UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K/A

(Amendment no. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 1, 2016**

ATN INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-12593**	**47-0728886**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

500 Cummings Center
Beverly, MA 01915
(Address of principal executive offices and zip code)

(978) 619-1300
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Current Report on Form 8-K/A is filed as an amendment to the Current Report on Form 8-K dated July 1, 2016 filed by ATN International, Inc. (the "Company") with the Securities and Exchange Commission and incorporated herein by reference, disclosing the completion of the acquisition of all of the membership interests of Caribbean Asset Holdings, LLC ("CAH"). The purchase price was approximately $112 million and was funded with a combination of cash on hand and the proceeds of a loan. On July 1, 2016, the Company began consolidating the results of CAH within its financial statements in its International Telecom segment.

This amendment on Form 8-K/A is being filed to provide the historical consolidated financial statements of CAH and pro forma financial information required by Item 9.01(a) and (b) of Form 8-K. Except as described above, all other information in and exhibits to the original Form 8-K dated July 1, 2016 remain unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The audited consolidated balance sheet of CAH as of May 31, 2016, the related consolidated statements of operations and comprehensive loss and cash flows for the year then ended, and the related notes thereto are attached as Exhibit 99.1 to this Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information

The following unaudited pro forma financial information is attached as Exhibit 99.2 to this Form 8-K/A and is incorporated by reference herein:

- Unaudited pro forma condensed combined balance sheet of the Company and CAH as of March 31, 2016.
- Unaudited pro forma condensed combined statements of operations for the twelve months ended December 31, 2015 and the three months ended March 31, 2016.

(d) Exhibits

Exhibit 2.1	Purchase Agreement, effective as of September 30, 2015, by and among Caribbean Asset Holdings, LLC, National Rural Utilities Cooperative Finance Corporation, ATN VI Holdings, LLC and the Company. (incorporated by reference to Exhibit 2.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed on November 9, 2015 (File No. 001-12593)).
Exhibit 2.2	Amendment No. 1 to the Purchase Agreement, dated as of July 1, 2016, by and among National Rural Utilities Cooperative Finance Corporation, Caribbean Asset Holdings, LLC, ATN VI Holdings, LLC, and the Company (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed on August 9, 2016 (File No. 001-12593)).
Exhibit 23.1	Consent of KPMG LLP.
Exhibit 99.1	Audited consolidated balance sheet of CAH as of May 31, 2016, and the related consolidated statements of operations and comprehensive loss, changes in member's deficit, and cash flows for the year then ended, and the related notes thereto.
Exhibit 99.2	Unaudited pro forma condensed combined balance sheet of the Company and CAH as of March 31, 2016 and the unaudited pro forma condensed combined statements of operations for the twelve months ended December 31, 2015 and the three months ended March 31, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATN INTERNATIONAL, INC.

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer

Dated: September 19, 2016

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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23.1	Consent of KPMG LLP.
99.1	Audited consolidated balance sheet of CAH as of May 31, 2016, and the related consolidated statements of operations and comprehensive loss, changes in member's deficit, and cash flows for the year then ended, and the related notes thereto.

99.2	Unaudited pro forma condensed combined balance sheet of the Company and CAH as of March 31, 2016 and the unaudited pro forma condensed combined statements of operations for the twelve months ended December 31, 2015 and the three months ended March 31, 2016.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
ATN International, Inc.:

We consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-190523) of ATN International Inc of our report dated September 15, 2016, with respect to the consolidated balance sheet of Caribbean Asset Holdings, LLC as of May 31, 2016, and the related consolidated statements of operations and comprehensive loss, changes in member’s deficit, and cash flows for the year ended May 31, 2016, which appears in this Current Report on Form 8-K/A of ATN International, Inc. dated September 19, 2016.

/s/ KPMG LLP

San Juan, Puerto Rico
September 19, 2016

Caribbean Asset Holdings, LLC
and Subsidiaries

Consolidated Financial Statements
May 31, 2016

Contents

Independent Auditors' Report

The Sole and Managing Member
Caribbean Asset Holdings, LLC:

We have audited the accompanying consolidated financial statements of Caribbean Asset Holdings, LLC and subsidiaries (the Company), which comprise the consolidated balance sheet as of May 31, 2016, and the related consolidated statements of operations and comprehensive loss, changes in member's deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caribbean Asset Holdings, LLC and subsidiaries as of May 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Juan, Puerto Rico
September 15, 2016

Caribbean Asset Holdings, LLC and Subsidiaries

Consolidated Balance Sheet
May 31, 2016
(Amounts in Thousands)

Assets		
Current assets:		
Cash and cash equivalents	$	9,108
Accounts receivable, net		6,328
Materials and supplies		6,680
Prepayments and other current assets		2,424
Total current assets		24,540
Property, plant and equipment, net		101,845
Intangible assets, net		12,399
Goodwill		19,710
Other assets		1,692
Total assets	$	160,186
Liabilities and Member's Deficit		
Current liabilities:		
Current maturities of long-term debt	$	97,984
Accounts payable		8,459
Accrued and other current liabilities		9,579
Pension and other postretirement benefit liabilities		407
Customer deposits and advance payments		7,824
Total current liabilities		124,253
Deferred tax liability		2,358
Long-term debt, less current maturities		90,723
Pension and other postretirement benefit liabilities		27,424
Total liabilities		244,758
Commitments and contingencies		
Member's deficit:		
Paid-in capital		165,627
Accumulated deficit		(240,069)
Accumulated other comprehensive loss		(9,764)
Total Caribbean Asset Holdings, LLC and Subsidiaries member's deficit		(84,206)
Non-controlling interest		(366)
Total member's deficit		(84,572)
Total liabilities and member's deficit	$	160,186

See notes to consolidated financial statements.

Caribbean Asset Holdings, LLC and Subsidiaries

Consolidated Statement of Operations and Comprehensive Loss
Year Ended May 31, 2016
(Amounts in Thousands)

Revenues	$	101,031
Operating expenses:		
Cost of revenues		72,721
Selling, general and administrative		9,710
Depreciation and amortization		22,731
Impairment of goodwill		1,070
Loss on disposal of property, plant and equipment		645
Total operating expenses		106,877
Operating loss		(5,846)
Other expense		97
Interest expense		4,825

Net loss before income taxes		(10,768)
Income tax expense		1
Net loss		(10,769)
Less: net loss attributable to non-controlling interest		(29)
Net loss attributable to member	$	(10,740)
Comprehensive loss:		
Net loss	$	(10,769)
Pension and post-retirement benefit costs		(5,517)
Comprehensive loss	$	(16,286)

See notes to consolidated financial statements.

Caribbean Asset Holdings, LLC and Subsidiaries

Consolidated Statement of Changes in Member's Deficit
Year Ended May 31, 2016
(Amounts in Thousands)

	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Deficit In Caribbean Asset Holdings, LLC and Subsidiaries	Non-controlling Interest	Total Member's Deficit
Balance, May 31, 2015	$ 165,627	$ (229,329)	$ (4,247)	$ (67,949)	$ (337)	$ (68,286)
Net loss	—	(10,740)		(10,740)	(29)	(10,769)
Other comprehensive loss	—	—	(5,517)	(5,517)	—	(5,517)
Balance, May 31, 2016	**$ 165,627**	**$ (240,069)**	**$ (9,764)**	**$ (84,206)**	**$ (366)**	**$ (84,572)**

See notes to consolidated financial statements

Caribbean Asset Holdings, LLC and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended May 31, 2016
(Amounts in Thousands)

Cash flows from operating activities:		
Net loss	$	(10,769)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization		22,731
Recapture of provision for bad debts		(374)
Impairment of goodwill		1,070
Loss on disposal of property, plant and equipment		645
Changes in operating assets and liabilities:		
Accounts receivable		(453)
Materials and supplies		194
Prepayments and other current assets		(264)
Other assets		(935)
Accounts payable		1,336
Accrued and other current liabilities		(5,837)
Customer deposits and advance payments		(357)
Pension and other post-retirement liabilities		638
Net cash provided by operating activities		7,625
Cash flows from investing activities:		
Purchases of property and equipment		(11,355)
Proceeds from sale of property and equipment and assets held for sale		5,010
Net cash used in investing activities		(6,345)
Cash flows from financing activities:		
Borrowings on long-term debt		88,280
Payments on long-term debt		(83,946)
Net cash provided by financing activities		4,334
Net increase in cash and cash equivalents		5,614

Cash and cash equivalents:		
Beginning of year		3,087
End of year	$	8,701
Supplemental disclosures of cash flow information:		
Cash payments for:		
Interest	$	5,537
Non-cash transaction:		
Change in pension obligation recorded in other comprehensive loss	$	(5,517)

See notes to consolidated financial statements.

