

December 31, 2017 and 2016

## KALAMA TELEPHONE COMPANY, INC.

(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

**Reviewed Financial Statements** 

December 31, 2017 and 2016

# 

## **REVIEWED FINANCIAL STATEMENTS**

Balance Sheets	2-3
Statements of Operations and Retained Earnings	4
Statements of Cash Flows	5-6
Notes to Financial Statements	7-15

Independent Accountant's Review Report

Board of Directors Kalama Telephone Company, Inc. Kalama, Washington

We have reviewed the accompanying financial statements of Kalama Telephone Company, Inc. (a wholly-owned subsidiary of Scatter Creek, Ltd.) (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and retained earnings and cash flows for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

## 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.

## Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

## Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## JOHNSON, STONE & PAGANO, P.S.

February 23, 2018

# **REVIEWED FINANCIAL STATEMENTS**

## KALAMA TELEPHONE COMPANY, INC.

(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

#### **BALANCE SHEETS**

December 31, 2017 and 2016

## **ASSETS**

## CURRENT ASSETS

Cash Short-term investments Telecommunications accounts receivable - less allowances for doubtful accounts Materials and supplies - at average cost Prepaid expenses Recoverable federal income taxes

#### **Total Current Assets**

## NONCURRENT ASSETS

Deferred federal income tax benefits

#### **Total Noncurrent Assets**

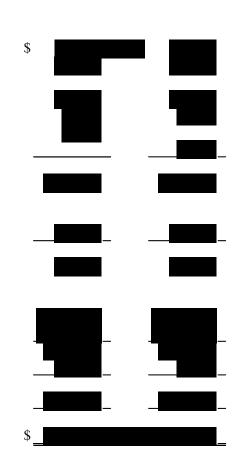
#### PROPERTY, PLANT AND EQUIPMENT

Telecommunications plant in service Less allowances for depreciation

Telecommunications plant under construction

#### **Total Telecommunications Plant**

#### TOTAL ASSETS



**KALAMA TELEPHONE COMPANY, INC.** (A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

# BALANCE SHEETS (Continued)

December 31, 2017 and 2016

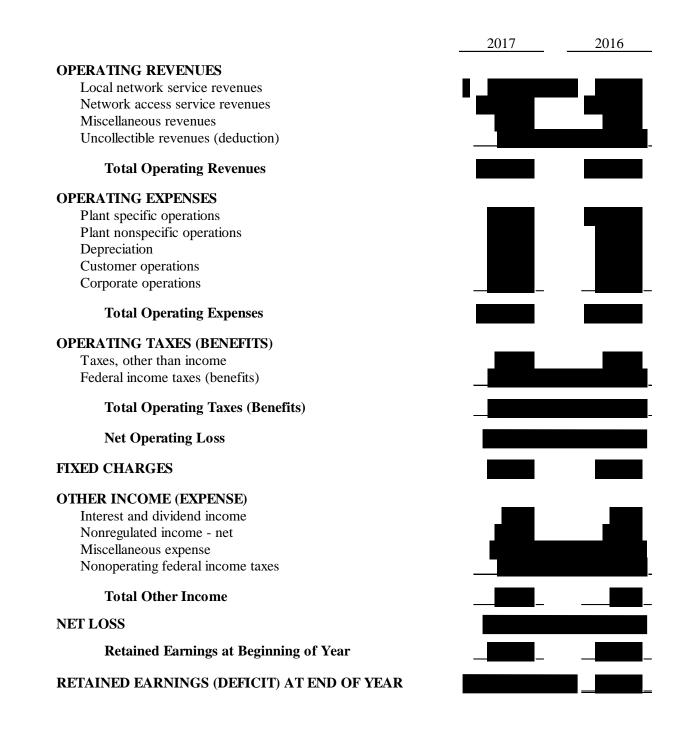
	2017	2016
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES	_	
Accounts payable		
Taxes, other than income taxes		
Deferred revenue Other current liabilities		
Federal income taxes payable		
rederar income taxes payable		
Total Current Liabilities		
DUE TO AFFILIATED COMPANIES		
Total Liabilities		
STOCKHOLDER'S EQUITY		
Common stock		
Class A, par value \$10 per share		
Authorized - 3,000 shares		
Issued and outstanding - 2,100 shares		
Class B, par value \$10 per share		
Authorized - 2,000 shares		
Issued and outstanding - 1,400 shares		
Retained earnings (deficit)		
Total Stockholder's Equity	_	
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		_

## KALAMA TELEPHONE COMPANY, INC.

(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

## STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Years Ended December 31, 2017 and 2016



# KALAMA TELEPHONE COMPANY, INC.

(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss		
Adjustments to reconcile net loss to net cash		
provided by operating activities		
Depreciation of telecommunications plant		
Deferred federal income tax benefits		
Accrued interest on amounts due to affiliated companies		
Net change in operating assets and liabilities		
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in short-term investments		
Additions to telecommunications plant		
Salvage on retired telecommunications plant		
Net Cash Used by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in due to affiliated companies		
Net Cash Provided (Used) by Financing Activities		
NET INCREASE (DECREASE) IN CASH		
Cash at Beginning of Year	_	
CASH AT END OF YEAR	\$	

# KALAMA TELEPHONE COMPANY, INC.

(A Wholly-Owned Subsidiary of Scatter Creek, Ltd.)

