ATN International, Inc.
Form 10-Q
November 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-12593

ATN INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	47-0728886
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

500 Cummings Center

Beverly, MA 01915

(Address of principal executive offices, including zip code)

(978) 619-1300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes No

As of November 9, 2018, the registrant had outstanding 15,965,472 shares of its common stock ($.01 par value).

ATN INTERNATIONAL, INC.

FORM 10-Q

Quarter Ended September 30, 2018

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (or the "Report") contains forward-looking statements relating to, among other matters, our future financial performance and results of operations; the estimated timeline for the rebuilding of our operations and revenues from our customers in the U.S. Virgin Islands following the hurricanes; our estimates of total losses due to the hurricanes and our estimated costs of restoring hurricane-damaged services; the competitive environment in our key markets, demand for our services and industry trends; the pace of expansion and improvement of our telecommunications network and renewable energy operations including our level of estimated future capital expenditures and our realization of the benefits of these investments; the anticipated timing of our build schedule and energy production of our India renewable energy projects; expectations regarding our revenue, expenses and financial performance; the impact of new accounting pronouncements; our satisfaction of performance obligations; the impact of litigation; the sufficiency of our cash and our expectations regarding capital expenditures and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) our ability to restore our networks and services to our customers in the U.S. Virgin Islands in an efficient and timely manner and to obtain governmental or other support necessary to fully restore services in the U.S. Virgin Islands; (2) our ability to receive financial support from the government for our rebuild in the U.S. Virgin Islands and the timing of such support (3) our ability to execute planned network expansions and upgrades in our various markets; (4) the general performance of our operations, including operating margins, revenues, capital expenditures, and the future growth and retention of our major customers and subscriber base and consumer demand for solar power; (5) government regulation of our businesses, which may impact our Federal Communications Commission ("FCC") and other telecommunications licenses or our renewables business; (6) economic, political and other risks facing our operations; (7) our ability to maintain favorable roaming arrangements and satisfy the needs and demands of our major wireless customers; (8) our ability to efficiently and cost-effectively upgrade our networks and IT platforms to address rapid and significant technological changes in the telecommunications industry; (9) the loss of or an inability to recruit skilled personnel in our various jurisdictions, including key members of management; (10) our ability to find investment or acquisition or disposition opportunities that fit the strategic goals of the Company; (11) increased competition; (12) our ability to expand our renewable energy business; (13) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (14) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (15) the occurrence of weather events and natural catastrophes; (16) our continued access to capital and credit markets; (17) the risk of currency fluctuation for those markets in which we operate; and (18) our ability to realize the value that we believe exists in our businesses. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 1, 2018 as may be updated by our Quarterly Reports on Form 10-Q and the other reports we file from time to time with the SEC. Except as required by law, the Company undertakes no obligation and has no intention to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report, the words "the Company", "we," "our," "ours," "us" and "ATN" refer to ATN International, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of, or licensed by, ATN and its subsidiaries.

Reference to dollars ($) refer to U.S. dollars unless otherwise specifically indicated.

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 161,112	$ 207,956
Restricted cash	1,071	833
Short-term investments	314	7,076
Accounts receivable, net of allowances of $15.3 million and $15.0 million, respectively	44,094	43,529
Inventory, materials and supplies	7,990	15,398
Prepayments and other current assets	37,239	68,136
Assets held for sale	97,477	—
Total current assets	349,297	342,928
Fixed Assets:		
Property, plant and equipment	1,157,566	1,169,806
Less accumulated depreciation	(543,139)	(526,660)
Net fixed assets	614,427	643,146
Telecommunication licenses, net	95,952	95,952
Goodwill	63,970	63,970
Customer relationships, net	9,863	11,734
Restricted cash	11,768	11,101
Other assets	38,773	36,774
Total assets	$ 1,184,050	$ 1,205,605
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 4,688	$ 10,919
Accounts payable and accrued liabilities	96,387	116,133
Dividends payable	2,713	2,724
Accrued taxes	12,789	6,751
Advance payments and deposits	18,076	25,178
Liabilities held for sale	80,673	—
Total current liabilities	215,326	161,705
Deferred income taxes	7,614	31,732
Other liabilities	44,880	37,072
Long-term debt, excluding current portion	87,183	144,873
Total liabilities	355,003	375,382

Commitments and contingencies (Note 13)		
ATN International, Inc. Stockholders’ Equity:		
Preferred stock, $0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value per share; 50,000,000 shares authorized; 17,130,894 and 17,102,530 shares issued, respectively, 15,958,952 and 16,025,745 shares outstanding respectively	170	170
Treasury stock, at cost; 1,171,942 and 1,076,785 shares, respectively	(40,285)	(36,110)
Additional paid-in capital	174,914	167,973
Retained earnings	565,180	552,948
Accumulated other comprehensive income	(2,324)	3,746
Total ATN International, Inc. stockholders’ equity	697,655	688,727
Non-controlling interests	131,392	141,496
Total equity	829,047	830,223
Total liabilities and equity	$ 1,184,050	$ 1,205,605

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

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(Unaudited)

(In thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
REVENUE:				
Wireless	$ 52,003	$ 60,305	$ 153,046	$ 175,777
Wireline	63,717	56,817	173,083	182,777
Renewable energy	5,418	5,010	17,272	14,938
Total revenue	121,138	122,132	343,401	373,492
OPERATING EXPENSES (excluding depreciation and amortization unless otherwise indicated):				
Termination and access fees	29,866	30,554	84,037	94,478
Engineering and operations	18,177	18,852	54,738	57,881
Sales, marketing and customer service	8,995	8,440	25,969	26,176
General and administrative	25,210	26,660	77,470	77,089
Transaction-related charges	178	61	642	887
Depreciation and amortization	21,384	21,157	64,602	65,904
(Gain) loss on disposition of long-lived assets	(13,496)	(593)	(15,509)	513
Loss on damaged assets and other hurricane related charges, net of insurance recovery	-	36,566	666	36,566
Total operating expenses	90,314	141,697	292,615	359,494
Income (loss) from operations	30,824	(19,565)	50,786	13,998
OTHER INCOME (EXPENSE)				
Interest income	568	453	1,420	1087
Interest expense	(2,229)	(2,098)	(6,759)	(6,567)
Loss on deconsolidation of subsidiary	—	—	—	(529)
Other expenses	(1,244)	(650)	(3,042)	(1,631)
Other expense, net	(2,905)	(2,295)	(8,381)	(7,640)
INCOME (LOSS) BEFORE INCOME TAXES	27,919	(21,860)	42,405	6,358
Income tax provisions (benefit)	7,010	(884)	13,018	4,839
NET INCOME (LOSS)	20,909	(20,976)	29,387	1,519
Net income attributable to non-controlling interests, net of tax expense of $0.5 million, $0.3 million, $1.1 million, and $0.7 million, respectively.	(3,887)	(3,784)	(10,705)	(13,535)
NET INCOME (LOSS) ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS	$ 17,022	$ (24,760)	$ 18,682	$ (12,016)
NET INCOME (LOSS) PER WEIGHTED AVERAGE SHARE ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS:				

Basic	$ 1.07	$ (1.53)	$ 1.17	$ (0.74)
Diluted	$ 1.06	$ (1.53)	$ 1.16	$ (0.74)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	15,958	16,178	15,987	16,177
Diluted	16,021	16,178	16,042	16,177
DIVIDENDS PER SHARE APPLICABLE TO COMMON STOCK	$ 0.17	$ 0.17	$ 0.51	$ 0.85

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

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ 20,909	$ (20,976)	$ 29,387	$ 1,519
Other comprehensive income:				
Foreign currency translation adjustment	(2,510)	(1,311)	(6,093)	921
Reclassifications of gains on sale of marketable securities to net income	—	—	—	(1,044)
Unrealized gain (loss) on securities	45	67	226	(65)
Projected pension benefit obligation, net of tax of $0.0 million, $0.0 million, $0.0 million, and $0.4 million, respectively	—	—	—	513
Other comprehensive income (loss), net of tax	(2,465)	(1,244)	(5,867)	325
Comprehensive income (loss)	18,444	(22,220)	23,520	1,844
Less: Comprehensive income attributable to non-controlling interests	(3,887)	(3,784)	(10,705)	(13,535)
Comprehensive income (loss) attributable to ATN International, Inc.	$ 14,557	$ (26,004)	$ 12,815	$ (11,691)