Note 1. Nature of Organization and Basis of Presentation

Nature of organization: Caribbean Asset Holdings, LLC (the Company or CAH) operates as a holding company for the following subsidiaries:

DTR Holdings, LLC (DTR) is wholly-owned by CAH. DTR operates as a holding company for the following wholly-owned subsidiaries:

Virgin Islands Telephone Corporation (Vitelco or Innovative Telephone): Vitelco is the incumbent local exchange carrier (ILEC) in the U.S. Virgin Islands and provides local fixed wireline telephone service in the U.S. Virgin Islands. The fixed wireline telephone business is regulated by the Virgin Islands Public Services Commission (the VIPSC or Commission) and Federal Communications Commission (FCC). Under the 1996 Telecommunications Act, the Company qualifies as a rural carrier and enjoys certain tax and regulatory benefits.

Innovative Long Distance, Inc. (ILD): ILD is the long-distance service provider to the U.S. Virgin Islands, providing interstate and international voice and data services.

Vitelcom Cellular, Inc. (Innovative Wireless): Innovative Wireless provides wireless telephone network coverage service, including traditional billed and prepaid wireless plans, to the U.S. Virgin Islands and surrounding areas.

VI PowerNet, LLC (VIP): VIP operates Innovative PowerNet (VPN), an internet service provider in the U.S. Virgin Islands, offering high-speed and dial-up internet access, email, video streaming, and web hosting. VIP also operates Innovative Business Systems (IBS), which sells, leases and services business telephone systems for businesses and government agencies in the U.S. Virgin Islands.

Caribbean Communications Corp. (Innovative Cable TV St. Thomas-St. John): Innovative Cable TV St. Thomas-St. John is the exclusive cable television provider to commercial and residential customers on the islands of St. Thomas and St. John in the U.S. Virgin Islands.

St. Croix Cable T.V., Inc. (Innovative Cable TV St. Croix): Innovative Cable TV St. Croix provides similar services to those offered by Innovative Cable TV St. Thomas-St. John to customers on the island of St. Croix in the U.S. Virgin Islands.

iCC TV, Inc. (TV2): TV2 operates a cable television studio that produces a cable channel that carries CBS network programming and is available only to Innovative Cable TV St. Thomas-St. John and Innovative Cable TV St. Croix customers.

Group B-200, Inc. (GB2): GB2 owns and operates the Company’s aircraft.

BVI Asset Holdings, LLC and its wholly-owned subsidiary B.V.I. Cable T.V. Ltd. (together, BVI Cable) are wholly owned by CAH. BVI Cable is the sole provider of cable television services to customers in the British Virgin Islands.

Note 1. Nature of Organization and Basis of Presentation (Continued)

STM Asset Holdings, LLC and its wholly-owned subsidiary Caribbean Teleview Services, N.V. (St. Maarten Cable) are wholly owned by CAH. St. Maarten Cable provides cable television services and internet services to the “Dutch Side” of the island in St. Maarten.

The Company was a wholly-owned subsidiary of National Rural Utilities Cooperative Finance Corporation (CFC) (see Note 16).

Basis of presentation: The transfer of control of the U.S. Virgin Islands-based operating businesses of Innovative Communication Corporation (ICC) to CAH was completed on October 6, 2010. The transfer of control of the British Virgin Islands-based and St. Maarten-based operating businesses of ICC to CAH was completed on March 1, 2011.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America (U.S. GAAP). The Company's largest wholly-owned subsidiary, Vitelco, is a regulated phone company and follows practices appropriate to the telephone industry as prescribed by Part 32 of the Uniform System of accounts prescribed by the FCC.

Vitelco is principally engaged in providing local telephone service and access to long-distance service in the U.S. Virgin Islands. Vitelco follows the accounting standards for regulated enterprises. This accounting practice recognizes the economic effects of rate regulation by recording costs and a return on investment as such amounts are recovered through rates authorized by regulatory authorities. Accordingly, Vitelco is required to depreciate telecommunications property and equipment over the useful lives approved by regulators, which could be different than the estimated useful lives that would otherwise be determined by management. In addition, Part 32 rules prescribed by the FCC provides for deprecation of regulatory assets in excess of costs to include costs of removal less any salvage value in the rate setting process. Vitelco is also required to defer certain costs and obligations based upon approvals received from regulators to permit recovery of such amounts in future years. Criteria that would give rise to the discontinuance of regulated enterprise accounting include: (1) increasing competition restricting the ability of Vitelco to establish prices that allow it to recover specific costs and (2) significant changes in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. Vitelco periodically reviews the criteria to determine whether the continuing application of regulatory accounting remains appropriate. In the event a portion of Vitelco's operations are no longer subject to the provisions under the regulated enterprise standards, Vitelco would be required to write-off regulatory assets and liabilities that are not specifically recoverable through regulated rates. As of and for the year ended May 31, 2016, based on the Company's review, the continuing application of the regulated enterprise accounting standards remains appropriate. See Note 12 for more details about the rate setting process for Vitelco.

Vitelco is subject to reviews and audits by regulatory agencies. The effect of these reviews and audits, if any, are recorded in the period that they become known and determinable. The Vitelco results included in CAH's consolidated financial statements continue to reflect adjustments required under the regulated enterprise accounting standards although CAH itself is not a regulated entity.

Note 1. Nature of Organization and Basis of Presentation (Continued)

The operations of St. Maarten Cable are subject to oversight by the St. Maarten Ministry; the operations of BVI Cable are subject to oversight by the Telecommunications Regulatory Commission (TRC). St. Maarten Cable and BVI Cable may be subject to review or audits by these regulatory agencies. The effect of any reviews and audits will be recorded in the period that they become known and determinable. The operations of St. Maarten Cable and BVI Cable do not meet the definition of regulated operations, and therefore, the provisions of the regulated enterprise accounting standards have not been applied to these businesses.

Note 2. Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. Several subsidiaries have a .5% ownership interest by an unrelated party (see Note 15). Its interest in the Company's subsidiaries is reflected as non-controlling interest in the Company's consolidated financial statements. All inter-company accounts and transactions are eliminated in consolidation.

Revenue recognition: The Company recognizes revenue and the related account receivable when the following four criteria are met: (1) persuasive evidence of an arrangement exists, (2) ownership has transferred to the customer, (3) the selling price is fixed and determinable, and (4) collectability is reasonably assured. Revenue that is billed in advance is initially deferred as a component of customer deposits and advance billings on the balance sheet and recognized as revenue over the period that the services are provided. Revenue billed in arrears is recognized as revenue in the period that services are provided. Revenue for each of the Company's operating companies is recognized as follows:

Wireline revenues: Revenues include local exchange service revenues, toll access charge revenues, Universal Service Fund (USF) revenues, and directory advertising revenues. Local exchange service revenues and toll access charge revenues are recognized based upon charges assessed under the Company's local and interstate access tariffs filed with the VIPSC and FCC. Revenues are recorded at the time services are provided, regardless of the period in which they are billed or collected. Toll access charges are billed by the Company to long-distance carriers for interconnection with local facilities and to end-user business and residential customers for access to long-distance facilities. The Company's interstate access rates are subject to price cap regulation and are adjusted annually based on indexes published by the FCC.