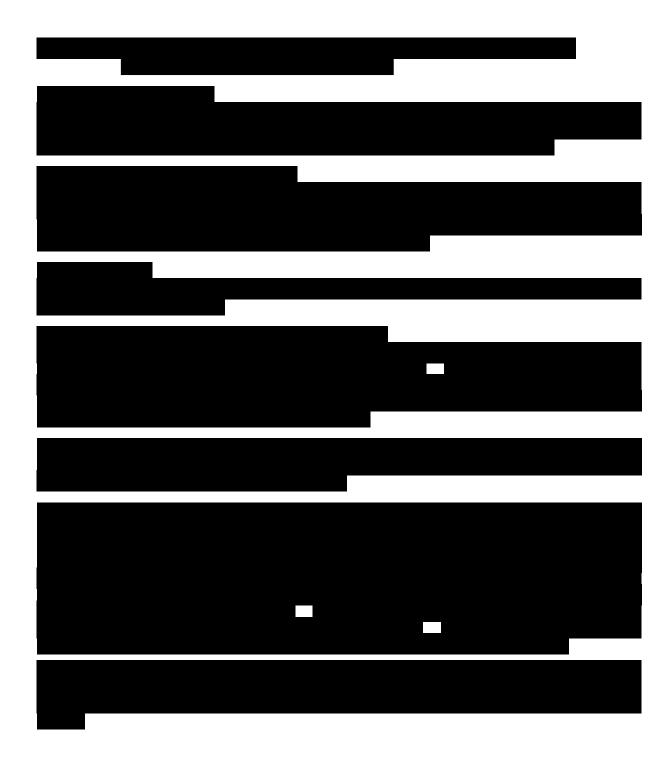
STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2017 and 2016

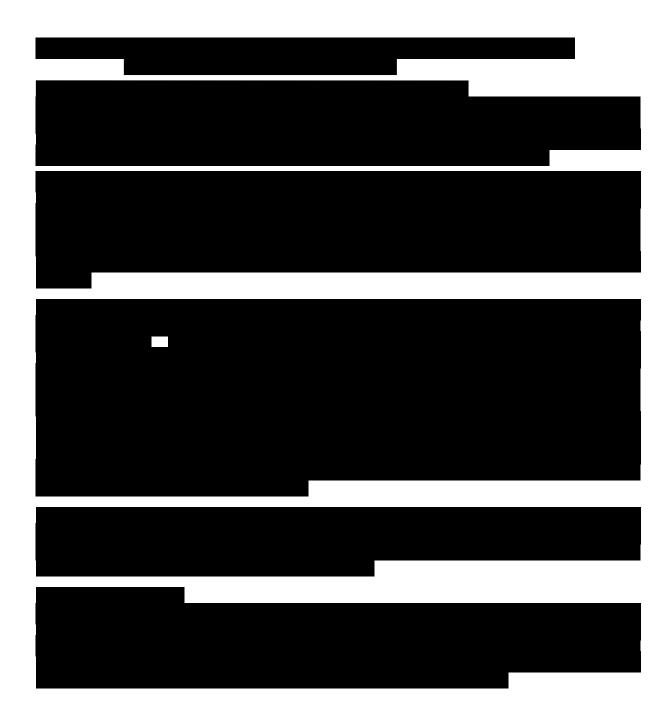
	2017	2016
COMPONENTS OF NET CHANGE IN OPERATING		
ASSETS AND LIABILITIES		
(Increase) decrease in assets		
Telecommunications accounts receivable		
Materials and supplies		
Prepaid expenses		
Recoverable federal income taxes		
Increase (decrease) in liabilities		
Accounts payable		
Taxes, other than income taxes		
Deferred revenue		
Other current liabilities		
Federal income taxes payable		
Net Change in Operating Assets and Liabilities		
SUPPLEMENTAL DISCLOSURES OF CASH FLOW		

