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OCT 29 2013

FCC Mail Room



PO Box 66  
6525 Sand Creek Hwy  
Sand Creek MI 49279-0066  
(517) 436-3130

**REDACTED – FOR PUBLIC INSPECTION**

October 11, 2013

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: WC Docket No. 10-90, WC Docket No. 11-42  
2013 ETC Annual Report of Sand Creek Telephone Company Study Area Code 0725

Dear Ms. Dortch:

Attached are the confidential and redacted versions of the FCC Form 481 ETC annual reporting information pursuant to sections 54.313 and 54.422 of the Commission's rules. We seek confidential treatment under Protective Order for section 54.313(f)(2) financial information. The redacted version is also being filed this date via the FCC's Electronic Comment Filing System.

Sincerely,

A handwritten signature in black ink that reads "Harvey Souders". The signature is fluid and cursive.

Harvey Souders  
Vice President

Enclosed

No. of Copies rec'd 0+3  
List ABCDE

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code	310725
<015> Study Area Name	SAND CREEK TEL CO
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Teresa Sadler
<035> Contact Telephone Number: Number of the person identified in data line <030>	5174363130
<039> Contact Email Address: Email of the person identified in data line <030>	tsadler@sandcreektelco.com

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<b>ANNUAL REPORTING FOR ALL CARRIERS</b>	<b>54.313</b>	<b>54.422</b>
	<b>Completion Required</b>	<b>Completion Required</b>

			(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report				
<300> Unfulfilled Service Requests (voice)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed		0.0		
<420> Mobile		0.0		
<430> Number of Complaints per 1,000 customers (broadband)			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed		0.0		
<450> Mobile		0.0		
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> Section 500	(attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> Section 600	(attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input type="radio"/>	(if yes, complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1010>	(attach descriptive document)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input type="radio"/> <input type="radio"/>	(if not, check to indicate certification)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	(check to indicate certification)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<b>(100) Service Quality Improvement Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Teresa Sadler
<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

<110> Has your company received its ETC certification from the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>
If your answer to Line <110> is yes, do you have an existing §54.202(a) "5		
<111> year plan" filed with the FCC?	(yes / no)	<input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How (USF) was used to improve service quality
- <116> How (USF) was used to improve service coverage
- <117> How (USF) was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.










<b>(900) Tribal Lands Reporting Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986 / OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Teresa Sadler
<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select (Yes, No, NA)

<b>(1100) No Terrestrial Backhaul Reporting</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

<b>(1200) Terms and Condition for Lifeline Customers</b> <b>Lifeline</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
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<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

\_\_\_\_\_  
Name of attached document (.pdf)

<1220> Link to Public Website

HTTP <http://www.sandcreektelco.com/>

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,

<1222> Details on the number of minutes provided as part of the plan,

<1223> Additional charges for toll calls, and rates for each such plan.

<b>(2000) Price Cap Carrier Additional Documentation</b> <b>Data Collection Form</b> <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Teresa Sadler
<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

**CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.**

<b>Incremental Connect America Phase I reporting</b>		
<2010>	2nd Year Certification {47 CFR § 54.313(b)(1)}	<input type="checkbox"/>
<2011>	3rd Year Certification {47 CFR § 54.313(b)(2)}	<input type="checkbox"/>
<b>Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}</b>		
<2012>	2013 Frozen Support Certification	<input type="checkbox"/>
<2013>	2014 Frozen Support Certification	<input type="checkbox"/>
<2014>	2015 Frozen Support Certification	<input type="checkbox"/>
<2015>	2016 and future Frozen Support Certification	<input type="checkbox"/>
<b>Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}</b>		
<2016>	Certification Support Used to Build Broadband	<input type="checkbox"/>
<b>Connect America Phase II Reporting {47 CFR § 54.313(e)}</b>		
<2017>	3rd year Broadband Service Certification	<input type="checkbox"/>
<2018>	5th year Broadband Service Certification	<input type="checkbox"/>
<2019>	Interim Progress Certification	<input type="checkbox"/>
<2020>	Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
<2021>	Interim Progress Community Anchor Institutions	Name of Attached Document Listing Required Information _____

<b>(3000) Rate Of Return Carrier Additional Documentation</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
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<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

**Progress Report on 5 Year Plan**

(3010)	Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information _____ <input type="checkbox"/>	
(3012)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/> (Yes/No)
(3014)	If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3016)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3020)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3021)	Management letter issued by the independent certified public accountant that performed the company's financial audit.	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input type="checkbox"/>
(3022)	If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input checked="" type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input checked="" type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input checked="" type="checkbox"/>
(3025)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	<input checked="" type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information _____ <input type="checkbox"/> (Yes/No)	SC Financial Statement

