

## MEMORANDUM

November 12, 2015

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2015 Third Quarter Financial Report

Please see attached the 2015 Third Quarter Financial Report. Revenue remains below budget at the end of Q3, as expected, the overall margin shortfall is expected to catch up to budgeted levels by year-end. The overall net margin shows a healthy increase and is greater than budgeted due to decreased expense and the effect of the revenue recovery add-on that began in Q2.

In summary, revenue is down compared to budget (Q1 + Q2 + Q3) \$475k and is more than offset by reductions in budgeted operating expense (\$1.07M). Lower power purchases contributed to expense reduction and the balance comes from cuts, deliberately delayed projects, hiring delays and capitalized construction expense (as mandated by RUS). The El Niño warming trend we have been experiencing is expected to strengthen and continue to exceed historical records through the latter part of 2016.

For more detail, please note the following key points for Q3:

- Heating Degree Days (HDD) were down 22% below normal (YTD) – showing some improvement over the first two quarters due to predictably stable summer patterns. Energy / kWh sales are down by 5.3% of budget. Weather and usage fluctuations are expected to continue through the end of the year.
- Year-end kWh sales projections were lowered from 200M to 191M kilowatt hours at the end of Q3 based on performance to date and adjusted forecasts. With Q3 actuals, the projection has been adjusted to 187M kilowatt hours.
- BPA Power purchases were down by \$387k due to lower kWh consumption, in keeping with the trend.
- Energy Savings showed significant decrease in expense (\$256k) through increased efficiencies, the absence of budgeted County Fair expenditures and changes in BPA's weatherization rebate offerings. In Q4, Conservation District invoices will bring savings down to approximately \$200k.
- Please note that some deferred expense in hiring may appear by year-end as we continue to search for a new MS Supervisor.
- The revenue recovery add-on is proving an effective tool in catching up to budgeted margin targets by year-end.
- OPALCO continues to be in compliance with RUS loan covenants.
- Rock Island Communications Third Quarter Financials included on pages 16 through 18.





# ORCAS POWER & LIGHT COOPERATIVE

## 2015 Q3 FINANCIALS



*Blakely Island*





ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS

	A. Audited Year End 12/31/2011	B. Audited Year End 12/31/2012	C. Audited Year End 12/31/2013	D. Audited Year End 12/31/2014	E. Budget Year End 12/31/2015	F. Budget Period End 9/30/2015	G. Actual Period End 9/30/2015	H. Budget Variance (F - E)	I. Actual Period End 9/30/2014
1 OPERATING REVENUES									
2     Residential	\$ 15,759,594	\$ 14,861,010	\$ 15,598,797	\$ 15,913,325	\$ 17,714,009	\$ 12,732,874	\$ 12,349,844	(383,029)	\$ 11,420,762
3     Commercial	5,092,396	5,260,451	5,467,588	5,694,901	6,523,281	4,764,941	4,659,720	(105,220)	4,187,913
4     Other	317,208	296,764	364,892	420,798	459,851	340,676	354,412	13,736	303,110
5       Total operating revenue	21,169,199	20,418,225	21,431,278	22,029,025	24,697,141	17,838,491	17,363,977	(474,514)	15,911,784
6									
7 OPERATING EXPENSES									
8     Cost of power	6,680,856	7,240,696	7,514,128	8,037,428	8,452,880	5,874,611	5,487,741	(386,870)	5,708,766
9     Transmission	51,964	126,986	70,117	92,874	95,459	83,801	26,954	(56,847)	80,227
10    Distribution - operations	2,348,360	2,805,586	2,968,003	2,961,250	3,462,037	2,659,894	2,613,609	(46,285)	2,315,960
11    Distribution - maintenance	1,417,386	1,518,742	1,669,524	1,778,516	1,862,557	1,418,754	1,254,299	(164,456)	1,381,273
12    Consumer accounts	835,247	809,149	853,211	898,198	1,000,006	777,083	690,216	(86,867)	678,907
13									
14    General and administration									
15       Administration G&A	2,385,483	2,799,833	2,718,889	2,822,439	3,060,993	2,309,647	2,110,939	(198,708)	2,179,626
16       Energy services G&A	219,929	276,269	462,966	373,323	743,548	819,885	563,513	(256,372)	236,089
17       Total general and administration	2,605,412	3,076,102	3,181,855	3,195,763	3,804,540	3,129,532	2,674,452	(455,080)	2,415,714
18									
19    Depreciation and amortization	2,507,468	2,652,194	2,719,560	2,975,650	3,166,399	2,321,110	2,450,525	129,416	2,191,281
20    Taxes	869,518	832,220	930,482	961,815	1,038,446	762,944	756,514	(6,430)	706,797
21									
22       Total operating expenses	17,316,211	19,061,677	19,906,881	20,901,493	22,882,324	17,027,728	15,954,308	(1,073,420)	15,478,925
23									
24       Operating margins before fixed charges	3,852,988	1,356,548	1,524,397	1,127,532	1,814,817	810,763	1,409,669	598,906	432,859
25									
26 FIXED CHARGES									
27     Interest on long-term debt	733,675	759,686	786,193	908,934	1,003,025	725,518	754,249	28,731	675,404
28     Other Interest	227,223	-	-	-	-	-	-	-	-
29									
30       Total fixed charges	960,898	759,686	786,193	908,934	1,003,025	725,518	754,249	28,731	675,404
31									
32       Operating margins after fixed charges	2,892,090	596,861	738,204	218,598	811,792	85,245	655,420	570,175	(242,545)
33									
34 PATRONAGE CAPITAL CREDITS	42,563	40,416	38,048	67,853	56,472	56,472	56,051	(421)	67,853
35									
36       Net operating margins	2,934,652	637,277	776,252	286,451	868,265	141,717	711,471	569,754	(174,692)
37									
38 NON-OPERATING MARGINS									
39     Interest income	33,196	32,228	33,261	32,130	208,165	113,172	21,164	(92,008)	24,613
40     Other income	32,609	21,995	46,893	23,458	21,933	11,645	9,422	(2,223)	11,709
41       Total Opalco nonoperating margins	65,805	54,222	80,154	55,588	230,098	124,817	30,585	(94,231)	36,322
42									
43     Fiber Optics Division (Island Network Department)									
44       IN Income	303,761	348,119	388,117	519,819	-	-	-	-	384,873
45       IN Expenses	169,562	225,095	273,006	739,907	-	-	-	-	422,889
46       Total Fiber Optics Division	134,199	123,024	115,111	(220,088)	-	-	-	-	(38,016)
47									
48       Net non-operating margins	200,004	177,246	195,265	(164,500)	230,098	124,817	30,585	(94,231)	(1,693)
49									
50 NET MARGINS	\$ 3,134,656	\$ 814,524	\$ 971,518	\$ 121,951	\$ 1,098,363	\$ 266,534	\$ 742,056	475,522	\$ (176,385)
51									
52									
53     OPALCO TIER	5.27	2.07	2.24	1.13	1.92	1.31	1.83		0.74
54     OPALCO Equity % of Total Cap	73.5%	72.1%	69.5%	61.32%	52.7%	58.0%	55.1%		65.0%
55									
56 <b>Rock Island Communications (to be transitioned to Subsidiary)</b>									
57 NON-OPERATING MARGINS									
58     Island Network	-	-	-	-	(1,248,599)	(718,618)	(1,491,454)	(772,836)	-
59     Rock Island Communications	-	-	-	-	83,137	31,817	(324,351)	(356,168)	-
60       Net non-operating margin	-	-	-	-	(1,165,462)	(686,801)	(1,815,805)	(1,129,004)	-

