

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## **Report of Independent Auditors**

The Board of Directors and Members  
Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions) as of December 31, 2025 and 2024, 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.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report April 30, 2026, on our consideration of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s 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 Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Overland Park, Kansas

April 30, 2026

## **Financial Statements**

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**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Balance Sheets**  
**December 31, 2025 and 2024**

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	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,117,528	\$ 2,145,172
Investments	3,288,898	2,871,405
Accounts receivable	406,538	826,370
Materials and supplies	420,614	554,574
Prepaid expenses	<u>85,599</u>	<u>99,121</u>
Total current assets	<u>7,319,177</u>	<u>6,496,642</u>
<b>NONCURRENT ASSETS</b>		
Investments	749,979	1,067,732
Other investments	<u>83,529</u>	<u>115,427</u>
Total noncurrent assets	<u>833,508</u>	<u>1,183,159</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Plant in service	47,306,360	49,386,809
Plant under construction	27,554	1,691,085
Less accumulated depreciation	<u>(22,439,842)</u>	<u>(26,022,287)</u>
Net property, plant, and equipment	<u>24,894,072</u>	<u>25,055,607</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 33,046,757</u></u>	<u><u>\$ 32,735,408</u></u>

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See accompanying notes.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Balance Sheets**  
**December 31, 2025 and 2024**

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	<u>2025</u>	<u>2024</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 676,479	\$ 660,948
Accounts payable	257,415	252,930
Accrued taxes	111,851	149,070
Deferred revenue	145,772	145,772
Other current liabilities	<u>70,959</u>	<u>49,889</u>
Total current liabilities	<u>1,262,476</u>	<u>1,258,609</u>
<b>LONG-TERM DEBT</b>	<u>10,762,280</u>	<u>11,473,032</u>
<b>DEFERRED REVENUE</b>	<u>2,245,447</u>	<u>2,391,218</u>
<b>MEMBERS' EQUITY</b>		
Patronage capital	14,357,162	13,458,306
Retained margins	<u>4,419,392</u>	<u>4,154,243</u>
Total members' equity	<u>18,776,554</u>	<u>17,612,549</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u><u>\$ 33,046,757</u></u>	<u><u>\$ 32,735,408</u></u>

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See accompanying notes.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Statements of Income**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
<b>OPERATING REVENUES</b>		
Local service	\$ 261,313	\$ 283,943
Network access and support	4,935,474	4,869,050
Internet services	1,943,763	1,900,345
Miscellaneous revenues	343,297	291,498
Total operating revenues	7,483,847	7,344,836
<b>OPERATING EXPENSES</b>		
Costs of providing services		
Telephone	1,303,123	1,286,595
Internet	1,426,047	1,322,714
Other	11,404	14,975
Depreciation	2,192,832	2,187,068
Customer operations	307,024	272,914
Corporate operations	730,319	738,912
Other operating taxes	208,982	188,948
Total operating expenses	6,179,731	6,012,126
Net operating income	1,304,116	1,332,710
<b>OTHER INCOME (EXPENSE)</b>		
Investment income, net	25,353	21,430
Gain on investments	113,900	163,291
Interest expense	(253,877)	(273,766)
Allowance for funds used during construction	52,234	-
Total other expense	(62,390)	(89,045)
<b>NET MARGINS</b>	<b>\$ 1,241,726</b>	<b>\$ 1,243,665</b>

See accompanying notes.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Statements of Members' Equity**  
**Years Ended December 31, 2025 and 2024**

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	2025	2024
PATRONAGE CAPITAL, beginning of year	\$ 13,458,306	\$ 11,564,232
Margins transferred to patronage capital	976,577	1,976,229
Patronage capital retired	(77,721)	(82,155)
PATRONAGE CAPITAL, end of year	\$ 14,357,162	\$ 13,458,306
RETAINED MARGINS, beginning of year	\$ 4,154,243	\$ 4,886,807
Net margins	1,241,726	1,243,665
Margins transferred to patronage capital	(976,577)	(1,976,229)
RETAINED MARGINS, end of year	\$ 4,419,392	\$ 4,154,243
TOTAL MEMBERS' EQUITY	\$ 18,776,554	\$ 17,612,549