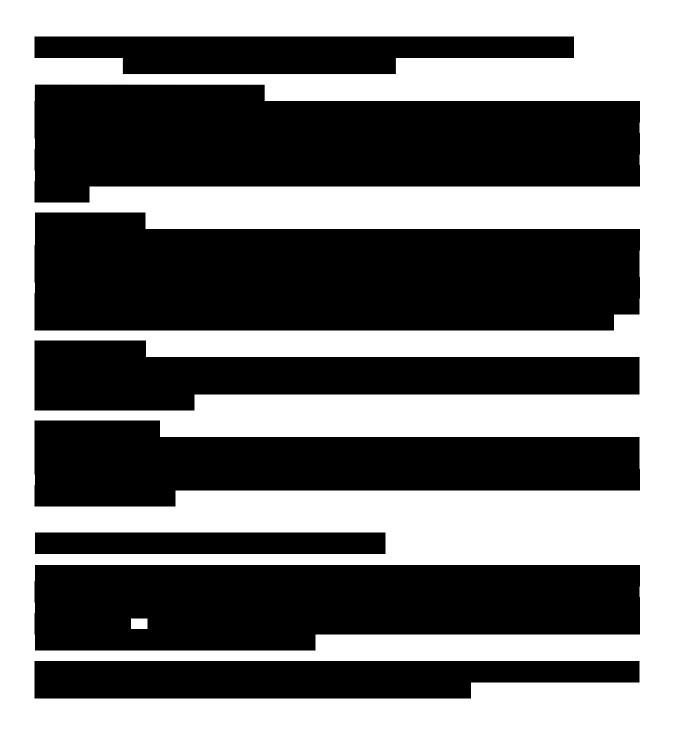
INFORMATION

Federal income taxes refunded

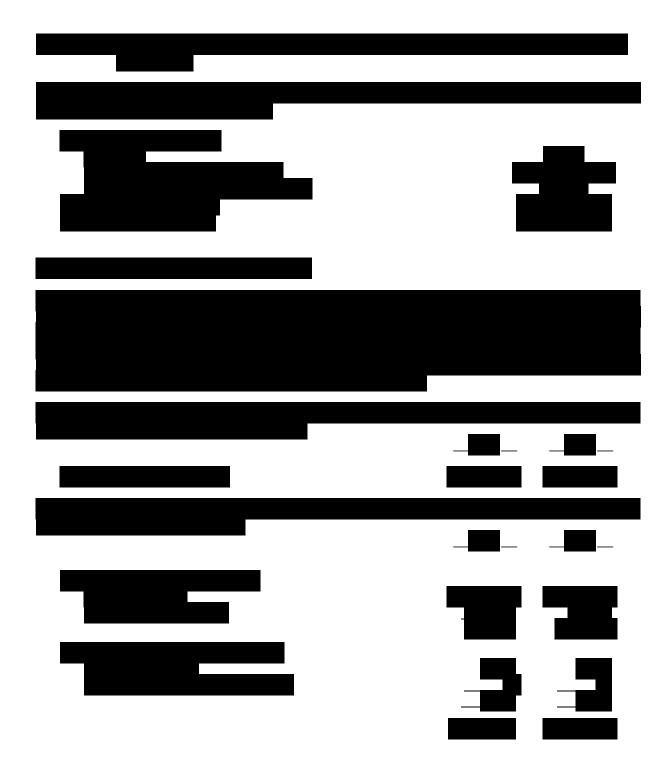


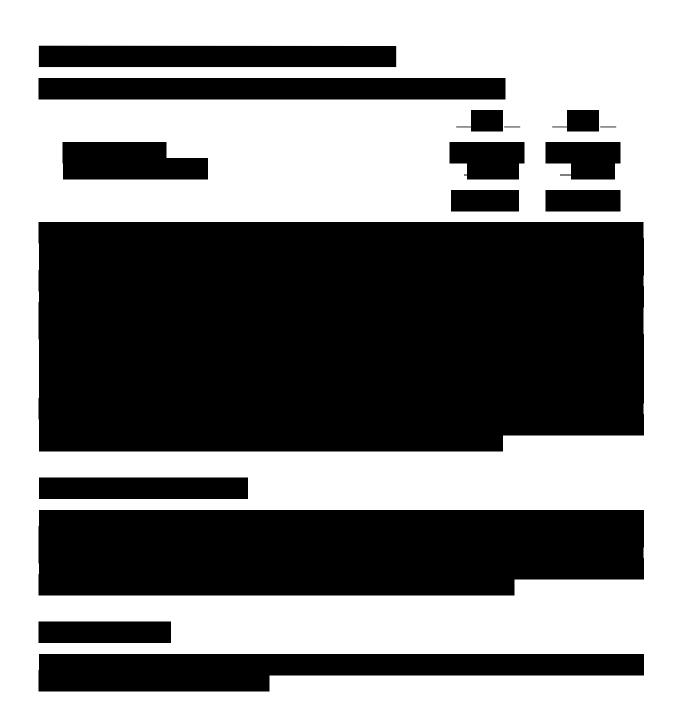


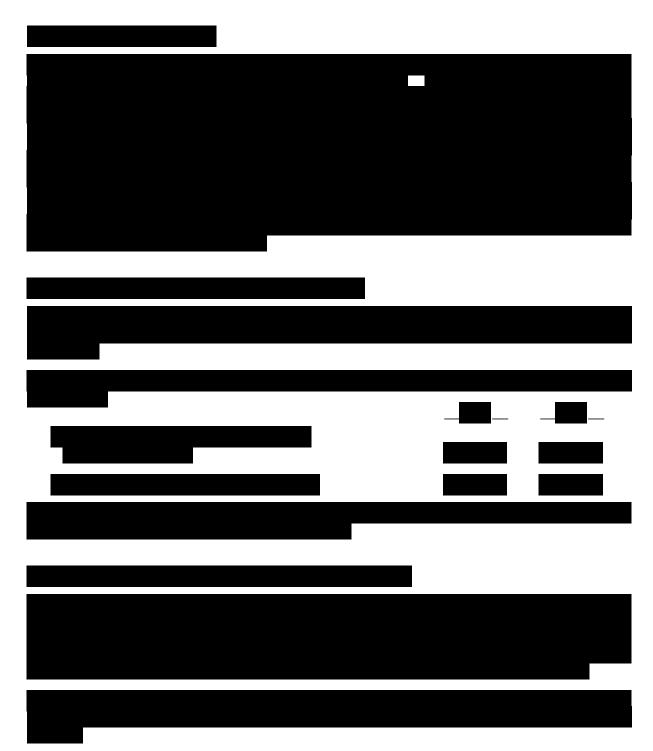




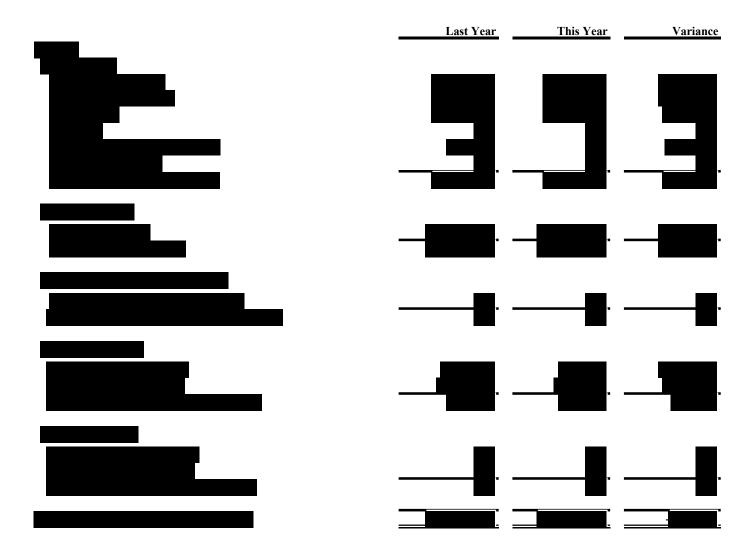