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
 DETAILED BREAKOUT OF NOTABLE DRIVERS

		A. Budget Period End 9/30/2015	B. Actual Period End 9/30/2015	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
1	<b>I OPERATING REVENUES</b>	<b>17,838,491</b>	<b>17,363,977</b>	<b>(474,514)</b>	<b>Decrease in income</b>
2	<b>Operating Revenue - Line 5 Detail Breakout:</b>				
3	Residential Sales			(383,029)	Electric kWh sales less due to lower heating load (warmer weather) and to a lesser extent conservation, energy efficiency, and renewables.
4	Commercial Sales			(105,220)	Electric kWh sales less due to lower heating load (warmer weather) and to a lesser extent conservation, energy efficiency, and renewables.
5	Other Operating Revenue			13,736	Variance among multiple general ledger accounts (4 accounts)
6	<b>TOTAL OPERATING REVENUES</b>	<b>17,838,491</b>	<b>17,363,977</b>	<b>(474,514)</b>	
7					
8	<b>II OPERATING EXPENSES</b>	<b>17,027,728</b>	<b>15,954,308</b>	<b>(1,073,420)</b>	<b>Decrease in operating expenses</b>
9					
10	<b>Cost of Power - Line 8</b>	<b>5,874,611</b>	<b>5,487,741</b>	<b>(386,870)</b>	<b>Decrease in expense</b> - Less kWh consumption/purchased from BPA due to lower heating load (warmer weather)
11					
12	<b>Transmission - Line 9 Detail Breakout:</b>	<b>83,801</b>	<b>26,954</b>	<b>(56,847)</b>	<b>Decrease in expense</b>
13	Maintenance of OH Lines /Transmission			(47,856)	* Maintenance project rescheduled for 4th quarter
14	Multiple Accounts			(8,991)	Variance among multiple general ledger accounts (7 accounts)
15				(56,847)	
16					
17	<b>Distribution - Operations - Line 10 Detail Breakout:</b>	<b>2,659,894</b>	<b>2,287,830</b>	<b>(46,285)</b>	<b>Decrease in expense</b>
18	Oper Supervision & Engineer			18,690	Retirement timing later than anticipated
19	Station Expenses			30,923	Unanticipated repair of station transmission switch
20	Tailgate Time			(20,712)	Timing of the hiring of new journeyman lineman and delay of return to work for San Juan employee on sick leave
21	Misc. Engineering Expenses			43,693	Increased efforts in planning and increase in training costs
22	Misc. Eng. - Construction Work Plan			(136,465)	Per RUS guidelines, environmental expense (wetland and archeological) are now capitalized with the associated work orders
23	Multiple Accounts			17,587	Variance among multiple general ledger accounts (14 accounts)
24				(46,285)	
25					
26	<b>Distribution - Maintenance - Line 11 Detail Breakout:</b>	<b>1,418,754</b>	<b>1,254,299</b>	<b>(164,456)</b>	<b>Decrease in expense</b>
27	San Juan District Accident			38,928	Employee who was expected to return in December 2014, returned in May 2015 (partially offset above in Distribution - Operations over multiple accounts)
28	Lopez District Accident			(35,701)	Labor & Industries case closed earlier than anticipated
29	Maintenance of OH Lines			(177,297)	Less right of way clearing and storm damage expense
30	Maint-Underground Lines			13,670	More UG maintenance & outage expense
31	Multiple Accounts			(4,056)	Variance among multiple general ledger accounts (8 accounts)
32				(164,456)	

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
 DETAILED BREAKOUT OF NOTABLE DRIVERS

		A. Budget Period End 9/30/2015	B. Actual Period End 9/30/2015	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
33					
34	<b>Consumer accounts - Line 12 Detail Breakout:</b>	<b>777,083</b>	<b>690,216</b>	<b>(86,867)</b>	<b>Decrease in expense</b>
35	Customer Records/Collection			(59,790)	Staff hiring delay
36	Uncollectible Accounts			(29,764)	Less write offs than prior year to date, expecting more by year end
37	Merchant Fees			2,687	More members paying online than predicted
38	Subtotal Consumer Accounts			(86,867)	
39					
40	<b>Total General and Administrative (G&amp;A):</b>	<b>3,129,532</b>	<b>3,000,230</b>	<b>(129,302)</b>	<b>Decrease in expense</b>
41					
42	<b>Administration G&amp;A - Line 15 Detail Breakout:</b>	<b>2,309,647</b>	<b>2,436,717</b>	<b>(198,708)</b>	<b>Increase in expense</b>
43	Informational Instruction/Advertising Expense			(48,469)	County Fair cancellation, scaled back ads and some program delays to 4th quarter
44	Administrative /General Salary			(42,381)	Staff hiring delay
45	Legal Expense/Legal Expense - Tech. Services			(18,600)	Attorney fees association with IN LLC new entity (formation only) were capitalized
46	Director's Fee & Expenses			(49,371)	Minimized spending on activities and fees
47	Misc. BOD Contingency - Legal			(36,415)	Less BOD legal questions than prior year
48	Misc. Gen Exp/Manager			(52,381)	Minimized spending over prior year
49	Misc. Gen Exp/Annual Meeting			(12,427)	Minimized spending over prior year
50	Maintenance of General Plant			23,648	FH yard and warehouse drainage repair, along with generator repairs
51	Tech Services Misc Expense			32,053	Increase in software licenses, maintenance, and subscriptions
52	Multiple Accounts			5,634	Variance among multiple general ledger accounts (15 accounts)
53	Subtotal Administration G&A			(198,708)	
54					
55	<b>Energy Services G&amp;A - Line 16</b>	<b>819,885</b>	<b>563,513</b>	<b>(256,372)</b>	<b>Decrease in expense</b>
56	General Overhead Expenses			(4,762)	Reduced labor expenses
57	Education and Outreach			(55,012)	Reduced staff requirement at energy fairs (*also pending invoicing to be paid in 4th quarter)
58	Renewable Energy Programs			(42,937)	Delay in community solar and staff time on renewable energy programs
59	BPA Commercial Lighting/BPA Commercial Programs			(37,294)	* Delay in commercial lighting projects to 4th quarter
60	BPA Window Upgrade/Insulation/Air Sealing Rebates			14,563	More rebates than predicted due to BPA decreasing residential weatherization rebates effective 10/1
61	BPA Heat Pump Rebates			(35,935)	Less heat pump rebates than predicted compared to 2014 (incentive lowered after Apr '14)
62	Energy Snapshot Program Expense			10,629	Purchased LED bulbs (\$3k) sooner than expected for favorable pricing coupled with more staff time allocated than expected for tracking project
63	BPA Low Income Programs/GM Conservation EE Ed Discretion Fund			(24,769)	* Low income projects underway and not yet submitted by the Opportunity Council. EE Ed grant awards have been put on hold for remainder of year
64	BPA EEI Funding			(29,234)	* Rebates paid with the next rate period funding will be submitted in 4th quarter
65	Multiple Accounts			(51,622)	Variance among multiple general ledger accounts (10 accounts)

ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF OPERATIONS BUDGET TO ACTUAL  
 DETAILED BREAKOUT OF NOTABLE DRIVERS

		A. Budget Period End 9/30/2015	B. Actual Period End 9/30/2015	C. Budget Variance (B - A)	D. Comments: Budget To Actual (Column C.)
66					
67					
68					
69					
70					
71					
72					
73					
74					
75					
76					
77	III				
78					
79	IV				
80					
81					
82					
83					
84					
85	V				
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91					
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94					

\* Timing Delay only, not permanent.

Note: Rock Island Communication financials are listed under separate cover.

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2011	B. Audited Year End 12/31/2012	C. Audited Year End 12/31/2013	D. Audited Year End 12/31/2014	E. Actual Period End 9/30/2015	F. Change (E - D)	G. Actual Period End 9/30/2014
1 ASSETS							
2							
3 UTILITY PLANT, at cost							
4   Electric plant in service	\$ 79,769,777	\$ 82,840,443	\$ 86,319,230	\$ 91,153,200	\$ 96,969,660	\$ 5,816,460	\$ 89,903,781
5   Construction work in progress	1,859,540	1,438,043	2,456,829	5,696,090	5,519,155	(176,935)	3,258,391
6							
7	81,629,317	84,278,486	88,776,059	96,849,290	102,488,815	5,639,524	93,162,172
8   Less accumulated depreciation and amortization	32,376,495	34,068,592	36,237,594	38,650,755	40,657,427	2,006,672	38,063,308
9							
10   Net utility plant	49,252,822	50,209,894	52,538,465	58,198,535	61,831,388	3,632,853	55,098,865
11							
12 OTHER PROPERTY AND INVESTMENT, at cost							
13   To Be Transitioned to Subsidiary							
14      Island Network (department only) (Note 1)	194,402	252,854	426,272	74,891	(1,491,454)	(1,566,345)	93,423
15      Rock Island Communications (Note 2)	-	-	-	-	5,188,212	-	-
16   Opalco non-utility property	-	-	-	-	-	-	93,415
17							
18	194,402	252,854	426,272	74,891	(1,491,454)	(1,566,345)	8
19   Investments in associated organizations							
20      Other	908,190	929,141	941,203	1,063,004	1,081,219	18,215	1,077,683
21      Non-utility investment (Rock Island Communications)	-	-	-	-	1,091,776	1,091,776	-
22      Total investments in associated organizations	908,190	929,141	941,203	1,063,004	2,172,995	1,109,991	1,077,683
23							
24   Other property and investments	1,102,592	1,181,995	1,367,476	1,137,895	681,541	(456,354)	1,077,691
25							
26 CURRENT ASSETS							
27   Cash and cash equivalents	2,049,721	2,091,466	797,873	2,254,475	2,125,698	(128,777)	2,907,414
28   Cash and cash equivalents - board designated	2,004,674	2,002,236	2,006,348	1,279,616	-	(1,279,616)	1,511,790
29   Accounts receivable, less doubtful accts allowance	2,690,548	2,388,170	3,146,966	3,036,986	2,218,621	(818,365)	1,859,046
30   Accounts receivable - Island Network (department only) (Note 3 & 4)	-	-	-	-	2,585,718	2,585,718	-
31   Interest receivable	6,495	6,848	7,394	6,330	12,523	6,192	12,562
32   Materials and supplies	1,333,658	1,502,931	2,141,563	2,720,342	4,717,851	1,997,509	2,567,783
33   Prepaid expenses	103,649	115,232	122,451	586,081	226,970	(359,111)	194,288
34							
35   Total current assets	8,188,745	8,106,884	8,222,594	9,883,830	11,887,381	2,003,551	9,052,883
36							
37 DEFERRED CHARGES	-	-	-	50,371	-	(50,371)	-
38							
39   Total assets	\$ 58,544,159	\$ 59,498,772	\$ 62,128,535	\$ 69,270,631	\$ 74,400,310	\$ 5,129,679	\$ 65,229,439

ORCAS POWER AND LIGHT COOPERATIVE

BALANCE SHEET

	A. Audited Year End 12/31/2011	B. Audited Year End 12/31/2012	C. Audited Year End 12/31/2013	D. Audited Year End 12/31/2014	E. Actual Period End 9/30/2015	F. Change (E - D)	G. Actual Period End 9/30/2014
40							
41	EQUITIES, MARGINS, AND LIABILITIES						
42							
43	EQUITIES AND MARGINS						
44	Memberships	\$ 60,505	\$ 54,800	\$ 55,655	\$ 56,880	\$ (670)	\$ 56,590
45	Patronage capital - OPALCO	37,836,072	37,473,607	37,250,119	36,348,023	279,667	36,922,248
46	Patronage capital - Island Network margin (Note 4)	-	-	-	(220,088)	(1,271,366)	(38,016)
47	Donated and other equities						
48	Opalco donated & other equities	3,158,271	3,643,203	4,024,439	4,477,375	126,859	4,190,801
49	Non-utility Equity (Rock Island Communication) (Note 2)	-	-	-	-	3,696,758	-
50							
51	Total equities and margins	41,054,848	41,171,610	41,330,213	40,662,189	(865,510)	41,131,623
52							
53	LONG-TERM DEBT, less current maturities						
54	RUS mortgage notes	11,514,336	12,769,260	14,982,671	22,446,072	4,034,448	19,028,956
55	RUS economic development	-	-	-	72,663	(6,003)	74,664
56	CFC mortgage notes	2,803,987	2,693,103	2,575,694	2,468,531	2,355,923	2,488,607
57							
58	Total long-term liabilities	14,318,323	15,462,363	17,558,365	24,987,266	6,384,368	21,592,227
59							
60	CURRENT LIABILITIES						
61	Accounts payable	1,548,452	1,297,200	1,732,736	1,931,399	(463,789)	1,237,857
62	Customer deposits	67,922	77,002	86,161	91,717	(7,674)	91,768
63	Accrued liabilities	937,927	854,196	696,741	751,049	(310,313)	448,549
64	Current maturities of long-term debt	491,649	479,289	555,793	663,885	386,331	574,138
65							
66	Total current liabilities	3,045,949	2,707,686	3,071,431	3,438,051	(395,445)	2,352,312
67							
68	DEFERRED CREDITS	125,039	157,113	168,527	183,124	6,266	153,276
69							
70	Total equities and liabilities	\$ 58,544,159	\$ 59,498,772	\$ 62,128,535	\$ 69,270,631	\$ 5,129,679	\$ 65,229,439
71							
72	Note:						
73	1 Combination of all balance sheet accounts for Island Network (department only).						
74	2 Amounts are informational only and not included in totals. To be transitioned to Subsidiary.						
75	3 Represents the amount currently owed to Opalco on behalf of Island Network (department only).						
76	4 This balance will be transitioned to the subsidiary and will be reflected in the Non-utility investment in Q4.						