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See accompanying notes.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net margins	\$ 1,241,726	\$ 1,243,665
Adjustments to reconcile net margins to net cash from operating activities		
Depreciation and amortization	2,192,832	2,187,068
Gain on investments	(113,900)	(163,291)
Deferred grant revenue	(145,771)	(142,771)
Changes in operating assets and liabilities		
Accounts receivable	419,832	493,399
Other current assets	13,522	(11,132)
Accounts payable	4,485	(320,176)
Other current liabilities	(16,149)	(61,700)
	<u>3,596,577</u>	<u>3,225,062</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment, net of salvage and cost of removal	(2,031,297)	(2,153,147)
Change in materials and supplies	133,960	33,063
Purchase of investments	(7,366,561)	(9,312,308)
Proceeds from sale and maturity of investments	7,412,619	8,271,942
	<u>(1,851,279)</u>	<u>(3,160,450)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(695,221)	(646,491)
Proceeds from long-term debt	-	1,291,719
Payments of patronage capital retired	(77,721)	(82,155)
	<u>(772,942)</u>	<u>563,073</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	972,356	627,685
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,145,172</u>	<u>1,517,487</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,117,528</u>	<u>\$ 2,145,172</u>

See accompanying notes.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Note 1 – Significant Accounting Policies**

**General description of business** – Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions) (the Cooperative or Tele-Media) provides communications services to individuals and businesses located in Pekin, Indiana, and surrounding areas. The Cooperative also provides access services to inter-exchange carriers who sell long-distance telephone service to their subscribers.

**Patronage Capital** – The bylaws of the Cooperative provide that net margins from communication services are considered to be capital furnished by the patrons. Net margins are allocated to patrons' equity accounts based on each patron's business for the year. Allocated patronage is subject to redemption at the discretion of the board of directors.

**Significant accounting policies** – The accounting policies of the Cooperative conform to accounting principles generally accepted in the United States of America and reflect practices appropriate to the telephone industry. The accounting records of the Cooperative are maintained in accordance with the uniform system of accounts prescribed by the Federal Communications Commission (FCC).

**Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Cooperative's financial statements include significant estimates related to composite depreciation rates and interstate access revenues.

**Cash and cash equivalents** – For purposes of the statements of cash flows, cash equivalents consist of highly liquid investments with an original maturity of three months or less.

**Investments** – Debt securities to which the Cooperative has the positive intent and ability to hold are classified as held to maturity and stated at amortized cost. The Cooperative evaluates held-to-maturity debt securities for credit losses. No allowance for credit losses was recorded at December 31, 2025 and 2024.

Annuity investments are insurance contracts and are carried at their cash surrender value, which approximates fair value. Changes in the cash surrender value are recognized in earnings as investment income.

**Accounts receivable** – Accounts receivable from customers are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus, receivables do not bear interest, although a late payment charge may be applied to such receivables that are past due. Accounts deemed to be uncollectible are charged to bad debts monthly following approval by the Board of Directors. The Cooperative evaluates receivables for collectability and has not established an allowance for credit losses as amounts are considered immaterial. Bad debts are written off when deemed uncollectible.

**Materials and supplies** – Materials and supplies primarily consist of items used for the construction and maintenance of the Cooperative's communications network. Materials and supplies are valued at the lower of average cost or net realizable value.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Other investments** – Other investments consist of investments in partnerships and other private companies. These investments are carried at cost and do not have readily determinable fair values. Some of these entities are cooperative organizations that allocate patronage in the form of cash and equity to the holder of the investment. Cash received for patronage retirements reduces the investment and is not included in earnings.

**Property, plant, and equipment** – Property, plant, and equipment is stated at the original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions and substantial betterments of property, plant, and equipment is capitalized, net of aid to construction and grant funds. The cost of maintenance and repairs is charged to operating expenses. The Cooperative records as income and capitalizes as a cost of construction, the cost of financing longer term or large construction projects. Capitalized interest is presented in the statements of income as allowance for funds used during construction.