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

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER, 30 2018 AND 2017

(Unaudited)

(In thousands)

	Nine Months Ended September 30, 2018	2017
Cash flows from operating activities:		
Net income	$ 29,387	$ 1,519
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	64,602	65,904
Provision for doubtful accounts	4,199	3,041
Amortization and write off of debt discount and debt issuance costs	591	458
Stock-based compensation	5,071	5,437
Unrealized loss on foreign currency	1,951	—
Deferred income taxes	(3,062)	1,456
Loss on equity method investments	—	2,033
Loss on damaged assets from Hurricanes	—	35,213
(Gain) Loss on disposition of long-lived assets	(15,509)	513
Gain on sale of investments	—	(1,055)
Loss on deconsolidation of subsidiary	—	529
Other non-cash activity	246	512
Changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions:		
Accounts receivable	(7,257)	(8,456)
Materials and supplies, prepayments, and other current assets	(715)	(1,875)
Prepaid income taxes	3,147	995
Accounts payable and accrued liabilities, advance payments and deposits and other current liabilities	6,926	13,642
Accrued taxes	7,410	(8,966)
Other assets	139	3,794
Other liabilities	888	7,294
Net cash provided by operating activities	98,014	121,988
Cash flows from investing activities:		
Capital expenditures	(75,375)	(108,276)
Hurricane rebuild capital expenditures	(78,903)	—
Hurricane insurance proceeds	34,606	—
Receipt of government grants	5,400	—
Purchase of strategic investments	(3,000)	(18,107)
Divestiture of businesses, net of transferred cash of $0.0 million and $2.1 million, respectively	926	22,381
Acquisition of businesses, net of acquired cash of $0.0 million	—	(1,183)

Purchases of spectrum licenses and other intangible assets, including deposits	—	(36,832)
Proceeds from sale of investments	6,564	2,761
Proceeds from sale of assets	4,130	—
Net cash used in investing activities	(105,652)	(139,256)
Cash flows from financing activities:		
Dividends paid on common stock	(8,153)	(16,502)
Proceeds from new borrowings	—	8,571
Distribution to non-controlling interests	(15,271)	(3,583)
Payment of debt issuance costs	—	(326)
Proceeds from stock option exercises	72	931
Principal repayments of term loan	(5,723)	(5,446)
Repurchase of common stock	(3,677)	(11,139)
Acquisition of businesses, net of acquired cash of $0.0 million	—	(1,178)
Repurchases of non-controlling interests	(5,196)	(1,104)
Investments made by minority shareholders in consolidated affiliates	—	122
Net cash used in provided by financing activities	(37,948)	(29,654)
Effect of foreign currency exchange rates on cash and cash equivalents	(353)	200
Net change in cash, cash equivalents, and restricted cash	(45,939)	(46,722)
Total cash, cash equivalents, and restricted cash, beginning of period	219,890	288,358
Total cash, cash equivalents, and restricted cash, end of period	$ 173,951	$ 241,636
Noncash investing activity:		
Transfer from inventory, materials and supplies to property, plant and equipment	$ 6,708	$ —
Purchases of property, plant and equipment included in accounts payable and accrued expenses	$ 13,202	$ 15,668

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

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.ORGANIZATION AND BUSINESS OPERATIONS

The Company is a holding company that, through its operating subsidiaries, (i) provides wireless and wireline telecommunications services in North America, Bermuda and the Caribbean, (ii) develops, owns and operates commercial distributed generation solar power systems in the United States and India, and (iii) owns and operates terrestrial and submarine fiber optic transport systems in the United States and the Caribbean. The Company was incorporated in Delaware in 1987 and began trading publicly in 1991. Since that time, the Company has engaged in strategic acquisitions and investments to grow its operations. The Company actively evaluates additional domestic and international acquisition, divestiture, and investment opportunities and other strategic transactions in the telecommunications, energy-related and other industries that meet its return-on-investment and other acquisition criteria.

The Company offers the following principal services:

- Wireless. In the United States, the Company offers wholesale wireless voice and data roaming services to national, regional, local and selected international wireless carriers in rural markets located principally in the Southwest and Midwest United States. The Company also offers wireless voice and data services to retail and wholesale customers in Bermuda, Guyana, the U.S. Virgin Islands, and the United States.

- Wireline. The Company's wireline services include local telephone and data services in Bermuda, the Cayman Islands, Guyana, the U.S. Virgin Islands, and the United States. The Company's wireline services also include video services in Bermuda, the Cayman Islands, and the U.S. Virgin Islands. The Company offers wholesale long distance voice services to telecommunications carriers. Through March 8, 2017, the Company also offered facilities based integrated voice and data communications services and wholesale transport services to enterprise and residential customers in New England, primarily Vermont, and in New York State.

- Renewable Energy. In the United States, the Company provided distributed generation solar power to corporate and municipal customers through November 6, 2018. The Company also owns and develops projects in India providing distributed generation solar power to corporate customers.

The following chart summarizes the operating activities of the Company's principal subsidiaries, the segments in which the Company reports its revenue and the markets it served as of September 30, 2018:

Segment	Services	Markets	Tradenames

U.S. Telecom	Wireless	United States (rural markets)	Commnet, Choice, Choice NTUA Wireless, WestNet, Geoverse
	Wireline	United States	Essextel, Deploycom
International Telecom	Wireline	Bermuda, Guyana, U.S. Virgin Islands, Cayman Islands	One, GTT+, Viya, Logic, Fireminds
	Wireless	Bermuda, Guyana, U.S. Virgin Islands	One, GTT+, Viya
	Video Services	Bermuda, U.S. Virgin Islands, Cayman Islands	One, Viya, Logic
Renewable Energy	Solar	United States (Massachusetts, California, and New Jersey), India	Ahana Renewables, Vibrant Energy

On November 6, 2018, the Company completed the sale of its renewable energy business in the United States to CleanCapital Holdco 4, LLC.

The Company actively evaluates potential acquisitions, investment opportunities and other strategic transactions, both domestic and international, that meet its return on investment and other criteria. The Company provides management, technical, financial, regulatory, and marketing services to its subsidiaries and typically receives a management fee equal to a percentage of their respective revenue. Management fees from subsidiaries are eliminated in consolidation.

2. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The financial information included herein is unaudited; however, the Company believes such information and the disclosures herein are adequate to make the information presented not misleading and reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Company's financial position and results of operations for such periods. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Results of interim periods may not be indicative of results for the full year. These condensed consolidated financial statements and related notes should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 1, 2018.

The condensed consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and certain entities, which are consolidated in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") authoritative guidance on the consolidation of variable interest entities, since it is determined that the Company is the primary beneficiary of these entities.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), and subsequently issued related updates, (collectively known as ASC 606), which provides a single, comprehensive revenue recognition model for all contracts with customers. The revenue standard is based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted this standard on January 1, 2018. Refer to Note 3 to the Consolidated Financial Statements in this Report.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"), which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The Company adopted this standard on January 1, 2018. Upon adoption the Company held $20.1 million of equity investments that did not have readily determinable fair values. As a result these investments are measured at cost less impairments, adjusted for observable price changes of similar investments of the same issuer. The Company performs a qualitative impairment assessment of these investments quarterly by reviewing available information. The Company has not adjusted the cost of these investments since acquisition. Upon adoption, the Company held $0.6 million of equity investments with readily determinable fair values and reclassified $0.2 million of unrealized gains on this investment to retained earnings.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” and subsequently issued related updates (“ASU 2016-02”), which provide comprehensive lease accounting guidance. The standard requires entities to recognize lease assets and liabilities on the balance sheet as well as disclosure of key information about leasing arrangements. ASU 2016-02 will become effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company is in the process of implementing new systems, processes and controls to implement the guidance. The Company will adopt the standard on January 1, 2019 by applying the new lease requirements at the effective date and will recognize a cumulative-effect adjustment to the opening balance sheet retained earnings in the period of adoption with no adjustments to prior periods. The Company expects to adopt the package of practical expedients which allows it to not reassess: i) whether an arrangement contains a lease, ii) operating and capital lease classifications; and iii) previously recorded initial direct costs. The adoption will result in right to use assets and liabilities being recorded on the Company's balance sheet. The Company is in the process of determining quantitative information related to the impact of the guidance. The Company expects the adoption of ASU 2016-02 to have a material impact on its financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. The Company adopted ASU 2016-09 on January 1, 2017. The guidance requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid-in capital pools. This had no impact on the Company's historical results. Also as a result of the adoption, the Company changed its policy election to account for forfeitures as they occur rather than on an estimated basis. The change resulted in the Company reclassifying $0.3 million from additional paid-in capital to retained earnings for the net cumulative-effect adjustment in stock compensation expense related to prior periods.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides further clarification on eight cash flow classification issues. The Company adopted this standard on January 1, 2018. In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," ("ASU 2016-18"). The amendments in ASU 2016-18 are intended to reduce diversity in practice related to the classification and presentation of changes in restricted cash or restricted cash equivalents on the statement of cash flows. The amendments in ASU 2016-18 require that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this standard on January 1, 2018.