ORCAS POWER AND LIGHT COOPERATIVE

STATEMENT OF CASH FLOW  
GAAP

	A.	B.	C.	D.	E.
	Audited	Audited	Audited	Audited	Actual
	Year End	Year End	Year End	Year End	Period End
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	9/30/2015
1 CASH FLOWS FROM OPERATING ACTIVITIES					
2 Net margins	\$ 3,134,656	\$ 814,524	\$ 971,520	\$ 121,951	\$ 742,056
3 Adjustments to reconcile net margin to cash					
4 from operating activities					
5 Depreciation and amortization (Opalco only)	2,507,468	2,652,194	2,719,561	2,975,650	2,450,525
6 Changes in assets and liabilities					
7 Accounts receivable	(624,789)	302,378	(758,796)	109,980	(1,767,353)
8 Interest receivable	6	(354)	(546)	1,064	(6,192)
9 Prepaid expenses	(21,653)	(11,583)	(7,219)	(463,630)	359,111
10 Accounts payable	201,025	(251,253)	435,535	198,663	(463,789)
11 Customer deposits	7,055	9,080	9,160	5,557	(7,674)
12 Accrued liabilities	28,834	(83,731)	(157,453)	54,308	(310,313)
13 Deferred credits	100,919	32,073	11,414	14,598	6,266
14					
15 Net cash from operating activities	5,333,521	3,463,329	3,223,176	3,018,141	1,002,637
16					
17 CASH FLOWS FROM INVESTING ACTIVITIES					
18 Additions to utility plant, net	(5,757,907)	(3,930,981)	(5,632,016)	(9,831,711)	(6,309,908)
19 Additions to non-utility plant (Island Network department)(Note 1)	39,352	(58,452)	(173,419)	351,381	1,566,345
20 Change in materials and supplies	(115,766)	(169,273)	(638,632)	(578,779)	(1,997,509)
21 Increase in investment in Subsidiary (Rock Island Communications)	-	-	-	-	(1,091,776)
22 Increase in other Opalco property and investments, net	(24,503)	(20,950)	(12,063)	(121,801)	(18,215)
23					
24 Net cash from investing activities	(5,858,824)	(4,179,656)	(6,456,130)	(10,180,909)	(7,851,063)
25					
26 CASH FLOWS FROM FINANCING ACTIVITIES					
27 Payments on long-term debt (Note 2)	(772,016)	(368,319)	(1,027,495)	156,993	(729,301)
28 Proceeds from debt (Note 2 & 3)	3,000,000	1,500,000	3,200,000	7,380,000	7,500,000
29 Memberships	2,030	(5,705)	855	1,225	(670)
30 Retirements of patronage capital, net	(644,716)	(692,057)	(813,770)	(791,199)	(335,530)
31 Change in Island Network equity	-	-	-	-	(1,271,366)
32 Contributions in aid of construction	515,614	321,715	583,883	1,145,619	276,901
33 Other changes in equities	-	-	-	-	-
34					
35 Net cash from financing activities	2,100,912	755,634	1,943,473	7,892,638	5,440,033
36					
37 NET CHANGE IN CASH	1,575,608	39,307	(1,289,481)	729,870	(1,408,393)
38					
39 CASH AND CASH EQUIVALENTS, beginning of year/period	2,478,787	4,054,395	4,093,702	2,804,221	3,534,091
40					
41 CASH AND CASH EQUIVALENTS, end of year/period	4,054,395	4,093,702	2,804,221	3,534,091	2,125,698
42					
43 SUPPLEMENTAL DISCLOSURES					
44 Cash paid for interest	\$ 960,898	\$ 759,686	\$ 786,193	\$ 908,934	\$ 896,347
45					
45 OUTSTANDING DEBT BALANCE	(14,810,000)	(15,942,000)	(18,114,000)	(25,651,000)	(32,422,000)
46 Notes:					
47 1 Includes Plant & CIAC					
48 2 2014 includes Economic Development loan from RUS and is offset by RUS Cushion of Credit balance of 2011: \$684k, 2012: \$546k, 2013: \$1.1M, 2014: \$235k, 2015: \$173k.					
49 3 Budget borrowing through 3rd Quarter: \$7.4M RUS and \$1.9M CFC.					