USF revenues are collected monthly from the Universal Service Administrative Company (USAC) based on the Company's costs of providing services. USF revenues are recognized under an accrual basis when earned.

Directory advertising revenue and associated costs are recognized over a twelve month period at the time the directories are published and distributed.

Wireless, cable and television, and other service revenues: Wireless, cable and television, and other service revenues are recognized at the time services are provided, regardless of the period in which they are billed or collected.

Note 2. Significant Accounting Policies (Continued)

Property, plant and equipment: Property, plant and equipment purchased through acquisitions is stated at its fair value at the date of acquisition. Property, plant and equipment owned by Vitelco is stated at original cost. Since property, plant and equipment of Vitelco are considered regulated assets and regulated assets are generally required to be carried at costs allowed to be recovered through the rate making process, any excess in fair value associated with acquired regulatory assets as a result of a business combination is captured in a balance sheet account titled Telecommunications Plant Adjustment (TPA, see Note 4) included within property, plant and equipment, net in the accompanying consolidated balance sheets.

Expenditures for improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed when incurred.

The property, plant and equipment held by Vitelco are considered regulatory assets and are accounted for in accordance with regulated entity accounting principles; property, plant and equipment held by all other consolidated entities are unregulated. Regulatory property, plant and equipment and other is recognized as follows:

Regulatory property, plant and equipment: Depreciation of regulated property, plant and equipment is computed principally using the equal life group method on outside plant used to provide interstate access (placed in service after December 31, 1989) and using the equal life group method on local regulated plant (placed in service after December 31, 1991). Amortization on the TPA is calculated straight-line using the composite life of the underlying acquired assets. The original cost of depreciable property retired plus its cost of removal less any salvage value realized is charged to accumulated depreciation. No gain or loss is recognized in connection with ordinary retirements of depreciable property. See Note 12 for more details about the rate setting process for Vitelco.

Other property, plant and equipment*:* Depreciation of unregulated property, plant and equipment is computed by the straight-line method, and any gain or loss on retirement is recorded.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. There were no impairment charges recorded for the year ended May 31, 2016

Intangible assets and goodwill: Intangible assets consist primarily of licenses, engineering drawings, franchise agreements, trademarks and customer relationships. Goodwill represents the excess of total acquisition cost over assigned value of identifiable tangible and intangible assets that were acquired in a business combination.

Note 2. Significant Accounting Policies (Continued)

The Company tests goodwill and intangible assets with indefinite useful lives for impairment at least annually or if an event occurs that potentially triggers an impairment issue. Intangible assets with definite useful lives are amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For goodwill and indefinite-lived intangibles, the Company generally performs an assessment of impairment each year on March 1 or at an interim date if events indicate potential impairment. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the Company must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit's goodwill. Considering the pendency of the sales transaction with Atlantic Tele-Network, Inc., the Company performed a qualitative assessment of potential impairment indicators and concluded that no quantitative assessment was required.

As more fully described in Note 16, the sales transaction between Atlantic Tele-Network, Inc. and the Company was completed on July 1, 2016. As a result of certain settlement reductions in the purchase price, the Company recorded an impairment to Vitelco's goodwill of $1,070.

Materials and supplies: Materials and supplies consist of items on-hand that are expected to be used in operations and are valued using average cost methods. Provision has been made to reduce any obsolete or unusable materials to their estimated useful or scrap values.

Cash and cash equivalents: The Company considers all investments with an original maturity date of three months or less to be cash equivalents. Cash equivalents include $172 of money market funds at May 31, 2016.

Concentration of cash and uninsured cash balances: The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable: The Company extends credit to its commercial and residential customers based on its service agreement with the Company. Service disconnection is the primary vehicle for controlling losses and allows the Company to reduce its accounts receivable exposure. Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate for the amount of probable credit losses in the Company's existing accounts receivable. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Receivable balances are reviewed on an aged basis and account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Note 2. Significant Accounting Policies (Continued)

Assets held for sale: The Company presents assets that are marketed for sale and expects to be sold within a year of the balance sheet date as assets held for sale. Assets held for sale are recorded at the lower of their carrying value, or estimated fair value less costs to sell. The Company sold assets held for sale for $5,000 in 2016. As of May 31, 2016, the Company did not have any assets held for sale.

Income tax: The Company is considered a disregarded entity for U.S. income tax purposes. Accordingly, the Company is not subject to U.S. income tax. Any taxable income and related deductions or credits of the Company is reported on the return of CFC. Each of its subsidiaries file separate income tax returns, as required, either on a consolidated basis with respective subsidiaries, or on an individual separate company basis as appropriate, with jurisdictions in which operations are conducted.

Deferred income taxes are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of various assets and liabilities using the tax rates expected to be in effect for the year in which the differences are expected to reverse. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

The accounting standards for uncertainty in income taxes prescribe a recognition threshold and a measurement attribute for tax positions taken, or expected to be taken, in a tax return that may not be sustainable. Interest and penalties, if any, are recorded as interest expense and other expense, respectively, and are excluded from income tax expense.

Taxes imposed by governmental authorities: The Company is subject to taxes assessed by various governmental authorities on transactions with its customers. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authorities. The taxes are accounted for on a net basis and excluded from revenues and expenses.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, the recoverability of intangible and other long-term assets, valuation of deferred tax assets and estimates included in the valuation of employee benefit obligations.

Fair value of financial instruments: Due to their short maturities, the carrying values of the Company's financial instruments, including cash, accounts receivable, accounts payable and customer deposits of advanced payments approximate their fair values as of May 31, 2016.

The carrying value of the Company's long-term debt approximates fair value due to the variable interest rates associated with the long-term debt agreements and based on final outcome of the sale which took place on July 1, 2016.

Advertising: Costs for newspaper and other media advertising are expensed as incurred and were approximately $823 for the year ended May 31, 2016.

Note 2. Significant Accounting Policies (Continued)

Pension and other postretirement plans: The Company has a noncontributory defined benefit pension plan covering substantially all of its employees upon their retirement. The benefits are based on age, years of service and the level of compensation during the five years before retirement. The Company also sponsors a defined benefit health care plan for substantially all retirees and full-time employees.

The Company records annual amounts relating to its pension and postretirement plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modification to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications of those assumptions is recorded in accumulated other comprehensive income and amortized to net periodic cost over future periods using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Recent accounting pronouncements: In August 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-15, *Presentation of Financial Statements — Going Concern*, which provides GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. This ASU is effective for annual reporting periods beginning after December 15, 2016, and early application is not permitted. The Company is currently evaluating the impact this ASU will have on the Company's consolidated financial statements.

(Dollar Amounts in Thousands)

In May 2014, the FASB issued (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). ASU 2014-09 will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition — Construction-Type and Production — Type Contracts*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue 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. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date*, to defer the effective date for the new revenue standard for all entities by one year, thus for nonpublic entities these amendments will be effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Company is currently evaluating the effect of adoption of ASU 2014-09 on the Company's financial position and results of operations.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact the adoption of ASU 2016-02 will have on the consolidated financial statements.

Note 3. Accounts Receivable

Accounts receivable as of May 31, 2016, consist of:

Accounts receivable — subscribers	$	3,959
Accounts receivable — connecting companies		598
Accounts receivable — other		2,985
		7,542
Less allowance for doubtful accounts		(1,214)
	$	6,328

As of May 31, 2016, accounts receivable includes approximately $521, from the U.S. Virgin Islands government and governmental agencies in subscriber balances. In addition, accounts receivable other includes approximately $1,363 from the National Exchange Carrier Association (NECA), a membership association of U.S. local telecommunications companies as of May 31, 2016.