The Company's statement of cash flows reports the cash effects during a period of an entity's operations, its investing transactions, and its financing transactions. The statement of cash flows explains the change during the period in the total cash which includes cash equivalents as well as restricted cash. The Company applies the predominance principle to classify separately identifiable cash flows based on the nature of the underlying cash flows. Debt prepayment or extinguishment costs are classified as cash outflows from financing activities. Contingent consideration payments made three months or less after a business combination are classified as investing activities and those made after that time are classified as financing activities. Proceeds from the settlement of insurance claims are classified on the basis of the nature of the loss. Prior to January 1, 2018, the Company classified all payments made in a business combination as investing activities and did not include restricted cash in total cash. This change impacted the Company's cash flows for the nine months ended September 30, 2017 as indicated below (amounts in thousands):

Statement of Cash flows - Nine months ended September 30, 2017

	Reported	Change	Under previous guidance

Net cash provided by operating activities	$ 121,988	$ —	$ 121,988
Net cash used in investing activities	(139,256)	420	(138,836)
Net cash used in financing activities	(29,654)	1,178	(28,476)
Effect of foreign currency exchange rates on total cash	200	—	200
Net change in total cash	$ (46,722)	$ 1,598	$ (45,124)
Total cash, beginning of period	288,358	(18,637)	269,721
Total cash, end of period	$ 241,636	$ (17,039)	$ 224,597

In October 2016 the FASB issued ASU 2016-16, "Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory". The new standard eliminates all intra-entity sales of assets other than inventory, the exception under current standards that permits the tax effects of intra-entity asset transfers to be deferred until the transferred asset is sold to a third party or otherwise recovered through use. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs. Any deferred tax asset that arises in the buyer's jurisdiction would also be recognized at the time of the transfer. The new standard was effective for the Company on January 1, 2018. There was not a material impact to the Company's consolidated financial statements upon adoption.

In January 2017, the FASB issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," or ("ASU 2017-04"). The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities. Instead, under the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for annual reporting periods, including interim periods within those periods, beginning after December 15, 2019, with early adoption permitted. The Company adopted this standard in the third quarter of 2017.

In March 2017, the FASB issued ASU 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". The new guidance requires the service cost component to be presented separately from the other components of net benefit costs. Service cost will be presented with other employee compensation cost within income from operations. The other components of net benefit cost, such as interest cost, amortization of prior service cost and gains or losses are required to be presented in other income. The Company adopted this standard on January 1, 2018.

The Company sponsors pension and other postretirement benefit plans for employees of certain subsidiaries. Net periodic pension expense consists of service cost, interest cost, expected return on plan assets, and amortization of actuarial gains and losses. Service cost is recognized in operating income and all other components of pension expense are recognized in other income in the Company's Statement of Operations. The Company recognizes a pension or other postretirement plan's funded status as either an asset or liability in its consolidated balance sheet. Actuarial gains and losses are reported as a component of other comprehensive income and amortized through other income in subsequent periods. Prior to January 1, 2018, all components of pension expense were recognized in operating income. This change impacted the Company's Statement of Operations for the three and nine months ended September 30, 2017 by increasing operating expenses $40 thousand and $120 thousand, respectively and increasing other income by the same amount. There was no impact on income before income taxes. The Company elected the practical expedient allowing the use of the amounts disclosed for the various components of net benefit cost in the pension and other postretirement benefit plans footnote as the basis for the retrospective application.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815) – Targeted Improvements to Accounting for Hedging Activities" ("ASU 2017-12"). The standard: (a) expands and refines hedge accounting for both financial and non-financial risk components, (b) aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and (c) includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The guidance is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, including the adoption in an interim period. If an entity early adopts in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The guidance related to cash flow and net investment hedges existing at the date of adoption should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The guidance related to presentation and disclosure should be applied prospectively. The Company is currently assessing the impact of ASU 2017-12 on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02 “Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” (“ASU 2018-02”). The standard gives entities the option to reclassify to retained earnings tax effects related to items in accumulated other comprehensive income that were impacted by the Tax Cuts and Jobs Act of 2017 (“Tax Act”). The guidance is effective for all entities for fiscal years beginning after December 31, 2018 and interim periods within those fiscal years. Early adoption is permitted. The guidance may be applied in the period of adoption or retrospectively to each impacted period. The Company has elected to early adopt ASU 2018-02 on December 31, 2017 and recorded its impact in the period of adoption. The impact of the adoption results in a $0.8 million reclassification from accumulated other comprehensive income to retained earnings, which is offset by an equivalent valuation allowance, with the net impact being zero.

3. Revenue Recognition

The Company's significant accounting policies are detailed in "Note 2 – Summary of Significant Accounting Policies" within Item 8 of its Annual Report on Form 10-K for the year ended December 31, 2017. The Company's accounting policies are updated as a result of adopting ASC 606 on January 1, 2018. The adoption of ASC 606 impacted the accounting for contract acquisition costs, multiyear retail wireless contracts with promotional discounts, and deferral of certain activation fees as further described below.

Revenue Recognition – The Company earns revenue from its telecommunication and renewable energy operations. The Company recognizes revenue through the following steps:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognize revenue when, or as, we satisfy performance obligations

Revenue Recognition- Telecommunications

Wireless revenue consists of wholesale and retail revenue. Wholesale revenue is generated from providing mobile voice and data services to the customers of other wireless carriers, the provision of network switching services and certain transport services using the Company's wireless networks. The transaction price of some wholesale revenue contracts includes variable consideration in the form of volume discounts. Management uses its judgment based on projected transaction volumes to estimate the transaction price and to allocate the transaction price to the performance obligations in the contract. Revenue is recognized over time as the service is rendered to the customer. Retail revenue is generated from providing mobile voice and data services to subscribers as well as roaming services provided to other carriers' customers roaming into the Company's retail markets. This revenue is recognized over time as the service is rendered. Lastly, wireless revenue includes revenues from equipment sold to customers which is recognized when the equipment is delivered to the customer.

Management considers transactions where customers purchase subsidized or discounted equipment and mobile voice or data services to be a single contract. For these contracts, the transaction price is allocated to the equipment and mobile service based on their standalone selling prices. The standalone selling price is based on the amount the Company charges for the equipment and service to similar customers. Equipment revenue is recognized when the equipment is delivered to customers and service revenue is recognized as service is rendered.

Wireline revenue is generated from access and usage fees for internet, voice and video services charged to subscribers as well as wholesale long-distance voice services provided to telecommunication carriers at contracted rates. Revenue from these contracts is recognized over time as the service is rendered to the customer.

The Company's wireless and wireline contracts occasionally include promotional discounts such as free service periods or discounted products. If a contract contains a substantive termination penalty, the transaction price is allocated to the performance obligations based on standalone selling price resulting in accelerated revenue recognition and the establishment of a contract asset that will be recognized over the life of the contract. If a contract includes a promotional discount but no substantive termination penalty the discount is recorded in the promotional period and no contract asset is established. The Company's customers also have the option to purchase additional telecommunication services. Generally, these options are not performance obligations and are excluded from the transaction price because they do not provide the customers with a material right.

The Company may charge upfront fees for activation and installation of some of its products and services. These fees are reviewed to determine if they represent a separate performance obligation. If they are not a separate performance obligation, the contract price associated with them is recognized over the life of the customer. If the fees represent a performance obligation they are recognized when delivered to the customer based on standalone selling price.

Sales and use and state excise taxes collected from customers that are remitted to the governmental authorities are reported on a net basis and excluded from the revenues and sales.