ORCAS POWER AND LIGHT COOPERATIVE

CAPITAL PROJECTS BUDGET

			A.	B.	C.	D.	E.	F.	G.
RUS CWP DESCRIPTION			Audited Year End 12/31/2014	Budget Year End 12/31/2015	Budget Period End 9/30/2015	Actual Period End 9/30/2015	Budget Variance (D- C)	Actual Period End 9/30/2014	Comments
1	DISTRIBUTION								
2	100	New Services	\$ 256,450	\$ 164,800	\$ 123,600	\$ 133,177	\$ 9,577	\$ 127,419	
3	200	New Tie Lines	341,347	130,000	97,500	75,309	(22,191)	275,650	
4	300	Conversions and Line Changes	1,194,755	968,000	774,400	430,223	(344,177)	771,499	Weather/Soil delay in Cattle Point Road reconductor
5	400	New Substations, switching station, metering point, etc.	-	-	-	-	-	-	
6	500	Substation, Switching Station, Metering Point Changes	23,034	-	-	145	145	22,058	
7	600	Miscellaneous Distribution Equipment							
8	601	Transformers & Meters	575,840	379,300	379,300	496,250	116,950	538,324	Delay in 2014 order delivered in 2015
9	602	Sets of Service Wires to increase Capacity	-	-	-	-	-	-	
10	603	Sectionalizing Equipment	401,127	140,000	105,000	97,068	(7,932)	389,304	
11	604	Regulators	131,410	-	-	4,235	4,235	67,961	
12	605	Capacitors	-	-	-	-	-	-	
13	606	Ordinary Replacements	179,366	247,200	123,600	143,827	20,227	189,810	
14	608	Underground Dist. Cable Replacement	3,202,174	1,168,020	1,051,218	1,834,191	782,973	1,098,721	Accelerated to offset other project delays/outage issues
15	700	Other Distribution Items							
16	701	Engineering Fees	-	-	-	-	-	-	
17	701.1	Environmental Consultant (asset portion only)		75,000	-	-	-	-	
18	701.2	AFUDC - Interest Capitalization		192,570	-	-	-	-	
19	704	LMS & SCADA	1,805	-	-	29,000	29,000	1,805	
20	705	AMR	-	-	-	-	-	-	
21	706	Communications							
22	706.0	Island Network	349,692	-	-	-	-	242,690	
23	706.1	Fiber/Microwave Infrastructure	1,747,051	1,930,000	1,688,750	1,701,014	12,264	738,412	
24	TRANSMISSION								
25	800	New Tie Line	-	-	-	-	-	-	
26	900	New Substations, switching station, metering point, etc.	11,321	-	-	337	337	4,785	
27	1000	Line and Station Changes	257,537	3,000,000	775,000	537,563	(237,437)	106,475	
28	1100	Other Transmission	-	-	-	-	-	-	
29	GENERATION								
30	1200	Generation	-	-	-	-	-	-	
31	OTHER								
32	1300	Headquarters Facilities	62,112	150,000	150,000	394,055	244,055	52,551	Carry over from prior year
33	1400	Acquisitions	-	-	-	-	-	-	
34	1500	All Other (Transportation, Etc.)							
35	1501	Transportation/Equipment/Tools/Radios	426,919	565,380	205,593	126,112	(79,481)	340,301	Delay in purchase of bucket truck (expected 4th Quarter)
36	1502	Office Equipment/Furniture/Etc.	7,938	51,500	51,500	54,465	2,965	8,276	
37	1503	Computer/Servers/Software	212,073	206,500	165,200	253,703	88,503	120,149	
38	1504	Electrical Infrastructure to Support Community Solar		50,000	-	-	-	-	
39	1600	Minor Projects	212,306	90,000	67,500	50,068	(17,432)	186,503	
40	RUS CWP SUBTOTAL		9,594,257	9,508,270	5,758,161	6,360,743	602,582	5,282,693	
41	CONTRIBUTION IN AID OF CONSTRUCTION (CIAC)								
42	New Services, Transformers, Meters		1,145,619	(252,434)	(126,217)	(276,901)	(150,684)		
43	RUS CWP NET TOTAL		10,739,876	9,255,836	5,631,944	6,083,842	451,898	5,282,693	
44	ROCK ISLAND COMMUNICATIONS (to be transitioned to Subsidiary)								Details under separate cover
45	700	Distribution							
46	706	New Service (Member Middle and Last)	-	3,500,000	1,750,000	1,397,572	(352,428)	-	
47	706	Equipment, Tools, Computers, Office Furniture, Other		550,000	550,000	1,040,087	490,087	-	
48		CIAC (New Service and Middle Mile)	-	(2,000,000)	(1,200,000)	(648,276)	551,724	-	
49	RIC NET TOTAL		-	2,050,000	1,100,000	1,789,383	689,383	-	
50									
51	TOTAL OPALCO + RIC CAPITAL PROJECTS		\$ 10,739,876	\$ 11,305,836	\$ 6,731,944	\$ 7,873,225	\$ 1,141,281	\$ 5,282,693	
52									
53	Notes:								
54	1	\$141,649 in Allowance for Funds Used During Construction (AFUDC). This cost is embedded in the associated projects listed above for capitalization purposes.							
55	2	\$180,266 in Environmental Consultant. This cost is embedded in the associated projects listed above for capitalization purposes.							

ORCAS POWER AND LIGHT COOPERATIVE

SALES AND USAGE REPORT

		A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.	M.
		January	February	March	April	May	June	July	August	September	October	November	December	Total
1	HEATING DEGREE DAYS (HDD)													
2	10 Year Average HDD	285	238	200	113	44	15	5	3	13	62	169	310	1,457
3	Actual HDD	199	96	114	114	32	8	-	2	25	19	-	-	609
4	Variance	(86)	(142)	(86)	1	(12)	(7)	-	(1)	12	(43)	-	-	(364)
5														
6	ENERGY USAGE (kWh)													
7	Residential													
8	Budget	17,168,588	15,555,344	15,228,501	11,459,487	9,363,812	8,043,899	8,253,776	8,077,297	7,997,331	10,086,920	13,337,379	18,127,823	142,700,157
9	Actual	17,423,161	11,607,035	13,547,685	10,731,430	8,905,424	8,687,132	7,530,891	7,932,613	8,410,598	9,558,827	-	-	62,641,459
10	Variance (Budget to Actual)	254,573	(3,948,309)	(1,680,816)	(728,057)	(458,388)	643,233	(722,885)	(144,684)	413,267	(528,093)	-	-	(6,900,159)
11	Commercial													
12	Budget	5,823,716	4,791,629	5,693,361	4,427,231	4,041,188	4,048,463	4,354,242	4,449,951	4,243,389	4,727,940	4,974,119	5,868,917	57,444,146
13	Actual	5,768,385	5,915,555	5,112,483	4,435,171	4,115,287	3,861,870	4,372,706	4,518,894	4,116,088	4,085,746	-	-	25,042,804
14	Variance (Budget to Actual)	(55,331)	1,123,926	(580,878)	7,940	74,099	(186,593)	18,464	68,943	(127,301)	(642,194)	-	-	(298,925)
15														
16	REVENUE													
17	Residential													
18	Budget	(1,804,368)	(1,809,181)	(1,767,349)	(1,448,039)	(1,266,684)	(1,154,758)	(1,174,435)	(1,157,607)	(1,150,453)	(1,330,245)	(1,613,191)	(2,038,052)	(17,714,361)
19	Actual	(1,820,629)	(1,495,998)	(1,656,103)	(1,341,182)	(1,302,497)	(1,059,005)	(1,208,168)	(1,233,339)	(1,268,226)	(1,387,766)	-	-	(13,737,671)
20	Variance (Budget to Actual)	16,261	(313,183)	(111,246)	(106,857)	35,813	(95,753)	(33,733)	(75,732)	(117,774)	(57,521)	-	-	(859,725)
21	Commercial													
22	Budget	(573,330)	(552,673)	(625,943)	(516,413)	(482,435)	(479,391)	(501,629)	(509,250)	(492,747)	(536,164)	(563,791)	(645,819)	(6,479,585)
23	Actual	(545,738)	(526,139)	(569,483)	(506,462)	(500,243)	(458,574)	(527,602)	(521,387)	(493,489)	(486,831)	-	-	(5,113,640)
24	Variance (Budget to Actual)	(27,592)	(26,534)	(56,460)	(9,951)	17,808	20,817	(25,974)	(12,137)	(742)	49,334	-	-	(71,431)
25														
26	NOTE: Excluded Other Revenue and Revenues that are not usage based.													



ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 - INCLUDES ISLAND NETWORK DEPARTMENT  
STATEMENT OF OPERATIONS

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.				
UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>		BORROWER DESIGNATION WA0009		
		BORROWER NAME AND ADDRESS <b>Orcas Power &amp; Light Cooperative</b>		
INSTRUCTIONS-For detailed instructions, see RUS Bulletin 1717B-2		PERIOD ENDED		
This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C 901 et. Seq.) and may be confidential.		Sep-15		
<b>CERTIFICATION</b>  We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001. We hereby certify that the entries in this report are in accordance with the accounts and other records system and reflect the status of the system to the best of our knowledge anc  ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.  DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII (check one of the following _____ All of the obligations under the RUS loan documents have been fulfilled in all material respects. _____ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.				
SIGNATURE OF MANAGER		DATE		
<b>PART A. STATEMENT OF OPERATIONS</b>				
ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital.....	15,911,784	17,363,977	17,838,491	1,799,355
2. Power Production Expense.....	-	-	-	-
3. Cost of Purchased Power.....	5,708,766	5,487,741	5,874,611	551,591
4. Transmission Expense.....	80,227	26,954	83,801	4,646
5. Regional Market Expense.....	-	-	-	-
6. Distribution Expense-Operation.....	2,315,960	2,613,609	2,659,894	551,575
7. Distribution Expense-Maintenance.....	1,381,273	1,254,299	1,418,754	114,265
8. Consumer Accounts Expense.....	678,907	690,216	777,083	62,967
9. Customer Service and Informational Expense.....	319,365	623,294	947,193	31,670
10. Sales Expense.....	40,818	34,548	36,417	4,575
11. Administrative and General Expense.....	2,052,451	2,016,530	2,144,274	(93,151)
12. Total Operation and Maintenance Expense (2 thru 11).....	12,577,768	12,747,189	13,942,027	1,228,139
13. Depreciation and Amortization Expense.....	2,191,281	2,450,525	2,321,110	276,617
14. Tax Expense - Property and Gross Receipts.....	151,357	142,866	155,898	15,308
15. Tax Expense - Other.....	555,440	613,648	607,046	64,465
16. Interest on Long-Term Debt.....	675,404	896,347	869,946	126,652
17. Interest Charged to Construction - Credit.....	-	(142,098)	(144,428)	(17,862)
18. Interest Expense - Other.....	-	-	-	-
19. Other Deductions.....	3,080	80	1,648	-
20. Total Cost of Electric Service (12 thru 19).....	16,154,329	16,708,557	17,753,246	1,693,320
21. Patronage Capital and Operating Margins (1 minus 20).....	(242,545)	655,420	85,245	106,035
22. Non Operating Margins - Interest.....	24,613	21,164	113,172	2,573
23. Allowance for Funds Used During Construction.....	-	-	-	-
24. Income (Loss) from Equity Investments.....	-	-	-	-
25. Non Operating Margins - Other.....	(26,306)	(1,482,033)	(1,114,701)	(612,728)
26. Generation and Transmission Capital Credits.....	-	-	-	-
27. Other Capital Credits and Patronage Dividends.....	67,853	56,051	56,472	16,053
28. Extraordinary Items.....	-	-	-	-
29. Patronage Capital or Margins (21 thru 28).....	(176,385)	(749,398)	(859,811)	(488,067)

RUS Form 7

ORCAS POWER AND LIGHT OPERATIONS

RUS FORM 7 - INCLUDES ISLAND NETWORK DEPARTMENT  
BALANCE SHEET

USDA - RUS				BORROWER DESIGNATION			
FINANCIAL AND STATISTICAL REPORT				PERIOD ENDED Sep-15			
INSTRUCTIONS - See RUS Bulletin 1717B-2							
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT							
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE			
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)		
1. New Services Connected	95		5. Miles Transmission	42.65			42.65
2. Services Retired	15		6. Miles Distribution-Overhead	157.13			156.97
3. Total Services in Place	14,825		7. Miles Distribution-Underground	1,139.28			1,139.03
4. Idle Services (Exclude Seasonal)	947		8.Total Miles Energized (5 + 6 + 7)	1,339.06			1,338.65
PART C. BALANCE SHEET							
ASSETS AND OTHER DEBITS				LIABILITIES AND OTHER CREDITS			
1. Total Utility Plant in Service.....	96,969,660		30. Memberships.....	56,210			
2. Construction Work in Progress.....	5,502,208		31. Patronage Capital.....	35,885,633			
3. Total Utility Plant (1 + 2).....	102,471,867		32. Operating Margins - Prior Years.....	-			
4. Accum. Provision for Depreciation and Amort.....	40,640,479		33. Operating Margins - Current Year.....	742,056			
5. Net Utility Plant (3 - 4).....	61,831,388		34. Non-Operating Margins.....	(1,491,454)			
6. Non-Utility Property - Net.....	(1,491,454)		35. Other Margins and Equities.....	4,604,234			
7. Investments In Subsidiary Companies.....	1,091,776		36. Total Margins and Equities (30 thru 35).....	39,796,679			
8. Invest. In Assoc. Org. - Patronage Capital.....	447,612		37. Long-Term Debt - RUS (Net).....	3,397,050			
9. Invest. In Assoc. Org. - Other - General Funds.....	7,000		38. Long-Term Debt - FFB - RUS Guaranteed.....	23,843,383			
10. Invest. In Assoc. Org. - Other -Nongeneral Funds.....	558,274		39. Long-Term Debt - Other - RUS Guaranteed.....	-			
11. Investments In Economic Development Projects.....	68,333		40. Long-Term Debt - Other (Net).....	5,288,136			
12. Other Investments.....	-		41. Long-Term Debt - RUS - Econ. Devel. (Net).....	66,660			
13. Special Funds.....	188,586		42. Payments-Unapplied	(173,379)			
14. Total Other Property and Investments (6 thru 13).....	870,127		43. Total Long-Term Debt (37 thru 41-42).....	32,421,850			
15. Cash - General Funds.....	1,180,929		44. Obligations Under Capital Leases-Noncurrent.....	-			
16. Cash - Construction Fund - Trustee.....	30,752		45. Accumulated Operating Provisions and Asset Retirement Obligations.....	-			
17. Special Deposits.....	-		46. Total Other Noncurrent Liabilities (44+45).....	-			
18. Temporary Investments.....	725,431		47. Notes Payable.....	-			
19. Notes Receivable (Net).....	-		48. Accounts Payable.....	1,467,610			
20. Accounts Receivable - Sales of Energy (Net).....	1,456,574		49. Consumers Deposits.....	84,043			
21. Accounts Receivable - Other (Net).....	2,621,816		50. Current Maturities Long-Term Debt.....	-			
22. Renewable Energy Credits.....	-		51. Current Maturities Long-Term Debt-Ec.Dev.....	-			
23. Materials and Supplies - Electric and Other.....	4,717,851		52. Current Maturities Capital Leases.....	-			
24. Prepayments.....	226,970		53. Other Current and Accrued Liabilities.....	440,737			
25. Other Current and Accrued Assets.....	738,472		54. Total Current and Accrued Liabilities (47 thru 53).....	1,992,390			
26. Total Current and Accrued Assets (15 thru 25).....	11,698,795		55. Regulatory Liabilities.....	-			
27. Regulatory Assets.....	-		56. Other Deferred Credits.....	189,391			
28. Other Deferred Debits.....	-		57. Total Liabilites and Other Credits				
29. Total Assets and Other Debits (5+14+26 thru 28).....	74,400,310		(36+43+46+54 thru 56).....	74,400,310			
PART D. NOTES TO FINANCIAL STATEMENTS							
THIS SPACE IS PROVIDED FOR IMPORTANT DISCLOSURE NOTES TO THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. REPORT ITEMS CONTAINED IN THE INSTRUCTIONS AND ADDITIONAL MATERIAL ITEMS. (A SEPARATE SHEET MAY BE USED IF ADDITIONAL SPACE IS NEEDED.)							