Note 4. Property, Plant and Equipment

Property, plant and equipment as of May 31, 2016, consist of the following:

Telecommunications plant adjustment	$	32,537
Land and support assets		41,810
Building and improvements (other than land and support assets)		2,675
Telephone pipeline		5,336
Telephone plant and equipment		146,318
Cable and television plant and equipment		27,668
Furniture and equipment		14,461
Vehicles		561
Computer software and equipment		114
Internet equipment		1,291
Construction work in process		8,631
Total property and equipment		281,402
Less accumulated depreciation and amortization		(179,557)
Property, plant and equipment, net	$	101,845

During the year ended May 31, 2016, the Company capitalized approximately $733, of interest costs in property, plant and equipment.

(Dollar Amounts in Thousands)

Note 4. Property, Plant and Equipment (Continued)

Depreciation and amortization expense on property, plant and equipment was approximately $21,968 for the year ended May 31, 2016. Depreciation and amortization is provided over the following useful lives by major asset class:

	Years
Telecommunications plant adjustment	25
Building and improvements (other than land and support assets)	1 – 40
Telephone pipeline	10 – 30
Telephone plant and equipment	1 – 50
Cable and television plant and equipment	3 – 50
Furniture and equipment	2 – 20
Vehicles	3 – 10
Computer software and equipment	2 – 10
Internet equipment	3 – 10

Consistent with FCC Part 32 Group Accounting rules, at the time of retirement of depreciable operating telecommunications plant in Vitelco, accumulated depreciation shall be charged with the original cost of the property being retired and the relevant plant accounts credited with the original cost of the property being retired. In 2016, Vitelco retired $214,000 of legacy plant coincident with the completion of the network modernization project. No change in the Telecommunications Plant Adjustment asset account was made coincident with the retirement of legacy plant as that asset category is considered a separate asset and is separately amortized.

The Company uses network resources owned by other companies for portions of the network. The Company obtains the right to use certain capacity bandwidth through indefeasible right of use (IRU) agreements that range from 15 to 25 years. Included in property, plant and equipment at May 31, 2016 are IRU's with a recorded value of $6,530 and accumulated depreciation of $2,351.

During 2016, the Company continued to invest in infrastructure and upgrading the network that provides service to customers. The Company includes construction costs incurred for which the asset has not been placed into service in construction in process.

Note 5. Intangible Assets

Intangible assets as of May 31, 2016, consist of the following:

	Carrying Value	Accumulated Amortization	Net Value
Indefinite-lived intangible assets:			
Tradename	$ 8,215	$ —	$ 8,215
Franchise agreement	625	—	625
Definite-lived intangible assets:			
Customer relationships	12,384	(9,656)	2,728
Protected cell license (Note 15)	1,228	(397)	831
Total intangible assets	$ 22,452	$ (10,053)	$ 12,399

Note 5. Intangible Assets (Continued)

Amortization expense was $763 for the year ended May 31, 2016. Customer relationships are amortized using the double-declining balance method. Protected cell license is amortized using the straight line method.

Amortization is provided over the following useful lives:

Customer relationships	4 – 10
Protected cell license	15

Amortization expense of definite-lived intangible assets for the next five years is expected to be as follows:

	Amount
Years ending May 31:	
2017	$ 710
2018	710
2019	710
2020	710
2021	301
Thereafter	418
	$ 3,559

(Dollar Amounts in Thousands)

Note 6. Long-Term Debt

Long-term debt consists of the following as of May 31, 2016:

Term loan A	$	44,099
Term loan B		36,507
Term loan C		19,214
Secured revolving line of credit		88,815
Other		71
		188,707
Less current maturities		(97,984)
	$	90,723

On October 6, 2010, the Company entered into a term loan agreement (the Term Loan) and a secured revolving line of credit agreement (the Line of Credit) with the Company's sole member, CFC.

The Term Note represent a promissory note for advances up to $113,000. The Term Note is divided into three sub-notes: Term Loan A, Term Loan B, and Term Loan C. The Term Loan is secured by a mortgage and security agreement, pledging certain property owned by the Company.

Note 6. Long-Term Debt (Continued)

Term Loan A represents advances of up to $55,000 of borrowings and bears interest at a variable rate published by CFC (2.9% at May 31, 2016). Payments of principal and accrued interest are due quarterly beginning March 31, 2011 through the maturity date in October 2025, based on a 15-year amortization schedule.

Term Loan B represents advances of up to $38,000 and bears interest at a variable rate published by CFC (2.9% at May 31, 2016). Interest-only payments were due quarterly through December 2014. Payments of principal and accrued interest are due quarterly thereafter through the maturity date in October 2025, based on an 11-year amortization schedule.

Term Loan C represents advances of up to $20,000 and bears interest at a variable published by CFC (2.9% at May 31, 2016). Interest-only payments were due quarterly through December 31, 2014. Payments of principal and accrued interest are due quarterly thereafter through the maturity date in October 2025, based on an 11-year amortization schedule.

Prior to December 31, 2014, Term Loan B and Term Loan C functioned as a revolver, allowing the Company to make borrowings up to the available amount of each term loan and to make repayment of these advances at its discretion. Beginning in December 2014, the term loans were converted to term loans with fixed principal and interest payments.

The $75,000 Line of Credit was increased to $90,000 in 2014 and matures in December 2016 through subsequent amendments that extended the maturity date. The Line of Credit bears interest at a variable rate published by CFC (2.9% at May 31, 2016). Interest is due and payable quarterly. The Line of Credit is secured by a mortgage and security agreement, pledging certain property owned by the Company. The agreement also provides for CFC to issue letters of credit of up to $5,000 upon request of the Company.

The annual requirements for principal payments on the long-term debt agreements existing at May 31, 2016, are as follows:

		Amount
Years ending May 31:		
2017	$	97,984
2018		9,439
2019		9,716
2020		10,002
2021		10,296
Thereafter		51,270
	$	188,707

The Company leases a fleet of vehicles under capital leases and has financed certain insurance premiums that are due through 2017.

As more fully described in Note 16, the sales transaction with Atlantic Tele-Network, Inc. took place on July 1, 2016 and as a result, the debt was canceled.

(Dollar Amounts in Thousands)

Note 7. Operating Leases

In addition to the capital leases noted above, the Company leases land, warehouses, offices, cable capacity and other property under leases expiring at various times through 2034. Future minimum lease commitments on these leases are as follows:

2017	$	2,368
2018		2,278
2019		2,301
2020		2,323
2021		1,755
Thereafter		5,795
	$	16,820

The Company also leases other property and equipment on month-to-month leases. The total operating lease expense included in the statement of operations for the year ended May 31, 2016 is approximately $2,655.

Note 8. Revenues

Revenues for the year ended May 31, 2016, consist of:

Wireline service revenues	$	66,213
Wireless service revenues		2,699
Cable and television revenues		32,050
Other		69
	$	101,031

Note 9. Income Taxes

The Company accounts for income taxes by the use of the liability method of accounting for deferred income taxes. The Company has also implemented the rules for accounting for uncertain tax positions. These rules were issued to clarify the accounting for uncertainty in income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As of May 31, 2016, the Company has not recorded any unrecognized tax benefits. As of May 31, 2016, the Company does not expect its unrecognized tax benefits to change significantly over the next 12 months, other than expiration of statutes and limitations.

The Company and its subsidiaries file income tax returns in the United States, US Virgin Islands, St. Maarten and the British Virgin Islands. The US Virgin Islands income taxing authority utilizes the United States Internal Revenue Code of 1986, and applies a "mirror system" whereby "Virgin Islands" is substituted for "United States" wherever necessary to give the Code the proper effect in the US Virgin Islands. The years that remain subject to examination include 2012 through 2015.

Note 9. Income Taxes (Continued)

Net deferred tax assets and liabilities consist of the following components as of May 31, 2016:

Deferred tax assets:		
Pension	$	9,736
Loss carryforwards		51,151
Intangible assets and goodwill		17,505
Property, plant and equipment		13,613
Other		3,089
		95,094
Less valuation allowance		(94,541)
Net deferred tax assets		553
Deferred tax liabilities:		
Indefinite life intangible assets		(2,358)
Prepayments		(553)
Net deferred tax liabilities	$	(2,358)

At May 31, 2016, the Company has a valuation allowance of $94,541 on the deferred tax assets to reduce the total to an amount that management believes will ultimately be realized. During the year ended May 31, 2016, the Company increased the valuation by $3,458. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. The Company has loss carryforwards in the USVI of approximately $127,300 and in St. Maarten of approximately $6,203 that begin to expire in 2032.