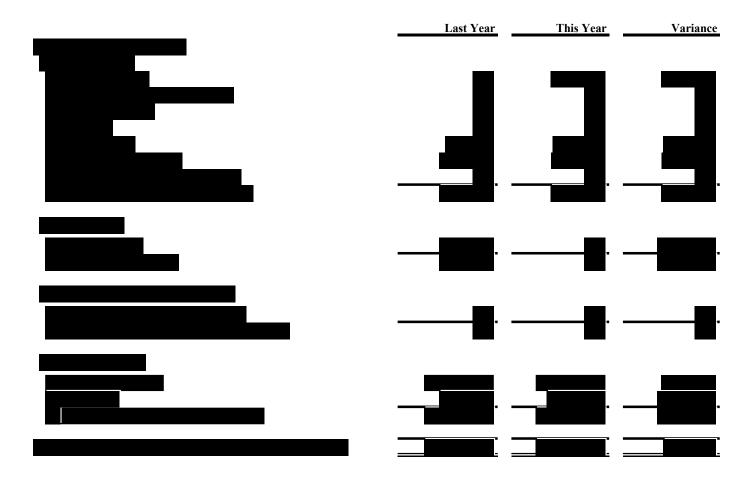




# Scatter Creek Ltd BALANCE SHEET FOR DECEMBER 31, 2017



# Scatter Creek Ltd BALANCE SHEET FOR DECEMBER 31, 2017



# Scatter Creek Ltd INCOME STATEMENT FOR DECEMBER 31, 2017