ORCAS POWER AND LIGHT COOPERATIVE

RUS FORM 7 - INCLUDES ISLAND NETWORK DEPARTMENT  
FINANCIAL AND STATISTICAL REPORT

PART R. POWER REQUIREMENTS DATA BASE														
CLASSIFICATION	CONSUMER SALES AND REVENUE DATA	JANUARY ( a )	FEBRUARY ( b )	MARCH ( c )	APRIL ( d )	MAY ( e )	JUNE ( f )	JULY ( g )	AUGUST ( h )	SEPT ( i )	OCTOBER ( j )	NOVEMBER ( k )	DECEMBER ( l )	TOTAL (a thru l)
1. Residential Sales (excluding seasonal)	a. # Consumers Serv'd	12,857	12,860	12,870	12,868	12,889	12,903	12,913	12,918	12,923				
	b. kWh sold	17,423,161	11,607,035	13,547,685	10,731,430	8,905,424	6,887,132	7,530,891	7,932,613	8,410,598				92,975,969
	c. Revenue	1,844,735	1,513,965	1,672,427	1,341,182	1,302,497	1,059,005	1,220,413	1,245,460	1,279,270				12,478,954
2. Residential Sales Seasonal	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
3. Irrigations Sales	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
4. Comm. / Industrial 1000 kVA or less	a. # Consumers Serv'd	2,008	2,007	2,003	2,011	2,017	2,021	2,021	2,026	2,033				
	b. kWh sold	5,755,339	5,903,335	5,101,258	4,422,507	4,104,179	3,850,191	4,359,655	4,506,071	4,103,031				42,105,566
	c. Revenue	554,481	534,754	576,363	502,879	496,637	455,229	530,598	524,462	498,561				4,673,964
5. Comm. / Industrial Over 1000 kVA	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
6. Public Street and Hwy Lighting	a. # Consumers Serv'd	7	7	7	7	7	7	7	7	7				
	b. kWh sold	13,046	12,220	11,225	12,664	11,108	11,679	13,051	12,823	13,057				110,873
	c. Revenue	3,592	3,544	3,386	3,583	3,606	3,345	3,688	3,811	3,539				32,094
7. Other Sales to Public Auth.	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
8. Sales for Resale - RUS Borrowers	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
9. Sales for Resale - others	a. # Consumers Serv'd	0	0	0	0	0	0	0	0	0	0	0	0	
	b. kWh sold	0	0	0	0	0	0	0	0	0	0	0	0	-
	c. Revenue	0	0	0	0	0	0	0	0	0	0	0	0	-
10. TOTAL Number Consumers (1a - 9a)		14,872	14,874	14,880	14,886	14,913	14,931	14,941	14,951	14,963	0	0	0	
11. TOTAL kWh Sold (lines 1b - 9b)		23,191,546	17,522,590	18,660,168	15,166,601	13,020,711	10,749,002	11,903,597	12,451,507	12,526,686	0	0	0	135,192,408
12. TOTAL Revenue Recv'd from Sales of Electricity (1c - 9c)		2,402,808	2,052,263	2,252,176	1,847,644	1,802,740	1,517,579	1,754,699	1,773,733	1,781,370	0	0	0	17,185,012
13. Other Electric Revenue		22,771	19,540	22,324	21,093	23,121	18,879	16,599	16,653	17,985	0	0	0	178,966
14. kWh - Own Use		43,569	134,430	30,906	12,790	23,498	10,842	13,894	16,402	16,201				302,532
15. TOTAL kWh Purchased		23,133,873	18,044,632	18,602,560	16,641,545	13,605,075	12,038,766	13,059,362	13,216,313	13,587,913				141,930,039
16. TOTAL kWh Generated		0	0	0	0	0	0	0	0	0	0	0	0	0
17. Cost of Purchases and Generation		788,260	716,898	779,148	784,008	501,761	486,655	413,721	488,006	556,237				5,514,695
18. Interchange - kWh - Net		0	0	0	0	0	0	0	0	0	0	0	0	0
19. Peak - Sum All kW Input (metered)	coincident [ ] non-coincident [ x ]	46,113	39,899	44,310	35,946	29,805	22,371	22,650	23,460	26,603				



# Rock Island Communications

## 2015 3<sup>rd</sup> Quarter Financials

ROCK ISLAND COMMUNICATIONS (RIC)