(Dollar Amounts in Thousands)

During 2016, any deferred tax benefits were mostly reserved for through the valuation allowance. The effective tax rate on income differs from the blended statutory rate. The following summary reconciles taxes at the blended statutory rate with the effective tax rate for the year ended May 31, 2016:

Effective Tax Rate:			
Blended statutory rate	$	(3,824)	35.60%
Permanent items		425	-3.96%
Valuation Reserve		3,398	-31.64%
	$	(1)	0.00%

The Company intends to reinvest future earnings indefinitely within each country. As a result, it is not practicable to determine the amount of the unrecognized deferred income tax liability related to future foreign earnings. Accordingly, the Company has not recorded deferred taxes for the difference between the financial and tax basis investment in foreign entities. Based on limited cumulative earnings from foreign operations, the Company expects the unrecognized deferred assets or liabilities to be an immaterial component of its consolidated financial statements.

Note 10. EDC Tax Benefits

Vitelco and ILD (together, V-ILD) were granted a five-year exemption from the Virgin Islands gross receipts and property taxes (EDC tax benefits) by the Virgin Islands Economic Development Commission (EDC). The exemption covered the period September 1, 2009 through August 31, 2014, whereby Vitelco and ILD received 90/90/90/40/35 percent of the benefit for these respective years. The certificate also required the Company to invest a minimum of $15,000 on top of prior VI Public Service Commission requirements in new capital projects during the period, contribute $120 to charitable causes and $200 to the technology school during each year of benefits and maintain a minimum number of employees during the period. The exemption expired August 31, 2014, and has not been renewed.

Note 11. Pension and Retirement Plans

Pension and Postretirement Benefits

For the year ended May 31, 2016, DTR’s employees located in the US Virgin Islands participated in the following pension and postretirement plans sponsored by DTR (the Sponsor).

- Noncontributory defined benefit pension plan for salaried employees who are not members of a collective bargaining unit (salaried pension plan).

- Noncontributory defined benefit pension plan for eligible hourly union employees who meet certain age and employment criteria (hourly pension plan).

- Unfunded noncontributory defined benefit medical, dental, vision and life benefits for retired salaried employees who meet certain age and employment criteria (salaried postretirement plan).

- Unfunded noncontributory defined benefit medical, dental, vision and life benefits for retired hourly employees who meet certain age employment criteria (hourly postretirement plan).

For two of the plans, all of the covered employees are Vitelco employees. For the remaining two plans, all of the employees are paid out of Vitelco and substantially all of the covered employees are employed by Vitelco. Management has determined that Vitelco should apply single-employer accounting for the plans. Accordingly, the underfunded portion of each respective plan has been recorded as a liability on Vitelco’s financial statements as Vitelco is considered to have ultimate responsibility for the plans.

The changes in benefit obligations and plan assets at May 31, 2016, are presented in the following table:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans	
Fair value of plan assets	$	44,843	$	—
Benefit obligations		67,338		5,336
Funded status at May 31, 2016	$	(22,495)	$	(5,336)

Note 11. Pension and Retirement Plans (Continued)

(Dollar Amounts in Thousands)

Accounts recognized in the consolidated balance sheet consists of:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Accrued and other current liabilities	$ —	$ 407
Pension and other postretirement benefit liabilities	22,495	4,929
	$ 22,495	$ 5,336

Amounts recognized in accumulated other comprehensive loss consist of:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Net actuarial gain (loss)	$ (13,652)	$ 4,856
Prior service cost	(695)	(272)
	$ (14,347)	$ 4,584

Net periodic benefit cost and other amounts recognized in other comprehensive loss are as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Net periodic benefit cost:	$ 1,772	$ (21)
Other changes in plan assets and benefit obligations recognized in other comprehensive loss:		
Net actuarial (gain) loss	5,577	480
Prior service cost due to curtailment	(66)	16
Amortization of prior service cost	(267)	(67)
Settlement recognition	(370)	—
Amortization of net (gain) loss	(226)	440
Recognized net (gain) loss	4,648	869
Total recognized in other comprehensive loss	$ 4,648	$ 869
Total recognized in net periodic benefit cost and other comprehensive loss	$ 6,420	$ 848

Note 11. Pension and Retirement Plans (Continued)

The estimated prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is approximately $267. The estimated prior service credit for the other postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $67.

Weighted-average assumptions used to determine benefit obligations as of May 31, 2016, are as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Discount rate	3.93%	4.03%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for the year ended May 31, 2016, are as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Discount rate	4.09%	4.23%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	6.00%	N/A

The expected long-term rate of return assumption is based upon many factors including asset allocations, historical asset returns, current and expected future market conditions, and risk.

The discount rate used by the Company for valuing pension obligations is based on a review of high quality corporate bond yields with maturities approximating the remaining life of the projected benefit obligations.

Assumed medical and dental care cost trend rates have a significant effect on the amounts reported for the Company's postretirement benefit plans. The assumed medical and dental cost trend rates are as follows:

	Medical	Dental

Health care cost trend rate assumed for next year	5.50%	4.00%
Rate to which the cost trend is assumed to change (the ultimate blend rate)	4.30%	2.00%
Year that the rate reaches the ultimate trend rate	2083	2031

Note 11. Pension and Retirement Plans (Continued)

Plan Assets

The Company categorizes Plan assets within the fair value hierarchy. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical assets in inactive markets.
- Inputs other than quoted market prices that are observable for the asset.
- Inputs that are derived principally from observable market data.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and cash equivalents: Valued at unamortized cost, which approximates fair value.

Cash investments — money market funds: Valued based on quoted prices of similar securities and observable market data.

Mortgage backed securities : Valued based on quoted prices of similar securities and observable market data.

Domestic corporate bonds: Valued based on quoted prices of similar securities and observable market data.

Municipal bonds: Municipal bonds are generally valued based on quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Fixed income mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded.

US Government obligations: Valued based on quoted prices of similar securities and observable market data.

Common stock: Valued at the closing price reported in the active market in which the individual security is traded.

Mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Note 11. Pension and Retirement Plans (Continued)

The following tables set forth by level with the fair value hierarchy, pension plan assets at their fair value as of May 31, 2016:

Asset Class	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 1,189	$ 1,189	$ —	$ —
Fixed income:				

(Dollar Amounts in Thousands)

Domestic corporate bonds	6,900	—	6,900	—
Fixed income mutual funds	8,383	—	8,383	—
Mortgage backed securities	3,891	—	3,891	—
US governments and agencies	1,445	1,445		
Municipal bonds	925		925	
Equities:				
Common stock — domestic	13,837	13,837	—	—
Common stock — foreign	4,329	4,329	—	—
Mutual funds — equities	3,944	3,944	—	—
	$ 44,843	$ 24,744	$ 20,099	$ —

Our pension plan weighted-average asset allocations and our target asset allocations at May 31, 2016, are as follows:

Equity securities	49.31%
Fixed income securities	48.04%
Other investments	2.65%

Note 11. Pension and Retirement Plans (Continued)

The Plans' general investment policies diversify investments among both equity and fixed income securities to provide a balance that will enhance total return, while avoiding any undue risk in any single asset class or investment category. The long-term target allocations for salaried pension plan assets are 3% cash and cash equivalents, 30% fixed income securities, 60% equity securities, 3% commodities and 4% public real estate. The long-term target allocations for hourly pension plan assets are 3% cash and cash equivalents, 35% fixed income securities, 57% equity securities, 2% commodities and 3% public real estate. Assets are invested in a prudent manner to maintain the security of funds while maximizing returns within the Company's Investment Policy guidelines. The specific objectives of the Plans in terms of the return of Plan assets are defined in Absolute and Relative Returns: Absolute Returns will measure the growth of Plan assets in real dollar terms; Relative Returns will compare the time-weighted total return versus capital market indices. The absolute objective of the Plan assets is to seek an average total annual return of the actuarial rate of return as defined by the Plans' actuaries. Investment risk is mitigated by periodic rebalancing between asset classes as necessitated by changes in market conditions within the Investment Policy guidelines.