Revenue Recognition-Renewable Energy

Revenue from the Company’s Renewable Energy segment is generated from the sale of electricity through power purchase agreements (“PPAs”) with various customers that generally range from 10 to 25 years. The Company recognizes revenue at contractual PPA rates over time as electricity is generated and simultaneously consumed by the customer. The Company’s Renewable Energy segment also generates revenue from the sale of Solar Renewable Energy Credits (“SRECs”). Revenue is recognized over time as SRECs are sold through long-term purchase agreements at the contractual rate specified in the agreement.

Disaggregation

The Company's revenue is presented on a disaggregated basis in Note 13 based on an evaluation of disclosures outside the financial statements, information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments and other information that is used for performance evaluation and resource allocations. This includes revenue from wireline, wireless and renewable energy, as well as domestic versus international wireline and wireless services. This disaggregation of revenue depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Contract Assets and Liabilities

The Company recognizes contract assets and liabilities on its balance sheet. Contract assets represent unbilled amounts typically resulting from retail wireless contracts with both a multiyear service period and a promotional discount. In these contracts the revenue recognized exceeds the amount billed to the customer. The current portion of the contract asset is recorded in prepayments and other current assets and the noncurrent portion is included in other assets on its balance sheets. Contract liabilities consist of advance payments and billings in excess of revenue recognized. Retail revenue for postpaid customers is generally billed one month in advance and recognized over the period that the corresponding service is rendered to customers. To the extent the service is not provided by the reporting date the amount is recognized as a contract liability. Prepaid service, including mobile voice and data services, sold to customers is recorded as deferred revenue prior to the commencement of services. Contract liabilities are recorded in advanced payments and deposits on its balance sheets. Contract assets and liabilities consisted of the following (amounts in thousands):

	September 30, 2018	June 30, 2018	$ Change	% Change
Contract asset – current	$ 1,577	$ 1,434	$ 143	10%
Contract asset – noncurrent	603	568	35	6%
Contract liabilities	(10,867)	(9,552)	(1,315)	14%
Net contract liability	$ (8,687)	$ (7,550)	$ (1,137)	15%

The contract asset-current is included in prepayments and other current assets, the contract asset – noncurrent is included in other assets, and the contract liabilities are included in advance payments and deposits on the Company's balance sheet. The increase in the Company's net contract liability was due to the timing of customer prepayments and contract billings. In the third quarter of 2018, the Company recognized revenue of $6.9 million related to its June 30, 2018 contract liability and amortized $0.5 million of the June 30, 2018 contract asset into revenue. The Company did not recognize any revenue in the third quarter of 2018 related to performance obligations that were satisfied or partially satisfied in previous periods.

Contract Acquisition Costs

The Company pays sales commissions to its employees and agents for obtaining customer contracts. These costs are incremental because they would not have been incurred if the contract was not obtained. The Company recognizes an asset for these costs and subsequently amortizes the asset on a systematic basis consistent with the pattern of the transfer of the services to the customer. The amortization period, which is between 2 and 6 years, considers both the original contract period as well as anticipated contract renewals as appropriate. The amortization period also includes renewal commissions when those commissions are not commensurate with new commissions. The Company estimates contract renewals based on its actual renewals in recent periods. When the expected amortization period is one year or less the Company utilizes the practical expedient and expenses the costs as incurred. The September 30, 2018 balance sheet includes current contract acquisition costs of $1.5 million in prepayments and other current assets and long term contract acquisition costs of $0.7 million in other assets. During the three and nine months ended September 30, 2018 the Company amortized $0.6 million and $1.2 million, respectively, of contract acquisition cost.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to unsatisfied performance obligations of certain multiyear retail wireless contracts that include a promotional discount. The transaction price allocated to unsatisfied performance obligations was $10.7 million at September 30, 2018. The Company expects to satisfy the remaining performance obligations and recognize the transaction price within 24 months. The Company has certain retail, wholesale, and renewable energy contracts where transaction price is allocated to remaining performance obligations. However the Company omits these contracts from the disclosure by applying the right to invoice, one year or less, and wholly unsatisfied performance obligation practical expedients.

Impacts of adoption in the current period

The Company adopted ASC 606 on January 1, 2018 using the modified retrospective method. The Company elected the practical expedient to apply the new guidance only to contracts that were not substantially complete at the adoption date. The cumulative effect of adopting ASC 606 resulted in a contract asset of $1.6 million of which $1.2 million was recorded in prepayments and other current assets and $0.4 million was recorded in other assets, a contract liability of $0.2 million recorded in advance payments and deposits, contract acquisition costs of $1.5 million of which $0.9 million was recorded in prepayments and other current assets and $0.6 million was recorded in other assets, and a deferred tax liability of $0.3 million with the offset of $1.5 million recorded to retained earnings and $1.1 million recorded to minority interest. The tables below identify changes to the Company’s financial statements as of September 30, 2018 and for the three and nine months then ended as a result of the adoption of ASC 606 as compared to previous revenue guidance (amounts in thousands):

Balance Sheet - September 30, 2018

	Reported	Change	Under previous guidance
Prepayments and other current assets	$ 37,239	$ (3,115)	$ 34,124
Total current assets	$ 349,297	$ (3,115)	$ 346,182
Other assets	$ 38,773	$ (1,290)	$ 37,483
Total assets	$ 1,184,050	$ (4,405)	$ 1,179,645
Advance payments and deposits	$ 18,076	$ (332)	$ 17,744
Accrued taxes	12,789	(73)	12,716
Total current liabilities	$ 215,326	$ (405)	$ 214,921
Deferred income taxes	$ 7,614	$ (302)	$ 7,312
Total liabilities	$ 355,003	$ (707)	$ 354,296
Retained earnings	$ 565,180	$ (2,107)	$ 563,073
Minority interest	$ 131,392	$ (1,591)	$ 129,801
Total equity	$ 829,047	$ (3,698)	$ 825,349
Total liabilities and equity	$ 1,184,050	$ (4,405)	$ 1,179,645

Statement of Operations

	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	Reported	Change	Under previous guidance	Reported	Change	Under previous guidance
Wireless revenue	$ 52,003	$ (177)	$ 51,826	$ 153,046	$ (514)	$ 152,532
Total revenue	$ 121,138	$ (177)	$ 120,961	$ 343,401	$ (514)	$ 342,887
Sales, marketing and customer service	$ 8,995	$ 4	$ 8,999	$ 25,969	$ 622	$ 26,591
Total operating expenses	$ 90,314	$ 4	$ 90,318	$ 292,615	$ 622	$ 293,237
Income from operations	$ 30,824	$ (181)	$ 30,643	$ 50,786	$ (1,136)	$ 49,650
Income before taxes	27,919	(181)	27,738	42,405	(1,136)	41,269
Income tax provision	7,010	69	7,079	13,018	(73)	12,945

Net income	$ 20,909	$ (250)	$ 20,659	$ 29,387	$ (1,063)	$ 28,324
Net income attributable to non-controlling interests	(3,887)	109	(3,778)	(10,705)	444	(10,261)
Net income attributable to ATN International, Inc. stockholders	$ 17,022	$ (141)	$ 16,881	$ 18,682	$ (619)	$ 18,063

Statement of Comprehensive Loss

	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	Reported	Change	Under previous guidance	Reported	Change	Under previous guidance
Net income	$ 20,909	$ (250)	$ 20,659	$ 29,387	$ (1,063)	$ 28,324
Other comprehensive loss, net of tax	(2,465)	-	(2,465)	(5,867)	-	(5,867)
Comprehensive loss	18,444	(250)	18,194	23,520	(1,063)	22,457
Less: Comprehensive income attributable to non-controlling interests	(3,887)	109	(3,778)	(10,705)	444	(10,261)
Comprehensive income (loss) attributable to ATN International, Inc.	$ 14,557	$ (141)	$ 14,416	$ 12,815	$ (619)	$ 12,196

Statement of Cash Flows - Nine months ended September 30, 2018

	Reported	Change (1)	Under previous guidance
Net income	$ 29,387	$ (1,063)	$ 28,324
Materials and supplies, prepayments and other current assets	$ (715)	$ 1,039	$ 324
Accrued taxes	7,410	(73)	7,337
Accounts payable and accrued liabilities, advance payments and deposits and other current liabilities	6,926	(102)	6,824
Other assets	$ 139	$ 199	$ 338

(1) The adoption of ASC 606 had no impact on operating cash flows, investing cash flows, financing cash flows or net change in total cash.

4. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The most significant estimates relate to the allowance for doubtful accounts, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in business combinations, fair value of indefinite-lived intangible assets, goodwill, assessing the impairment of assets, revenue, and income taxes. Actual results could differ significantly from those estimates.

5. IMPACT OF HURRICANES IRMA AND MARIA

During September 2017, the economy, the Company's customer base and its operations in the U.S. Virgin Islands were severely impacted by Hurricanes Irma and Maria (collectively, the "Hurricanes"). Both the Company's wireless and wireline networks and commercial operations were severely damaged by these storms. As a result of the significant damage to the Company's wireline network and the lack of consistent commercial power in the territory, the

Company was unable to provide most of its wireline services, which comprise the majority of revenue in this business, after the Hurricanes and through much of 2018 to date.

During the three months ended September 30, 2018, the Company received $7.2 million in additional funding from the FCC's Universal Service Fund ("USF") which largely contributed to a $4.6 million increase in the Company's revenues in that market as compared to the same period in 2017. For the nine months ended September 30, 2018, the Company's received a total of $15.4 million in additional USF funding which offset $11.6 million decrease in revenue as compared to the same period in 2017. This level of additional funding will not continue in future quarters.

During the nine months ended September 30, 2018, the Company spent $78.9 million for network restoration and resiliency enhancements which allowed the reconnection of a significant majority of households and businesses as of the period end. The Company expects that its wireline network restoration work is substantially complete, however, returning the Company's revenue to pre-Hurricane levels may take significant time as a result of population movements, the economic impact that the Hurricanes had on the market, and its subscriber base's appetite for continued wireline services.

6. DISPOSITIONS

International Telecom

On January 3, 2017, the Company completed the sale of the Viya cable operations located in St. Maarten for $4.8 million and recognized a gain of $0.1 million on the transaction.

On August 18, 2017, the Company completed the sale of the Viya cable operations located in the British Virgin Islands. The Company did not recognize a gain or loss on the transaction.

The results of the British Virgin Islands and St. Maarten operations are not material to the Company's historical results of operations. Since the dispositions do not relate to a strategic shift in its operations, the historical results and financial position of the operations are presented within continuing operations.

U.S. Telecom

On March 8, 2017, the Company completed the sale of its integrated voice and data communications and wholesale transport businesses in New England and New York for consideration of $25.9 million (the "Sovernet Transaction"). The consideration included $20.9 million of cash, $3.0 million of receivables, and $2.0 million of contingent consideration. The $3.0 million of receivables were held in escrow to satisfy working capital adjustments in favor of the acquirer, to fund certain capital expenditure projects related to the assets sold and to secure the Company's indemnification obligations. The contingent consideration represents the fair value of future payments related to certain operational milestones of the disposed assets. The value of the contingent consideration could increase to as much as $4.0 million based on whether or not certain operational milestones were achieved by December 31, 2017. The table below identifies the assets and liabilities transferred (amounts in thousands):

Consideration Received	$ 25,926
Assets and liabilities disposed	
Cash	1,821
Accounts receivable	1,696
Inventory	639
Prepayments and other current assets	1,034
Property, plant and equipment	25,294
Other assets	288
Accounts payable and accrued liabilities	(1,718)
Advance payments and deposits	(1,897)
Net assets disposed	27,157
Consideration less net assets disposed	(1,231)
Transaction costs	(1,156)
Loss	$ (2,387)

Prior to the closing of the Sovernet Transaction, the Company repurchased non-controlling interests from minority shareholders in a Sovernet subsidiary for $0.7 million. The non-controlling interest had a book value of zero. Additionally, the Company recorded a loss on deconsolidation of $0.5 million.

The Company incurred $1.2 million of transaction related charges pertaining to legal, accounting and consulting services associated with the Sovernet Transaction, of which $0.6 million was incurred during the year ended December 31, 2017. Since the Sovernet Transaction does not relate to a strategic shift in the Company's operations, the historic results and financial position of the operations are presented within continuing operations.

Subsequent to close of the Sovernet Transaction, management continually monitored and assessed the probability of earning the contingent consideration. In September 2017, based on progress toward achieving the operational milestones, and the December 31, 2017 deadline under which to do so, management determined that earning the contingent consideration was unlikely. As a result the fair value of the contingent consideration was reduced to zero. The amount was recorded as a loss on disposition of assets within operating income during the nine months ended September 30, 2017. The disposed assets did not achieve the operational milestones by the December 31, 2017 deadline.

Renewable Energy

On November 6, 2018, the Company completed the sale of its U.S. solar business that owns and manages distributed generation solar power projects operated under the Ahana name in Massachusetts, California and New Jersey (the "U.S. Solar Operations") to CleanCapital Holdco 4, LLC. The transaction has a total value of approximately $122.6 million, which includes a cash purchase price of $65.4 million and the assumption of approximately $57.2 million in debt, and is subject to certain other post-closing adjustments (the "U.S. Solar Transaction"). Approximately $6.5 million of the purchase price will be held in escrow for a period of twelve months after the closing to secure the Company's indemnification obligation and the Company expects to record a gain between $10 million and $15 million during the fourth quarter of 2018.

As of September 30, 2018 the assets and liabilities being disposed in the U.S. Solar Transaction were classified as held for sale. The table below identifies the assets and liabilities (amounts in thousands):

Assets and Liabilities Held for Sale	
Accounts receivable	$ 1,599
Prepayments and other current assets	783
Property, plant and equipment	113,569
Accumulated depreciation	(18,474)
Current assets held for sale	$ 97,477
Accounts payable	$ 1,742
Taxes payable	(586)
Current portion of long-term debt	10,126
Long-term debt, excluding current portion	48,034
Deferred income taxes	21,357
Current liabilities held for sale	$ 80,673

The U.S. Solar Operations reported income before income taxes of $0.4 million and $1.1 million for the three months ended September 30, 2018 and 2017, respectively, and $2.4 million and $3.8 million for the nine months ended September 30, 2018 and 2017, respectively. The U.S. Solar Operations reported non-controlling interest expense of $0.2 million and $0.3 million for the three months ended September 30, 2018 and 2017, respectively, and $0.7 million and $0.8 million for the nine months ended September 30, 2018 and 2017, respectively. Lastly, the U.S. Solar Operations reported depreciation expense of $1.3 million and $3.8 million for the three and nine months ended September 30, 2018, respectively.

The U.S. Solar Operations do not qualify as a discontinued operation because the disposition does not represent a strategic shift that has a major effect on the Company’s operations and financial results. As a result, the historical results are included in continuing operations.

7. FAIR VALUE MEASUREMENTS

In accordance with the provisions of fair value accounting, a fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability and defines fair value based upon an exit price model.

The fair value measurement guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset and liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include money market funds, debt and equity securities and derivative contracts that are traded in an active exchange market.

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 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes corporate obligations and non exchange traded derivative contracts.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments and intangible assets that have been impaired whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Assets and liabilities of the Company measured at fair value on a recurring basis as of September 30, 2018 and December 31, 2017 are summarized as follows (in thousands):

	September 30, 2018		
Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	$ —	$ 380	$ 380
Money market funds	2,399	—	2,399
Short term investments	314	—	314
Commercial paper	—	23,977	23,977
Interest rate swap	—	277	277
Total assets and liabilities measured at fair value	$ 2,713	$ 24,634	$ 27,347

	December 31, 2017		
Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	$ —	$ 391	$ 391
Money market funds	2,894	—	2,894
Short term investments	555	6,521	7,076
Commercial paper	—	49,954	49,954
Interest rate swap	—	52	52
Total assets and liabilities measured at fair value	$ 3,449	$ 56,918	$ 60,367

Certificate of Deposit

As of September 30, 2018 and December 31, 2017, this asset class consisted of a time deposit at a financial institution denominated in U.S. dollars. The asset class is classified within Level 2 of the fair value hierarchy because the fair value was based on observable market data.

Money Market Funds

As of September 30, 2018 and December 31, 2017, this asset class consisted of a money market portfolio that comprises Federal government and U.S. Treasury securities. The asset class is classified within Level 1 of the fair value hierarchy because its underlying investments are valued using quoted market prices in active markets for identical assets.