Regulated property, plant, and equipment are depreciated using straight-line methods over their estimated useful lives. In accordance with composite group depreciation methodology, when a portion of the Cooperative's regulated depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation with no gain or loss recorded.

Depreciation on the Cooperative's nonregulated plant is provided by the straight-line method over the estimated useful lives of the assets. Upon retirement, sale, or other disposition of nonregulated plant, the cost and related accumulated depreciation are removed from the related accounts and the resulting gains or losses are included in net margins.

**Long-lived assets** – Long-lived assets are reviewed whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. When such events occur, the Cooperative determines potential impairment by comparing the carrying value of its assets with the sum of the undiscounted cash flows expected to be provided by operating and eventually disposing of the asset. Should the sum of the expected future net cash flows be less than carrying values, the Cooperative would determine whether an impairment loss should be recognized. No impairment losses on long-lived assets have been identified in the financial statements.

**Government grants** – All grant funding received is recorded as deferred revenue and is being amortized into revenue over the life of the related broadband facilities, which is 20 years for distribution plant and ten years for electronics. The Cooperative recognized \$141,771 of revenue related to amortization of the government grant deferred revenue for the years ended December 31, 2025 and 2024, respectively, which is included in miscellaneous operating revenue in the statements of income.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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

**Level 1** – Quoted prices in active markets for identical assets or liabilities that the Cooperative has the ability to access at the measurement date.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

**Revenue recognition** – The Cooperative primarily provides local telephone service, broadband internet service, network access, and long-distance to end user and enterprise customers within its geographic footprint. Most of the Cooperative's revenue is based on month-to-month contracts.

The Cooperative recognizes revenue for services as it provides the applicable service or when control of a product is transferred. Recognition of certain payments received in advance of services provided is deferred until the service is provided i.e., when the Cooperative satisfies its performance obligation.

Monthly service fees derived from local telephone and broadband services are billed one month in advance but recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned for originating/terminating long-distance calls), and long distance are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Customer contracts that include both equipment and services are evaluated to determine whether performance obligations are separable. If the performance obligations are deemed separable and separate earnings process exists, the total transaction price with the customer is allocated to each performance obligation based on the relative standalone selling price of the separate performance obligation. The standalone selling price is the price charged to similar customers for the individual services or equipment.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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Network access and support revenues include settlements based on the Cooperative's participation in the revenue pools administered by the NECA. Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared after each calendar year end and therefore, the related revenues are recorded on the books based on an estimate of the Cooperative's costs, NECA pool earnings, and on other assumptions related to information utilized in the preparation of the Cooperative's cost study. The studies are subject to a 24-month pool earnings adjustment period and a review of the study by NECA. There were insignificant adjustments related to prior year differences between the recorded estimates and actual revenues. Management does not anticipate that 2025 and 2024 recorded revenues will require significant adjustments in future years.

Network access and support revenues also include universal service support revenue that is intended to compensate the Cooperative for the high cost of providing rural telephone and broadband service. The Cooperative receives Universal Service Fund (USF) payments through the Enhanced Alternative Connect American Cost Model (E-ACAM) and Connect American Fund Intercarrier Compensation (CAF ICC). E-ACAM settlements are provided for a 15-year period and are based on funding the construction of broadband connectivity to predetermined eligible locations with a buildout requirement of 100% of broadband locations subject to E-ACAM support by December 31, 2028, with support continuing through 2038. Support from CAF ICC is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. Indiana Universal Service is a state fund provided to telecommunications companies and is a fixed monthly payment.

**Regulation** – The Cooperative's services are subject to rate regulation as follows:

- Indiana Universal Service and intrastate access services are regulated by the Indiana Utility Regulatory Commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate terminating access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal Service support revenues are administered by Universal Service Administrative Company (USAC), based on rules established by the FCC.

**Taxes imposed by governmental authorities** – The Cooperative's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions. These specific taxes are charged to and collected from customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Income taxes** – The Cooperative is exempt from income tax on income received from its members. The Cooperative's unrelated business income is subject to federal and state income taxes which is immaterial.