Cash Flows

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Employer contributions:		
Year ended May 31 (actual)	$ 708	$ 381
Estimated subsequent year	367	—
Benefit payments:		
Year ended May 31 (actual)	$ 5,648	$ 381

There were no contributions by participants to any plans during the year ended May 31, 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following calendar years:

	Defined Benefit Pension Plans	Other Postretirement Benefit Plans
Years ending May 31:		
2017	$ 4,392	$ 414
2018	4,007	390
2019	3,647	391
2020	4,392	339
2021	4,019	287
2022-2026	20,051	1,769
	$ 40,507	$ 3,590

Note 11. Pension and Retirement Plans (Continued)

Retirement Savings Plans

DTR has a 401(k) plan which covers all salaried employees of DTR and DTR's subsidiaries who are not members of a collective bargaining unit and who meet certain age and employment criteria. Under this plan, employee contributions are elective, and the Company matches a percent of an employee's elective contribution and may contribute additional amounts at its discretion. For the year ended May 31, 2016, the Company's match was 2%. With respect to such plan, the Company made contributions of approximately $177 for the year ended May 31, 2016. DTR also has a 401(k) plan for Vitelco hourly union employees who meet certain age and employment requirements. Employee contributions are elective, and no contributions are required by the Company.

Note 12. Commitments and Contingencies

General

The Company is a party to various litigation and claims in the normal course of business, the resolution of which, in the opinion of management, are not expected to have a material adverse effect on the financial statements. The Company has not provided for any expected settlement or contingencies as of May 31, 2016, other than as noted below. However, there can be no assurance that the resolution of these matters will not be contrary to management's expectation.

Virgin Islands Public Service Commission

Vitelco is subject to certain VIPSC orders. Management believes Vitelco has substantively complied with these orders.

Rate Proceeding

The VIPSC adopted and approved a Consent Order on June 1, 2016 that had been agreed to between the VIPSC Staff and the Company prior to that date. The Consent order established new local rates and adopted the Company's filed depreciation study. The new rates became effective on August 1, 2016. Per FCC Part 32 regulations, Vitelco follows a Group Accounting methodology for depreciation. The adopted depreciation study revised depreciation rates that had not been changed since 1991. Moreover it reduced the number of groups for which depreciation expenses are determined. Whereas the Company previously calculated depreciation for groups that were defined by the Part 32 specified plant asset categories by vintage year placed, the adopted study collapsed all of the vintage years into a single group. The depreciation rates for each of the collapsed groups take into consideration the characteristics of the plant asset category as a whole, most notably average remaining lives for the group, future net salvage and survivor curves. The adoption of the new depreciation rates took effect as of March 1, 2016 at the time the Company's new study and rates were confirmed by the VIPSC.

Note 13. Connect America Fund Support

With the advent of the Federal Communications adoption of the Connect America Fund (CAF II), existing High Cost Program support was frozen at December 2011 levels. Rather than adopting a model-calculated support for non-contiguous areas (e.g., U.S. Virgin Islands), the FCC ruled in an order issued in April 2014 that the carriers would receive frozen support for the five year term of CAF II. For Vitelco, the support for the High Cost Loops Support (HCLS) program and Interstate Common Line Support (ICLS) program were frozen at existing levels. Approximately 15% of operating revenues for the year ended May 31, 2016 were earned from CAF II and are included in wireline service revenues.

Note 14. Collective Bargaining Agreement

Approximately 54% of the Company's employees are covered by a collective bargaining agreement.

Hourly employees of St. Maarten Cable are members of a union but are not covered by a collective bargaining agreement. St. Maarten Cable has ongoing negotiations with the union about entering into a collective bargaining agreement without any final resolution. In addition, salaried workers have started the process to become members of a union. As of May 31, 2016, approximately 83%, of the Company's St. Maarten employees are members of a union.

Note 15. Protected Cell License Agreement

Effective June 1, 2011, several subsidiaries (collectively, the RT Park Companies) entered into a 15-year agreement with the University of the Virgin Islands Research and Technology Park Corporation (RT Park) whereby the RT Park Companies will receive certain tax incentives in exchange for a non-refundable payment of $1,000, annual management fees in the amount of the greater of $120 or 0.4% of gross revenue, and a 0.5% ownership interest in each of the RT Park Companies. In addition, the agreement calls for certain annual commitments for student entrepreneurship awards to the University of Virgin Islands, network enhancements for RT Park, purchase of bandwidth capacity from RT Park by the RT Park Companies under certain conditions and a commitment by the RT Park Companies to invest an incremental $9,000 in aggregate in technology, training and telecommunications infrastructure in the United States Virgin Islands during the first 5 years of the agreement. The agreement ended on June 1, 2016.

The RT Park Companies receive the following tax benefits:

- An exemption on taxes on real property.

- An exemption from gross receipts taxes on receipts.

- An exemption from excise taxes on certain building materials and supplies.

- An exemption from excise taxes on raw materials and component parts brought into the USVI for the purpose of producing, creating or assembling an article, good or commodity.

- An exemption from withholding tax with respect to payments of interest and a four percent (4%) withholding rate on the payments of dividends and royalties.

- A reduction in customs duties from six percent (6%) to one percent (1%) on raw materials and component parts brought into the USVI to produce, create, or assemble an article, good, or commodity.

The Company has recorded the initial fee and issuance of the .5% non-controlling interest of RT Park Companies to the protected cell license in intangible assets. The non-controlling interest was recorded at fair value based on valuations prepared by outside specialists.

Note 16. Liquidity and Economic Dependence

During the year ended May 31, 2016, the Company incurred net losses of $10,769. In addition, the Company recorded impairment charges to goodwill totaling $1,070 for the year ended May 31, 2016. As of May 31, 2016, the Company had members' deficit of $84,572 and a working capital deficit of $99,713.

The Company's majority equity holder is also the issuer of the Company's long-term debt.

On September 30, 2015, CFC entered into a Purchase Agreement to sell all of the issued and outstanding membership interests of the Company to ATN VI Holdings, LLC (Buyer) and Atlantic Tele-Network, Inc. (parent company of buyer) for a purchase price of $145 million. The purchase price is subject to adjustment for certain items specified in the Purchase Agreement, including, among others, any cash and debt of CAH as of the closing, CAH's working capital, changes to the rates in effect for residential and business wireline telephone customers upon finalization of pending rate review proceedings, and certain employee and pension maters. The Company completed the transaction July 1, 2016, after various closing conditions in the agreement were met and regulatory approvals were obtained. At the time of closing, the long term debt was canceled.

Note 17. Subsequent Events

Management has evaluated subsequent events through September 15, 2016, which is the date the consolidated financial statements were available to be issued.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily indicative of what the financial position or results of operations of ATN International, Inc. (the "Company" or "ATN") or Caribbean Asset Holdings, LLC ("CAH"), actually would have been if the acquisition of CAH by the Company had been completed as of and for the periods indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the Company after consummation of the acquisition.

Pro forma adjustments related to the unaudited pro forma condensed combined income statements give effect to certain events that are (i) directly attributable to the acquisition, (ii) factually supportable and (iii) expected to have a continuing impact on the combined results. Pro forma adjustments related to the unaudited pro forma condensed combined balance sheet give effect to events that are directly attributable to the CAH acquisition, and that are factually supportable regardless of whether they have a continuing impact or are non-recurring.

The unaudited pro forma condensed combined financial information is based on a number of other assumptions and estimates and is subject to a number of uncertainties relating to the CAH acquisition and related matters, including, among other things, estimates, assumptions and uncertainties regarding (1) the estimated fair values of certain assets and liabilities acquired, which are sensitive to assumptions and market conditions, and (2) the amount of the intangible assets and goodwill that will arise from the acquisition.