Short Term Investments and Commercial Paper

As of September 30, 2018 and December 31, 2017, these asset classes consisted of short term foreign and U.S. corporate bonds, equity securities, and commercial paper. Corporate bonds and commercial paper are classified within Level 2 of the fair value hierarchy because the fair value is based on observable market data. Equity securities are classified within Level 1 because fair value is based on quoted market prices in active markets for identical assets. The Company held equity securities with a fair value of $0.4 million at September 30, 2018 and net income for the three months then ended included $0.1 million of losses on these securities.

Other Fair Value Disclosures

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short-term maturities of these financial instruments. The fair value of the interest rate swap is measured using Level 2 inputs.

At September 30, 2018, the Company holds $23.1 million of equity securities consisting of non-controlling investments in privately held companies. These investments, over which the Company does not have the ability to exercise significant influence, are without readily determinable fair values. The investments are measured at cost, less any impairment, adjusted for observable price changes of similar investments of the same issuer. Fair value is not estimated for these investments if there are no identified events or changes in circumstances that may have an effect on the fair value of the investment. The carrying value of the strategic investments was $23.1 million and $20.1 million at September 30, 2018 and December 31, 2017, respectively. As of September 30, 2018 no impairments or price adjustments were recorded on the investments. Strategic investments are included with other assets on the consolidated balance sheets.

The fair value of long-term debt is estimated using Level 2 inputs. At September 30, 2018, the fair value of long-term debt, including the current portion, was $153.2 million and its book value was $150.0 million. At December 31, 2017, the fair value of long-term debt, including the current portion, was $159.2 million and its book value was $155.8 million.

8. LONG-TERM DEBT

The Company has a credit facility with CoBank, ACB and a syndicate of other lenders to provide for a $225 million revolving credit facility (the “Credit Facility”) that includes (i) up to $10 million under the Credit Facility for standby or trade letters of credit, (ii) up to $25 million under the Credit Facility for letters of credit that are necessary or desirable to qualify for disbursements from the FCC’s mobility fund and (iii) up to $10 million under a swingline sub-facility (the “Swingline Loans”).

Amounts the Company may borrow under the Credit Facility bear interest at a rate equal to, at its option, either (i) the London Interbank Offered Rate (“LIBOR”) plus an applicable margin ranging between 1.50% to 1.75% or (ii) a base rate plus an applicable margin ranging from 0.50% to 0.75%. The Swingline Loans will bear interest at the base rate plus the applicable margin for base rate loans. The base rate is equal to the higher of (i) 1.00% plus the higher of (x) the one-week LIBOR and (y) the one-month LIBOR; (ii) the federal funds effective rate (as defined in the Credit Facility) plus 0.50% per annum; and (iii) the prime rate (as defined in the Credit Facility). The applicable margin is determined based on the ratio (as further defined in the Credit Facility) of the Company’s indebtedness to EBITDA. Under the terms of the Credit Facility, the Company must also pay a fee ranging from 0.175% to 0.250% of the average daily unused portion of the Credit Facility over each calendar quarter.

On January 11, 2016, the Company amended the Credit Facility (the "Amendment") to increase the amount the Company is permitted to invest in "unrestricted" subsidiaries of the Company, which are not subject to the covenants of the Credit Facility, from $275.0 million to $400.0 million (as such increased amount shall be reduced from time to time by the aggregate amount of certain dividend payments to the Company's stockholders). The Amendment also provides for the incurrence by the Company of incremental term loan facilities, when combined with increases to revolving loan commitments under the Credit Facility, in an aggregate amount not to exceed $200.0 million, which facilities shall be subject to certain conditions, including pro forma compliance with the total net leverage ratio financial covenant under the Credit Facility.

The Credit Facility contains customary representations, warranties and covenants, including a financial covenant that imposes a maximum ratio of indebtedness to EBITDA as well as covenants limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. In addition, the Credit Facility contains a financial covenant that imposes a maximum ratio of indebtedness to EBITDA. As of September 30, 2018, the Company was in compliance with all of the financial covenants of the Credit Facility.

As of September 30, 2018, the Company had no borrowings under the Credit Facility.

Ahana Debt

On December 24, 2014, in connection with the acquisition of its U.S. solar business that owns and manages distributed generation solar power projects operated under the Ahana name in Massachusetts, California and New Jersey, the Company assumed $38.9 million in long-term debt (the "Original Ahana Debt"). The Original Ahana Debt included multiple loan agreements with banks that bore interest at rates between 4.5% and 6.0%, matured at various times between 2018 and 2023 and were secured by certain solar facilities. Repayment of the Original Ahana Debt was being made in cash on a monthly basis until maturity.

The Original Ahana Debt also included a loan from Public Service Electric & Gas (the "PSE&G Loan"). The PSE&G Loan bears interest at 11.3%, matures in 2027, and is secured by certain solar facilities. Repayment of the Original Ahana Debt with PSE&G can be made in either cash or sale of SREC, at the Company's discretion, with the value of the SRECs being fixed at the time of the PSE&G Loan closing. Historically, the Company has made all repayments of the PSE&G Loan using SRECs.

On December 19, 2016, Ahana's wholly owned subsidiary, Ahana Operations, issued $20.6 million in aggregate principal amount of 4.427% senior notes due 2029 (the "Series A Notes") and $45.2 million in aggregate principal amount of 5.327% senior notes due 2031 (the "Series B Notes" and collectively with the Series A Notes and the PSE&G Loan, the "Ahana Debt"). Interest and principal are payable semi-annually, until the respective maturity dates of March 31, 2029 (for the Series A Notes) and September 30, 2031 (for the Series B Notes). Cash flows generated by the solar projects that secure the Series A Notes and Series B Notes are only available for payment of such debt and are not available to pay other obligations or the claims of the creditors of Ahana or its subsidiaries. However, subject to certain restrictions, Ahana Operations holds the right to the excess cash flows not needed to pay the Series A Notes and Series B Notes and other obligations arising out of the securitizations. The Series A Notes and Series B Notes are secured by certain assets of Ahana and are guaranteed by certain of its subsidiaries.

A portion of the proceeds from the issuances of the Series A Notes and Series B Notes was used to repay the Original Ahana Debt in full except for the PSE&G Loan which remained outstanding after the refinancing.

The Series A Notes and the Series B Notes contain customary representations, warranties and certain affirmative and negative covenants, which limit additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. The Series A Notes and Series B Notes are subject to financial covenants that impose 1) a maximum debt service coverage ratio and 2) a maximum ratio of the present value of Ahana's future cash flow to the aggregate principal amounts of all outstanding obligations. These financial covenants are tested semi-annually for Ahana

Operations on a consolidated basis and on an individual basis for certain subsidiaries. Both the Series A Notes and Series B Notes may be redeemed at any time, in whole or part, subject to a make-whole premium. As of September 30, 2018, the Company was in compliance with all of the financial covenants of the Series A Notes and the Series B Notes.

The Company capitalized $2.8 million of fees associated with the Series A Notes and Series B Notes which is recorded as a reduction to the debt carrying amount and will be amortized over the life of the notes.

As of September 30, 2018, $2.0 million of the Original Ahana Debt and $58.6 million of the Series A Notes and Series B Notes remained outstanding, and $2.5 million of the capitalized fees remain unamortized.

The Original Ahana Debt, the Series A Notes and Series B Notes were classified as held for sale as part of the U.S. Solar Transaction as of September 30, 2018. On November 6, 2018, the Company consummated the U.S. Solar Transaction, which included the transfer of the Original Ahana Debt, the Series A Notes and Series B Notes to the purchaser. Refer to Note 6 to the Consolidated Financial Statements in this Report.

One Communications Debt

In connection with the acquisition of One Communications on May 3, 2016, the Company assumed $35.4 million in debt (the "One Communications Debt") in the form of a loan from HSBC Bank Bermuda Limited. The One Communications Debt was scheduled to mature in 2021, was bearing interest at the three-month LIBOR rate plus a margin of 3.25%, and had repayment being made quarterly. The One Communications Debt contained customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and a financial covenant that limited the maximum ratio of indebtedness less cash to annual operating cash flow.