The Cooperative records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2025 and 2024, the Cooperative had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively.

**Concentrations of credit risk** – Cash deposits at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Brokerage accounts are insured by the Security Investors Protection Corporation up to \$500,000.

**Revenue concentration** – Revenue from NECA settlements and universal service support was approximately 46% and 48% of total operating revenue in 2025 and 2024, respectively. Pending and future regulatory reforms may impact the Company's USF and network access revenues.

**Supplemental cash flow information** – The Cooperative paid interest, net of capitalized interest, of \$201,643 and \$273,766 during 2025 and 2024, respectively. Cash paid for income taxes was insignificant.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheets date but before the financial statements are available to be issued. The Cooperative recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheets, including the estimates inherent in the process of preparing the financial statements. The Cooperative's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheets but arose after the balance sheets date and before the financial statements are available to be issued.

Subsequent events have been evaluated through the date the financial statements were available to be issued, which is April 30, 2026.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Note 2 – Investments**

Investments consist of the following at December 31:

	2025	2024
Current investments		
Certificates of deposit	\$ 146,001	\$ 368,002
Debt securities	3,142,897	2,503,403
Total current investments	3,288,898	2,871,405
Long-term investments		
Certificates of deposit	369,927	516,371
Debt securities	-	551,361
Annuities	380,052	-
Total long-term investments	749,979	1,067,732
Total investments	\$ 4,038,877	\$ 3,939,137

The following table provides information about scheduled maturities, carrying amounts, fair values as determined by Level 2 inputs of the fair value hierarchy, and the gain or loss position of the Cooperative's investments:

	December 31, 2025			
	Carrying Amount	Fair Value	Unrealized Gains	Unrealized Losses
Maturing within one year	\$ 3,288,898	\$ 3,312,350	\$ 23,517	\$ (65)
Maturing 1-5 years	369,927	366,200	5,720	(9,447)
Total	\$ 3,658,825	\$ 3,678,550	\$ 29,237	\$ (9,512)
	December 31, 2024			
	Carrying Amount	Fair Value	Unrealized Gains	Unrealized Losses
Maturing within one year	\$ 2,871,405	\$ 2,885,542	\$ 14,137	\$ -
Maturing 1-5 years	1,067,732	1,059,396	5,509	(8,336)
Total	\$ 3,939,137	\$ 3,944,938	\$ 19,646	\$ (8,336)

Unrealized gains (losses) on debt securities are generally the result of changes in interest rates and are considered to be temporary.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Note 3 – Property, Plant, and Equipment**

The major classes of property are detailed below at December 31:

	Life (Years)	Plant Account	Accumulated Depreciation	2025 Net Balance	2024 Net Balance
Land	N/A	\$ 63,493	\$ -	\$ 63,493	\$ 63,493
Buildings	40	1,586,344	1,049,719	536,625	576,283
Furniture and office equipment	3-10	273,311	254,624	18,687	20,482
Vehicles and work equipment	5-10	982,547	958,547	24,000	81,976
Central office equipment	10	8,039,490	7,689,893	349,597	664,135
Distribution plant	20-25	34,588,210	10,868,123	23,720,087	21,799,770
Internet and other nonreg	3-10	1,772,965	1,618,936	154,029	158,383
Plant under construction	N/A	27,554	-	27,554	1,691,085
Total		<u>\$ 47,333,914</u>	<u>\$ 22,439,842</u>	<u>\$ 24,894,072</u>	<u>\$ 25,055,607</u>

Capitalized interest added to plant under construction and plant in service was \$52,234 and \$0 during the years ended December 31, 2025 and 2024.

**Note 4 – Long-term Debt**

On July 23, 2019, the Cooperative signed a promissory note to borrow up to \$14,359,000 from the United States of America acting through the Administrator of the Rural Utilities Service (RUS). This loan is secured by all assets of the Cooperative. The loan agreements provide for various restrictions on payment of patronage capital based on the ratio of net worth to total assets as defined. The loan agreements also require the Cooperative to meet a certain Times Interest Earned Ratio (TIER).