STATEMENT OF OPERATIONS  
BUDGET TO ACTUAL

	A.	B.	C.	D.	E.
	Budget	Budget <sup>1</sup>	Actual	Budget	
	Year End	Period End	Period End	Variance	Comments: Budget to Actual
	12/31/2015	9/30/2015	9/30/2015	(C-B)	
1 OPERATING REVENUES					
Sales	2,253,168	1,520,888	1,351,114	(169,774)	Budget assumed 15% in Q1, 20% in Q2, 32.5% Q3, 32.5% Q4
2 Total operating revenues	2,253,168	1,520,888	1,351,114	(169,774)	
3					
4 COST OF GOODS SOLD					
5 Costs	967,174	652,842	603,097	(49,745)	Budget assumed 15% in Q1, 20% in Q2, 32.5% Q3, 32.5% Q4
6 Total cost of goods sold	967,174	652,842	603,097	(49,745)	
7 GROSS PROFIT	\$ 1,285,994	\$ 868,046	\$ 748,017	\$ (120,029)	
8 OPERATING EXPENSES					
9 Advertising	75,000	56,250	50,222	(6,028)	
10 Depreciation Expense	225,056	150,037	60,732	(89,305)	Assumed 3 Qs of depreciation and 1/3 of it in Q2
11 Insurance	100,000	75,000	59,451	(15,549)	
12 Interest Expense	210,000	157,500	5	(157,495)	
13 Office Expenses	-	-	55,382	55,382	
14 Payroll Expenses	1,325,138	993,853	935,087	(58,766)	
15 Professional Fees	200,000	150,000	474,766	324,766	
16 Rent	120,000	90,000	96,407	6,407	Assumed rent broken out from Facilities Expense
17 Utilities	130,000	97,500	7,211	(90,289)	2016 - under budgeted utilities
18 Other	-	-	244,466	244,466	
19 Travel & Ent	20,000	15,000	9,770	(5,230)	
20 Total operating expenses	2,405,193	1,785,140	1,993,500	208,359	
21 TOTAL NET OPERATING MARGINS	\$ (1,119,199)	\$ (917,094)	\$ (1,245,483)	\$ (328,388)	
22 OTHER INCOME (EXPENSE)					
23 Interest Income	-	-	260	260	
24 Other Income (Expense)	-	-	(7,946)	(7,946)	
25 Taxes: Property Taxes	-	-	-	-	
26 Taxes: State & Local Use Tax	(46,263)	(34,697)	(25,133)	9,564	
27 Total other income	(46,263)	(34,697)	(32,819)	1,878	
28 Federal Income Tax Expense	-	-	-	-	Assumed no federal tax for these years secondary to NOL / low net income
29 NET MARGINS	\$ (1,165,462)	\$ (951,792)	\$ (1,278,302)	\$ (326,510)	
30					
31					
32 Note:					
33 1 Budget assumed straight-line allocation (25% each quarter or 50% for 1st 1/2 of the year) for operating expenses					

ROCK ISLAND COMMUNICATIONS (RIC)

BALANCE SHEET

	A.	B.	C.	D.
	Acquisition	Period End	Period End	Period End
	2/27/2015	3/31/2015	6/30/2015	9/30/2015
1 ASSETS				
2 Current Assets				
3 Cash	\$ 373,838	\$ 671,025	\$ 745,761	\$ 423,280
4 Accounts Receivable	23,263	60,519	67,561	90,435
5 Inventory	74,145	115,393	121,902	193,788
6 Prepays And Other Current Assets	1,400	19,107	28,057	25,937
7 Total Current Assets	472,647	866,045	963,280	733,440
8 PROPERTY, PLANT, AND EQUIPMENT				
9 Fixed Assets	1,046,401	1,534,364	2,560,579	2,969,877
10 Accumulated Depreciation	(1,024,937)	(1,128,988)	(1,160,175)	(1,225,339)
11 Total Property & Equipment - Other	21,464	405,375	1,400,404	1,744,538
12 Investments in Affiliated Co.	-	707,731	707,731	714,338
13 Other assets	192,269	-	-	-
14 Goodwill	352,050	544,319	544,319	504,443
15 Total Assets	\$ 1,038,430	\$ 2,523,470	\$ 3,615,734	\$ 3,696,758
16				
17 CURRENT LIABILITIES				
18 Accounts Payable	\$ 30,874	\$ 395,667	\$ 24,774	\$ 359,159
19 Other Payables	97,456	92,949	91,967	28,307
20 Total Current Liabilities	128,330	488,616	116,742	387,466
21 NONCURRENT LIABILITIES				
22 Long-term Debt Sub-Incentive	-	-	-	-
23 Long-term Debt Startup Capital (OPALCO)	-	1,548,579	2,876,943	3,677,494
24 Long-term Obligation on Leased Equipment	-	-	454,431	-
25 Total Liabilities	128,330	2,037,195	3,448,115	4,064,960
26				
27 EQUITIES AND MARGINS				
28 Common Stock	10,000	10,000	10,000	10,000
29 Preferred Stock	100	100	100	100
30 Retained Earnings	900,000	679,912	679,912	900,000
31 Net Income (Loss)	-	(203,737)	(522,392)	(1,278,302)
32 Total Equity	910,100	486,275	167,620	(368,202)
33 Total Liabilities and Equity	\$ 1,038,430	\$ 2,523,470	\$ 3,615,734	\$ 3,696,758



ROCK ISLAND COMMUNICATIONS (RIC)

STATEMENT OF CASH FLOW  
NON GAAP

	A. RIC Annual Budget <u>2015</u>	B RIC Period End Actual <u>9/30/2015</u>
1 OPERATING ACTIVITIES		
2 Margins	\$ (1,165,000)	\$ (1,278,302)
3 Depreciation/Amortization	245,000	60,732
4 Adjustments to reconcile net earnings to net cash provided/(used) by operating activities:		
5 Change in Inventory	-	(136,220)
6 Change in Accounts Receivable	-	(67,172)
7 Change in Prepaids and Other Current Assets	-	(23,734)
8 Change in Accounts Payable	-	328,285
9 Change in Other Current and Noncurrent Liabilities	-	279,922
10 Cash Flow Operations	<u>(920,000)</u>	<u>(836,489)</u>
11		
12 PLANT INVESTMENT (NET)		
13 Investment in affiliate, net of cash acquired	-	(714,338)
14 Purchases of property and equipment	<u>(2,050,000)</u>	<u>(1,725,248)</u>
15 Cash Flow From Operations and Plant Investment	<u>(2,970,000)</u>	<u>(3,276,075)</u>
16 Cash Flow Before Borrowing	(2,970,000)	(3,276,075)
17		
18 NET BORROWING		
19 Debt borrowings, net	<u>2,641,000</u>	<u>3,677,494</u>
20 Cash Increase (Decrease) After Net Borrowing	<u>\$ (329,000)</u>	<u>\$ 401,420</u>
21		
22 TOTAL OUTSTANDING DEBT BALANCE	<u>\$ (2,641,000)</u>	<u>\$ (3,677,494)</u>
23		
24 Change in Cash		\$ 423,280