On May 22, 2017, the Company amended and restated the One Communications Debt to increase the original facility to $37.5 million. The amended and restated debt is scheduled to mature on May 22, 2022 and bears interest at the three month LIBOR rate plus an applicable margin rate ranging between 2.5% to 2.75% paid quarterly. The amended and restated One Communications Debt contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and financial covenants that limit the ratio of tangible net worth to long term debt and total net debt to EBITDA and require a minimum debt service coverage ratio (net cash generated from operating activities plus interest expense less net capital expenditures to debt repayments plus interest expense). The Company was in compliance with its covenants as of September 30, 2018

As a condition of the amendment of the One Communications Debt, within 90 days of the refinance date the Company was required to enter into a hedging arrangement with a notional amount equal to at least 30% of the outstanding loan balance and a term corresponding to the maturity of the One Communications Debt. In July 2017, the Company entered into an amortizing interest rate swap. This swap has been designated as a cash flow hedge, has an original notional amount of $11.0 million, has an interest rate of 1.874%, and expires in March 2022.

In connection with the amendment of the One Communications Debt, the Company increased the limit of its overdraft facility from $5.0 million to $10.0 million. This facility has an interest rate of three month LIBOR plus 1.75%.

The Company capitalized $0.3 million of fees associated with the One Communications Debt, which is recorded as a reduction to the debt carrying amount and will be amortized over the life of the debt.

As of September 30, 2018, $32.8 million of the One Communications Debt was outstanding, there were no borrowings under the overdraft facility, and $0.2 million of the capitalized fees remain unamortized.

Viya Debt (formerly Innovative Debt)

On July 1, 2016, the Company and certain of its subsidiaries entered into a $60.0 million loan agreement (the "Viya Debt") with Rural Telephone Finance Cooperative ("RTFC"). The Viya Debt agreement contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and a financial covenant that limits the maximum ratio of indebtedness to annual operating cash flow to 3.5 to 1.0 (the "Net Leverage Ratio"). This covenant is tested on an annual basis at the end of each fiscal year. Interest is paid quarterly at a fixed rate of 4.0% and principal repayment is not required until maturity on July 1, 2026. Prepayment of the Viya Debt may be subject to a fee under certain circumstances. The debt is secured by certain assets of the Company's Viya subsidiaries and is guaranteed by the Company. Earlier in 2018, the Company began funding the restoration of Viya's network following the Hurricanes through an intercompany loan arrangement which exceeded certain limitations on Viya incurring additional debt. RTFC consented to these intercompany advances and increased the intercompany debt limit to $50.0 million. During the three months ended September 30, 2018, RTFC increased the limit to $75.0 million at the Company's request due to an increase in the on-going restoration and resiliency costs.

The Company paid a fee of $0.9 million to lock the interest rate at 4% per annum over the term of the Viya Debt. The fee was recorded as a reduction to the Viya Debt carrying amount and will be amortized over the life of the loan.

As of September 30, 2018, $60.0 million of the Viya Debt remained outstanding and $0.7 million of the rate lock fee was unamortized.

9. GOVERNMENT GRANTS

Universal Service Fund

The USF is a system of subsidies and fees managed by the FCC. USF funds are disbursed to telecommunication providers through four programs: the Connect America Fund; Lifeline; Schools and Libraries Program ("E-Rate"); and Rural Health Care Support. The Company participates in the Connect America Fund; Lifeline, E-Rate programs, and Rural Health Care Support programs as further described below. All of the funding programs are subject to certain operational and reporting compliance requirements. The Company believes it is in compliance will all applicable requirements.

The FCC's Mobility Funds and High Cost Support programs are administered through the Connect America Fund. The High-Cost Support program subsidizes telecommunications services in rural and remote areas. The FCC created the Phase I Mobility Fund ("Phase I Mobility Fund"), a one-time award meant to support wireless coverage in underserved geographic areas in the United States.

The Company received $21.1 million of Phase I Mobility Fund support to its wholesale wireless business (the "Mobility Funds") to be used to expand voice and broadband networks in certain geographic areas in order to offer either 3G or 4G service. Of these funds, $7.2 million was recorded as an offset to the cost of the property, plant, and equipment associated with these projects and, consequentially, a reduction of future depreciation expense. The remaining $13.9 million received offset operating expenses from inception of the program through part of the third quarter of 2018. The Mobility Funds projects and their operating results are included within the Company's U.S. Telecom segment. As part of the receipt of the Mobility Funds, the Company committed to comply with certain additional FCC construction and other requirements. If the requirements are not met the funds may be subject to claw back provisions. The Company currently expects to comply with all applicable requirements related to these funds.

During the three and nine months ended September 30, 2018, the Company recorded $4.1 million and $12.4 million, respectively, of revenue from High Cost Support in its International Telecom segment for its U.S. Virgin Islands operations. Also, during the three and nine months ended September 30, 2018, the Company recorded $0.3 million and $0.9 million, respectively, of High Cost Support revenue in its US Telecom segment. The Company is subject to certain operational, reporting and construction requirements as a result of this funding and the Company believes that it is in compliance with all of these requirements. In addition, the Company recorded revenue of $7.2 million and $15.4 million during the three and nine months ended September 30, 2018, respectively, from additional funding authorized by the FCC following the Hurricanes.

In August 2018, the Company was awarded $79.9 million over 10 years under the Connect America Fund Phase II Auction. The funding requires the Company to provide fixed broadband and voice services to certain eligible areas in the United States. The Company is subject to operational and reporting requirements under the program. The Company expects to begin receiving the funding in 2019 and are still evaluating how these funds will be recorded.

The E-Rate program provides discounted telecommunication access to eligible schools and libraries. The E-Rate program awards providers grants to build network connectivity for eligible participants and pays recurring charges for eligible broadband services. The grants are distributed upon completion of a project. As of September 30, 2018, the Company was awarded approximately $15.4 million of E-Rate grants with construction completion obligations between June 2019 and June 2020. Once these projects are constructed the Company is obligated to provide service to the E-Rate program participants. The Company is in various stages of constructing the networks and has not received any of the funds. The Company expects to meet all requirements associated with these grants.

The Company also receives funding to provide discounted telecommunication services to eligible customers under the E-Rate, Lifeline, and Rural Health Care Support Programs. During the three and nine months ended September 30, 2018 the Company recorded revenue of $2.0 million and $6.3 million, respectively, in the aggregate from these programs. The Company is subject to certain operational and reporting requirements under the above mentioned programs and it believes that it is in compliance with all of these requirements.

Tribal Bidding Credit

As part of the broadcast television spectrum incentive auction, the FCC implemented a tribal lands bidding credit to encourage deployment of wireless services utilizing 600 MHz spectrum on the lands of federally recognized tribes. The Company received $7.4 million under this program in the first quarter of 2018. A portion of these funds will be used to offset network capital costs and a portion will be used to offset the costs of supporting the networks. The Company's current estimate is that it will use $5.4 million to offset capital costs and, consequently, reduce future depreciation expense and $2.0 million to offset the cost of supporting the network which will reduce future operating expense. The credits are subject to certain requirements, including deploying service by January 2021 and meeting minimum coverage metrics. If the requirements are not met the funds may be subject to claw back provisions. The Company currently expects to comply with all applicable requirements related to these funds.

10. EQUITY

Stockholders' equity was as follows (in thousands):

	Nine months ended September 30,					
	2018			2017		
	ATN International, Inc.	Non-Controlling Interests	Total Equity	ATN International, Inc.	Non-Controlling Interests	Total Equity
Equity, beginning of period	$ 688,727	$ 141,496	$ 830,223	$ 677,055	$ 132,114	$ 809,169
Stock-based compensation	5,071	—	5,071	5,415	—	5,415
Comprehensive income:					0	
Net income	18,682	10,705	29,387	(12,016)	13,535	1,519
Projected pension benefit obligation	—	—	—	513	—	513
Unrealized (gain) loss on securities	226	—	226	(65)	—	(65)
Reclassifications of gains on sale of marketable securities to net income	—	—	—	(1,044)	—	(1,044)
Foreign Currency translation adjustment	(6,093)	—	(6,093)	921	—	921
Total comprehensive income (loss)	12,815	10,705	23,520	(11,691)	13,535	1,844
Issuance of common stock upon exercise of stock options	571	—	571	1,057	—	1,057
Dividends declared on common stock	(8,116)	—	(8,116)	(13,680)	—	(13,680)
Distributions to non-controlling interests	—	(15,487)	(15,487)	—	(3,761)	(3,761)
Investments made by non-controlling interests	—	—	—	—	123	123
Loss on deconsolidation of subsidiary	—	—	—	—	529	529
	—	—	—	110	—	110

Change in accounting method-adoption of ASU 2016-09						
Change in accounting method-adoption of ASU 2014-09	1,488	1,147	2,635	—	—	—
Repurchase of non-controlling interests	1,273	(6,469)	(5,196)	(670)	(434)	(1,104)
Purchase of treasury stock	(4,174)	—	(4,174)	(12,968)	—	(12,968)
Equity, end of period	$ 697,655	$ 131,392	$ 829,047	$ 644,628	$ 142,106	$ 786,734

11. INCOME TAXES

The Company's effective tax rate for the three months ended September 30, 2018 and 2017 was 25.1% and 4.0%, respectively. The effective tax rate for the three months ended September 30, 2018 was primarily impacted by the following items: (i) a $1.5 million increase (net) of unrecognized tax positions recognized discretely, (ii) a $516 thousand benefit (net) to record a return to accrual adjustment recognized discretely, (iii) a $1.4 million benefit (net) to record a valuation allowance release on an indefinite lived intangible asset recognized discretely, and (iv) the mix of income generated among the jurisdictions in which the Company operates along with the exclusion of losses in jurisdictions where the Company cannot benefit from those losses as required by ASC 740-270-30-36(a), primarily in the U.S. Virgin Islands and India.