Long-term debt consists of the following at December 31:

	Interest Rate	Date of Maturity	2025	2024
RUS	1.10%–3.46%, fixed	7/23/2040	\$ 11,438,759	\$ 12,133,980
Less current maturities			<u>(676,479)</u>	<u>(660,948)</u>
Total long-term debt			<u>\$ 10,762,280</u>	<u>\$ 11,473,032</u>

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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The following amounts represent the principal payments due under long-term debt agreements during the next five years:

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 676,479
2027	691,715
2028	706,723
2029	723,456
2030	740,009
Thereafter	<u>7,900,377</u>
Total	<u>\$ 11,438,759</u>

**Note 5 – Pension Plan**

**Multiple employer defined benefit plan** – The Cooperative participates in a multiple employer defined benefit pension plan covering substantially all of its employees. The legal plan name is Retirement & Security Program for Employees of the National Telecommunications Cooperative Association and Its Member Systems. The employer identification number/plan number is 52-0741336/333. The risks of participating in this multiple employer plan are different from single-employer plans in the following aspects: a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and c) if the Cooperative chooses to stop participating in the multiple employer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Contributions to the plan are paid for the first eight months of each plan year and are calculated as a percentage of eligible employees' compensation. Total pension contributions during the years ended December 31, 2025 and 2024, were \$131,332 and \$121,185, respectively. These contributions represent less than 5% of the total contributions to the plan as indicated in the plan's most recently available annual report (Form 5500) for the year ended December 31, 2024. This plan does not have a certified zone status because the program is considered a multiple employer plan pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 (ERISA).

**401(k) plan** – The Cooperative has a 401(k) plan covering substantially all of its employees which began in January 2023. The Cooperative made contributions to the plan of 4% of union employee's and 5% of nonunion employee's wages totaling \$35,999 and \$37,179 for years ended December 31, 2025 and 2024, respectively.

**Washington County Rural Telephone Cooperative, Inc.**  
**(dba Tele-Media Solutions)**  
**Notes to Financial Statements**

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**Note 6 – Revenue Recognition**

Revenue from contracts with customers includes the following for the years ended December 31:

	2025		
	Total	Revenue From Contracts With Customers	Other Revenue
Local service	\$ 261,313	\$ 261,313	\$ -
Network access and support	4,935,474	1,494,045	3,441,429
Internet services	1,943,763	1,943,763	-
Miscellaneous revenues	343,297	140,763	202,534
Total	<u>\$ 7,483,847</u>	<u>\$ 3,839,884</u>	<u>\$ 3,643,963</u>
	2024		
	Total	Revenue From Contracts With Customers	Other Revenue
Local service	\$ 283,943	\$ 283,943	\$ -
Network access and support	4,869,050	1,365,682	3,503,368
Internet services	1,900,345	1,900,345	-
Miscellaneous revenues	291,498	88,834	202,664
Total	<u>\$ 7,344,836</u>	<u>\$ 3,638,804</u>	<u>\$ 3,706,032</u>

Other revenue includes federal and state universal service, NECA settlements, rental revenues, grant revenues, and other miscellaneous revenues which are not considered revenue from contracts with customers.

Most of the Cooperative's revenues from contracts with customers are recognized over time as customers receive the services. Revenue from sales and installations of equipment or other nonrecurring services are recognized at a point in time when control of the equipment is transferred or when service is rendered.

The Cooperative does not have material contract assets or liabilities. Contract acquisition costs such as sales commissions are assessed each year to determine if they qualify for capitalization and deferral over the contract period or estimated life of the new customer. These costs were determined to be immaterial to the financial statements and expense in the period incurred. Fulfillment costs associated with contracts with customers primarily include network assets installed to serve the customer. These costs are accounted for under ASC 360, *Property, Plant, and Equipment*.

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)

We have audited, in accordance with the 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 financial statements of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions) which comprise the balance sheet as of December 31, 2025, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2026.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Washington County Rural Telephone Cooperative, Inc. (dba Tele-Media Solutions)'s financial statements are free of 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 financial statements. 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*.

***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.

*Baker Tilly US, LLP*

Overland Park, Kansas  
April 30, 2026

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