Unaudited Pro Forma Condensed Combined Financial Information for ATN International, Inc. and CAH

The following unaudited pro forma condensed combined financial information has been prepared by the Company's management and gives pro forma effect to the completion of the acquisition by the Company of all the membership interests of CAH (the "Acquisition"). CAH is a Delaware limited liability company which, through its ownership of operating subsidiaries, is in the business of marketing, selling and providing wireless and wireline telecommunications, broadband (including data transmission via undersea cable), video programming services, hosting, storage, VOIP and managed services throughout the United States Virgin Islands, British Virgin Islands and St. Maarten. ATN paid approximately $112 million to purchase CAH. The purchase price was funded with $52 million of cash on hand and the proceeds of a $60 million loan. Additionally, CAH's pre-Acquisition debt was retired by the seller prior to the close of the Acquisition.

The unaudited pro forma condensed combined statements of operations combine the historical consolidated statements of operations of the Company and CAH, giving effect to the Acquisition as if it had occurred at the beginning of the periods presented. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheets of the Company and CAH, giving effect to the Acquisition as if it occurred on the date of the balance sheets presented. CAH's fiscal year begins on June 1 and ends on May 31. As a result the pro forma statement of operations presents the twelve months ending December 31, 2015 for ATN and the twelve months ending February 29, 2016 for CAH. The interim pro forma statement of operations presents the three months ending March 31, 2016 for ATN and the three months ending May 31, 2016 for CAH. Similarity, the pro forma balance sheet presents ATN's financial position as of March 31, 2016 and CAH's financial position as of May 31, 2016. You should read this unaudited pro forma information in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial information, the historical financial statements of the Company filed with the Securities and Exchange Commission ("SEC"), and historical financial statements of CAH filed herein.

The Acquisition is treated herein as a business combination, in accordance with ASC 805, *Business Combinations* ("ASC 805"). Accordingly, ATN calculated the fair value of the net assets acquired and consideration transferred. The consideration transferred in the Acquisition exceeded the fair value of net assets acquired resulting in ATN recording goodwill equal to the excess. In the unaudited pro forma condensed combined balance sheet, the consideration transferred by the Company to acquire CAH has been allocated to the assets acquired and liabilities assumed based upon the Company's preliminary estimate of their respective fair values as of the date of the Acquisition.

Final allocations have not been completed and continue to be refined based upon certain valuations and other studies after the closing date of the Acquisition. Accordingly, the pro forma adjustments relating to the purchase price allocation are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of fair value and changes in CAH's working capital. Thus, the final purchase price allocation may differ in material respects from that presented in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined statements of operations also include certain purchase accounting adjustments, including items expected to have a continuing impact on the combined results, such as decreased depreciation and amortization expense on the assets acquired.

The unaudited pro forma combined condensed financial information conforms CAH's accounting policies to those of ATN. CAH's financial information is prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Based on ATN's review of the summary of significant accounting policies disclosed in the financial statements of CAH, it did not identify any adjustments. A further detailed review is currently being performed. As a result of that review, the Company may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements.

Items Not Reflected in the Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined income statements do not include the impacts of any revenue, cost or other operating synergies that may have resulted or may result in the future from the Acquisition. Therefore, certain revenue and expense amounts will likely be different, both in total and as a percent of overall revenue and expense, in future periods even if the Company were to continue the exact same pricing, service scope, and subscriber levels as in the past. For example, revenues and expenses, including network operating expense, may be different as a result of the integrating CAH into ATN's existing operations.

The Company and CAH incurred certain direct, incremental and non-recurring acquisition expenses totaling $2.3 million in connection with the Acquisition during the periods presented. These expenses were removed from the pro forma condensed combined statements of operations as a pro-forma adjustment for the year ended December 31, 2015 and the three months ended March 31, 2016 as they were direct and incremental to the Acquisition and will not recur in future periods.

Unaudited Pro Forma Condensed Combined Balance Sheet
(Amounts in Thousands)

	ATN March 31, 2016	(a) CAH May 31, 2016	Pro Forma Adjustments	Pro Forma Combined
Assets				
Cash and cash equivalents	$ 391,102	$ 9,108	$ (52,301)(b),(f)	$ 347,909
Restricted cash	846	—	—	846
Accounts receivable, net	48,743	6,328	—	55,071
Materials and supplies	8,746	6,680	—	15,426
Prepayments and other current assets	29,283	2,424	—	31,707
Total current assets	478,720	24,540	(52,301)	450,959
Fixed assets, net	375,295	101,845	7,164(b)	484,304
Telecommunications license, net	43,313	—	—	43,313
Goodwill	45,077	19,710	(1,566)(b)	63,221
Intangible assets, net	1,430	12,399	6,248(b)	20,077
Restricted cash	4,802	—	—	4,802
Other assets	9,376	1,692	(1,117)(b)	9,951
Total assets	$ 958,013	$ 160,186	$ (41,572)	$ 1,076,627
Liabilities and Stockholders' Equity				
Current portion of long-term debt	$ 6,341	$ 97,921	$ (97,921)(e)	$ 6,341
Accounts payable and accrued liabilities	40,603	18,508	—	59,111
Dividends payable	5,166	—	—	5,166
Accrued taxes	12,881	—	—	12,881
Advanced payments and deposits	9,842	7,824	—	17,666
Other current liabilites	12,651	—	—	12,651
Total current liabilities	87,484	124,253	(97,921)	113,816
Deferred income taxes	45,406	2,358	577(b)	48,341
Other liabilities	35,909	27,424	1,702(b),(g)	65,035
Long term debt, excluding current portion	24,983	90,723	(30,723)(e),(f)	84,983
Total liabilities	193,782	244,758	(126,365)	312,175
Common stock	168	5,374	(5,374)(b)	168
Treasury stock	(20,603)	—	—	(20,603)
Additional paid-in capital	157,080	160,253	(160,253)(b)	157,080
Retained earnings (accumulated deficit)	548,273	(240,069)	240,069(b)	548,273
Accumulated other comprehensive loss	(3,700)	(9,764)	9,764(b)	(3,700)
Total stockholders' equity	681,218	(84,206)	84,206	681,218
Non-controlling interests	83,013	(366)	587(b)	83,234
Total equity	764,231	(84,572)	84,793	764,452
Total liabilities and equity	$ 958,013	$ 160,186	$ (41,572)	$ 1,076,627

Unaudited Pro Forma Statement of Operations
Twelve months ended:
(Amounts in Thousands, Except Per Share Data)

	ATN December 31, 2015	(a) CAH February 29, 2016	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Wireless	$ 237,042	$ 2,252	$ —	$ 239,294
Wireline	86,485	85,751	—	172,236
Renewable energy	21,040	—	—	21,040
Equipment and Other	10,802	12,984	(20)(j)	23,766
Total revenues	355,369	100,987	(20)	456,336
Operating expenses (excluding depreciation and amortization unless otherwise indicated):				
Termination and access fees	81,928	23,623	—	105,551
Engineering and operations	37,244	33,321	—	70,565