The effective tax rate for the three months ended September 30, 2017 was primarily impacted by the following items: (i) the exclusion of losses in jurisdictions where the Company cannot benefit from those losses as required by ASC 740-270-30-36(a), primarily in the U.S. Virgin Islands, (ii) a $3.4 million benefit for the net capital loss due to the stock sales of its businesses in New England, New York and St. Maarten, (iii) a $3.4 million amended return refund claim filed for tax year 2013 recognized discretely, (iv) a $228 thousand increase (net) in unrecognized tax benefits recognized discretely, (v) a $536 thousand benefit (net) to record a return to accrual adjustment recognized discretely and, (vi) the mix of income generated among the jurisdictions in which the Company operates.

The Company's effective tax rate for the nine months ended September 30, 2018 and 2017 was 30.7% and 76.1%, respectively. The effective tax rate for the nine months ended September 30, 2018 was primarily impacted by the following items: (i) a $2.0 million increase (net) of unrecognized tax positions recognized discretely, (ii) a $585 thousand benefit (net) to record a return to accrual adjustment recognized discretely, (iii) a $514 thousand benefit for the release of a capital loss valuation allowance due to a capital gain on a sale of a wireless license, (iv) a $1.4 million benefit (net) to record a valuation allowance adjustment on an indefinite lived intangible asset recognized discretely, (v) a $695 thousand provision for the intercompany sale of assets from the U.S. to the U.S. Virgin Islands, and (vi) the mix of income generated among the jurisdictions in which the Company operates along with the exclusion of losses in jurisdictions where the Company cannot benefit from those losses as required by ASC 740-270-30-36(a), primarily in the U.S. Virgin Islands and India.

The effective tax rate for the nine months ended September 30, 2017 was primarily impacted by the following items: (i) the exclusion of losses in jurisdictions where the Company cannot benefit from those losses as required by ASC 740-270-30-36(a), primarily in the U.S. Virgin Islands, (ii) a $3.4 million benefit for the net capital loss due to the stock sales of its businesses in New England, New York and St. Maarten, (iii) a $3.4 million amended return refund claim filed for tax year 2013 recognized discretely in the third quarter, (iv) a $683 thousand increase (net) in unrecognized tax benefits related to current year and prior year positions recognized discretely in respective quarters, (v) a $367 thousand benefit (net) to record return to accrual adjustments recognized discretely in the respective quarter and, (vi) the mix of income generated among the jurisdictions in which the Company operates.

The Company's effective tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax contingencies. The Company's consolidated tax rate will continue to be impacted by any transactional or one-time items in the future and the mix of income in any given year generated among the jurisdictions in which it operates. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in its consolidated financial statements as of December 31, 2017. In the third quarter of 2018 the Company made adjustments to the provisional amounts, including continued refinements to its deferred taxes of a $0.4 million provision from the $18.0 million benefit recorded at year-end and a $2.5 million provision on the deemed repatriation of undistributed foreign earnings in addition to the $7.4 million provision recorded at year-end. The Company continues to collect and prepare necessary data, and interpret the Tax Act and any additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service (“IRS”), and other standard-setting bodies. The accounting for the tax effects of the Tax Act will be completed by the end of 2018. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from its accrued positions as a result of uncertain and complex application of tax law and regulations. Additionally, the recognition and measurement of certain tax benefits include estimates and judgment by management. Accordingly, the Company could record additional provisions or benefits for U.S. federal, state, and foreign tax matters in future periods as new information becomes available.

12. NET INCOME (LOSS) PER SHARE

For the three and nine months ended September 30, 2018 and 2017, outstanding stock options were the only potentially dilutive securities. The reconciliation from basic to diluted weighted average shares of common stock outstanding is as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Basic weighted-average shares of common stock outstanding	15,958	16,178	15,987	16,177
Stock options	63	—	55	—
Diluted weighted-average shares of common stock outstanding	16,021	16,178	16,042	16,177

13. SEGMENT REPORTING

The Company has the following three reportable and operating segments: i) U.S. Telecom, ii) International Telecom, and iii) Renewable Energy.

The following tables provide information for each operating segment (in thousands):

For the Three Months Ended September 30, 2018

	U.S. Telecom	International Telecom	Renewable Energy	Corporate and Other (1)	Consolidated
Revenue					
Wireless	$ 29,784	$ 22,219	$ —	$ —	$ 52,003
Wireline	2,024	61,693	—	—	63,717
Renewable Energy	—	—	5,418	—	5,418
Total Revenue	31,808	83,912	5,418	—	121,138
Depreciation and amortization	5,665	12,441	1,819	1,459	21,384
Non-cash stock-based compensation	—	20	29	1,344	1,393

Operating income (loss)	22,774	16,239	(177)	(8,012)	30,824

For the Three Months Ended September 30, 2017

	U.S. Telecom	International Telecom	Renewable Energy	Corporate and Other (1)	Consolidated
Revenue					
Wireless	$ 37,774	$ 22,531	$ —	$ —	$ 60,305
Wireline	2,336	54,481	—	—	56,817
Renewable Energy	—	—	5,010	—	5,010
Total Revenue	40,110	77,012	5,010	—	122,132
Depreciation and amortization	6,301	12,088	1,656	1,112	21,157
Non-cash stock-based compensation	—	8	29	1,621	1,658
Operating income (loss)	15,987	(28,531)	976	(7,997)	(19,565)

For the Nine Months Ended September 30, 2018

	U.S. Telecom	International Telecom	Renewable Energy	Corporate and Other (1)	Consolidated
Revenue					
Wireless	$ 85,767	$ 67,279	$ —	$ —	$ 153,046
Wireline	4,824	168,259	—	—	173,083
Renewable Energy	—	—	17,272	—	17,272
Total Revenue	90,591	235,538	17,272	—	343,401
Depreciation and amortization	19,013	35,907	5,492	4,190	64,602
Non-cash stock-based compensation	—	68	86	4,917	5,071
Operating income (loss)	35,839	37,450	3,687	(26,190)	50,786

For the Nine Months Ended September 30, 2017

	U.S. Telecom	International Telecom	Renewable Energy	Corporate and Other (1)	Consolidated
Revenue					
Wireless	$ 110,398	$ 65,379	$ —	$ —	$ 175,777
Wireline	10,483	172,294	—	—	182,777
Renewable Energy	—	—	14,938	—	14,938
Total Revenue	120,881	237,673	14,938	—	373,492
Depreciation and amortization	19,098	38,339	4,941	3,526	65,904
Non-cash stock-based compensation	—	146	86	5,205	5,437
Operating income (loss)	44,520	(7,832)	3,263	(25,953)	13,998

(1) Corporate and Other items refer to corporate overhead costs and consolidating adjustments

Selected balance sheet data for each of the Company's segments as of September 30, 2018 and December 31, 2017 consists of the following (in thousands):

	U.S. Telecom	International Telecom	Renewable Energy	Corporate and Other (1)	Consolidated
September 30, 2018					
Cash, Cash equivalents, and Investments	$ 25,202	$ 50,753	$ 12,085	$ 73,386	$ 161,426
Assets held for sale	—	—	97,477	—	97,477
Total current assets	48,003	99,624	121,070	80,600	