Sales and marketing	21,466	4,432	—	25,898
Equipment expense	14,997	385	—	15,382
General and administrative	59,890	23,410	(38)(j)	83,262
Transaction-related charges	7,182	167	(2,075)(c)	5,274
Depreciation and amortization	56,890	25,719	(13,020)(d),(j)	69,589
Gain on disposition of long-lived assets	(2,823)	—	—	(2,823)
Impairment of assets	—	83,104(i)	—	83,104
Operating expenses	276,774	194,161	(15,133)	455,802
Income from operations	78,595	(93,174)	15,113	534
Other income (expense)				
Interest Income	588	—	(12)(f)	576
Interest Expense	(3,180)	(4,623)	2,223(e),(f)	(5,580)
Loss on deconsolidation of subsidiary	(19,937)	—	—	(19,937)
Other income (expense), net	135	27	—	162
Other income (expense)	(22,394)	(4,596)	2,211	(24,779)
Income before taxes	56,201	(97,770)	17,324	(24,245)
Income taxes	24,137	(919)	747(h)	23,965
Income from continuing operations	32,064	(96,851)	16,577	(48,210)
Income from discontinued operations net of tax	1,092	—	—	1,092
Net income	33,156	(96,851)	16,577	(47,118)
Net income attributable to non-controlling interests, net of tax	(16,216)	131	—	(16,085)
Net income attributable to stockholders	$ 16,940	$ (96,720)	$ 16,577	$ (63,203)
Net income per weighted average basic share attributable to ATN International, Inc. stockholders:				
Continuing operations	$ 0.99			$ (4.01)
Disontinued operations	$ 0.07			$ 0.07
Total	$ 1.06			$ (3.94)
Net income per weighted average diluted share attributable to ATN International, Inc. stockholders:				
Continuing operations	$ 0.98			$ (3.98)
Disontinued operations	$ 0.07			$ 0.07
Total	$ 1.05			$ (3.91)
Weighted average common shares outstanding:				
Basic	16,022			16,022
Diluted	16,142			16,142

Unaudited Pro Forma Statement of Operations
Three months ended
(Amounts in Thousands, Except Per Share Data)

	ATN March 31, 2016	(a) CAH May 31, 2016	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Wireless	$ 58,878	$ 451	$ —	$ 59,329
Wireline	22,445	22,026	—	44,471
Renewable energy	5,589	—	—	5,589
Equipment and Other	2,774	3,046	—	5,820
Total revenues	89,686	25,523	—	115,209
Operating expenses (excluding depreciation and amortization unless otherwise indicated):				
Termination and access fees	20,913	5,862	—	26,775
Engineering and operations	9,837	7,138	—	16,975
Sales and marketing	5,154	1,051	—	6,205
Equipment expense	3,259	75	—	3,334
General and administrative	16,421	5,123	—	21,544

Transaction-related charges	3,655	20	(272)(c)	3,403
Depreciation and amortization	14,554	4,969	(1,794)(d),(j)	17,729
Gain on disposition of long-lived assets	—	—	—	—
Impairment of assets	—	1,070	—	1,070
Operating expenses	73,793	25,308	(2,066)	97,035
Income from operations	15,893	215	2,066	18,174
Other income (expense)				
Interest Income	348	—	(3)(f)	345
Interest Expense	(826)	(1,331)	731(e),(f)	(1,426)
Loss on deconsolidation of subsidiary	—	—	—	—
Other income (expense), net	14	(618)	—	(604)
Other income (expense)	(464)	(1,949)	728	(1,685)
Income before taxes	15,429	(1,734)	2,794	16,489
Income taxes	4,631	—	98(h)	4,729
Income from continuing operations	10,798	(1,734)	2,696	11,760
Income from discontinued operations net of tax	—	—	—	—
Net income	10,798	(1,734)	2,696	11,760
Net income attributable to non-controlling interests, net of tax	(4,678)	4	—	(4,674)
Net income attributable to stockholders	$ 6,120	$ (1,730)	$ 2,696	$ 7,086
Net income per weighted average basic share attributable to ATN International, Inc. stockholders:				
Continuing operations	$ 0.38			$ 0.44
Disontinued operations	$ —			$ —
Total	$ 0.38			$ 0.44
Net income per weighted average diluted share attributable to ATN International, Inc. stockholders:				
Continuing operations	$ 0.38			$ 0.44
Disontinued operations	$ —			$ —
Total	$ 0.38			$ 0.44
Weighted average common shares outstanding:				
Basic	16,092			16,092
Diluted	16,198			16,198

Notes to Unaudited Pro Forma Condensed Combined Financial Information
(Amounts In Thousands, Except Per Share Data)

(a) The historical presentation of CAH was conformed to the presentation used in the unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined statements of operations.

(b) ATN has completed its preliminary assessment of the fair value of assets acquired and liabilities assumed of CAH. The consideration transferred consists of $52 million of cash and the proceeds of a $60 million loan. The consideration transferred is allocated to the CAH net assets acquired, with the excess allocated to goodwill. The tables below represent a preliminary allocation of the total consideration transferred based on management's preliminary estimate of their acquisition date fair values:

Consideration Transferred	$ 112,301
Preliminary purchase price allocation:	
Cash	9,108
Accounts receivable	6,327
Other current assets	9,104
Property, plant and equipment	109,009
Identifiable intangible assets	18,647
Goodwill	18,144
Other Assets	574
Accounts payable and accrued liabilities	(18,506)
Advance payments and deposits	(7,824)

Deferred tax liability	(2,935)
Pension liability	(29,126)
Non-controlling interests	(221)
Net assets acquired	112,301

(c) Eliminates acquisition related costs since these costs are direct and incremental to the Acquisition and are not expected to recur.

(d) Reflects the adjustment to depreciation and amortization of CAH's tangible and intangible assets arising from their estimated fair values and useful lives. The estimated depreciation and amortization as if the Acquisition had occurred at the beginning of the twelve and three month periods presented are as follows:

	Estimated useful life (in years)	Fair Value	Depreciation and amortization expense (twelve months ended 12/31/2015)	Depreciation and amortization expense (three months ended 3/31/2016)
Telecommunication equipment	1-15	$ 86,126	$ 9,558	$ 2,390
Buildings	30	12,679	423	106
Office and computer equipment	1-3	2,723	923	231
Furniture and fixtures	3	79	26	7
Land	-	1,004	—	—
Transportation vehicles	4	1,153	288	72
Construction in progress	-	5,245	—	—
Total property, plant and equipment		$ 109,009	$ 11,218	$ 2,806
Goodwill	Indefinite	$ 18,144	$ —	$ —
Spectrum	Indefinite	7,623	—	—
Franchise	Indefinite	2,400	—	—
Customers	9-17	7,800	1,539	385
Other intangibles	10	824	82	21
		$ 36,791	$ 1,621	$ 406
Pro forma depreciation and amortization expense			12,839	3,212
Historical depreciation and amortization expense			25,719	4,969
Pro forma adjustment to depreciation and amortization expense			$ (12,880)	$ (1,757)

(e) CAH's pre-Acquisition debt, excluding amounts in working capital, was retired by the seller prior to the close of the Acquisition. This entry eliminates the debt from the balance sheet and the interest expense from the statement of operations.

(f) ATN transferred $112 million of consideration to acquire CAH. This consideration consisted of $52 million of cash and the proceeds of a $60 million interest only loan maturing in ten years bearing a fixed interest rate of 4%. This entry records the reduction to cash, increased debt and interest expense, and eliminates the yield on the cash transferred.

(g) The CAH purchase price included an adjustment equal to the funded status of CAH's pension plans at the close of the Acquisition. The funded status is equal to the difference between the fair value of the pension plan assets and the fair value of the pension obligations. At close of the Acquisition, the pension obligation exceeded the fair value of the pension plan assets resulting in a CAH recognizing a liability in its financial statements. The entry adjusts the carrying value of the liability to equal the funded status of the obligation.

(h) To record income tax expense at an estimated statutory tax rate of 39.5% on pro forma adjustments as appropriate above.

(i) ATN's acquisition of CAH was considered to be an indicator of impairment. For the twelve months ended February 29, 2016, CAH recorded impairment charges to property, plant and equipment, intangible assets, and goodwill. These impairment charges reflect the estimated valuation of the assets. ATN does not expect similar impairments to recur in future periods.

(j) Certain CAH assets with a book value of approximately $5 million were excluded from the Acquisition and sold by CAH to third parties prior to May 31, 2016. This entry eliminates $0.1 million of revenue, $0.2 million of general and administrative expenses, and $0.2 million of depreciation from the 12 month pro forma statement of operations and $0.1 million of depreciation from the 3 month pro forma statement of operations related to the excluded assets.