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	310725
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<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Teresa Sadler
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<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	SAND CREEK TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE <span style="float: right;">Date</span>
Printed name of Authorized Officer:	HARVEY SOUDERS
Title or position of Authorized Officer:	GENERAL MANAGER
Telephone number of Authorized Officer:	517-436-3130
Study Area Code of Reporting Carrier:	310725 <span style="float: right;">Filing Due Date for this form: 10/15/2013</span>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/DMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	310725
<015>	Study Area Name	SAND CREEK TEL CO
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Teresa Sadler
<035>	Contact Telephone Number - Number of person identified in data line <030>	5174363130
<039>	Contact Email Address - Email Address of person identified in data line <030>	tsadler@sandcreektelco.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

<b>Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier</b>	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

<b>Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier</b>	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments





**McCartney & Company, P.C.**  
*Certified Public Accountants*

2121 University Park Drive,  
Suite 150 • Okemos, Michigan 48864  
Telephone (517) 347-5000  
Fax (517) 347-5007

James E. McCartney, CPA  
Jeffery A. Irwin, CPA  
Edward B. Rebman, CPA  
Susan J. Schanski, CPA

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Sand Creek Telephone Company  
Sand Creek, Michigan

We have reviewed the accompanying balance sheets of Sand Creek Telephone Company (a corporation and a wholly owned subsidiary of Sand Creek Communications Company), as of December 31, 2012 and 2011, and the related statements of income and retained earnings, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

*McCartney & Company, P.C.*

October 9, 2013

Sand Creek Telephone Company  
Sand Creek, Michigan

Balance Sheets  
As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$	\$
Temporary investments		
Due from subscribers		
Accounts receivable - Interexchange carriers		
Materials and supplies inventory		
Equipment held for resale		
Prepaid expenses		
Total Current Assets	_____	_____
<u>Investments</u>		
Other investments - NRTC		
Total Investments	_____	_____
<u>Plant, Property and Equipment</u>		
Plant in service		
Plant under construction		
Less: Accumulated depreciation		
Net Plant, Property and Equipment	_____	_____
 <u>Total Assets</u>	 \$ _____	 \$ _____

- See accompanying notes and independent accountant's review report -

LIABILITIES AND STOCKHOLDER'S EQUITY

	2012	2011
<u>Current Liabilities</u>		
Accounts payable	\$	\$
Accounts payable - Interexchange carriers		
Customer deposits		
Other current liabilities		
Total Current Liabilities		
<u>Other Liabilities</u>		
Accounts payable - Affiliates		
Total Other Liabilities		
<u>Deferred Taxes</u>		
Accelerated depreciation		
Total Deferred Taxes		
<u>Stockholder's Equity</u>		
Common stock, \$1 stated value, 100,000 shares 100,000 shares issued and outstanding		
Retained earnings		
Total Stockholder's Equity		
<u>Total Liabilities and Stockholder's Equity</u>	\$	\$

- See accompanying notes and independent accountant's review report -

Sand Creek Telephone Company  
Sand Creek, Michigan

Statements of Income and Retained Earnings  
For the Years Ended December 31, 2012 and 2011

	2012	2011
<u>Operating Revenues</u>		
Local services	\$	\$
Access revenue		
Bad debt expense		
Miscellaneous		
Total Operating Revenues		
<u>Operating Expenses</u>		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation		
Customer operations		
Corporate operations		
Total Operating Expenses		
<u>Operating Income</u>		
<u>Operating Taxes (Benefit)</u>		
Federal income tax - Current		
Federal income tax (benefit) - Deferred		
State income tax (benefit)		
Other operating taxes		
Total Operating Taxes (Benefit)		
<u>Net Operating Income (Loss)</u>		
<u>Other Income and Expenses</u>		
Interest income		
Other non-operating income (expense)		
Federal income tax expense - Non-operating		
<u>Income Before Fixed Charges</u>		
<u>Fixed Charges</u>		
Interest and related		
<u>Net Income</u>		
<u>Retained Earnings - Beginning</u>		
<u>Retained Earnings - Ending</u>		

- See accompanying notes and independent accountant's review report -

Sand Creek Telephone Company  
Sand Creek, Michigan

Statements of Cash Flows  
For the Years Ended December 31, 2012 and 2011

	2012	2011
<u>Operating Activities</u>		
Net Income	\$	\$
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation		
Provision for deferred taxes		
Changes in Operating Assets and Liabilities:		
Due from subscribers		
Accounts receivable		
Inventories		
Prepaid expenses and taxes		
Accounts payable		
Customer deposits		
Other current liabilities		
Net Cash Used in Operating Activities		
<u>Investing Activities</u>		
Purchase of property, plant, and equipment		
Net (purchase) sale of temporary investments		
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
<u>Cash and Cash Equivalents - Beginning of Year</u>		
<u>Cash and Cash Equivalents - End of Year</u>	\$	\$

- See accompanying notes and independent accountant's review report -

Sand Creek Telephone Company  
Sand Creek, Michigan

Notes to Financial Statements

1. Summary of Significant Accounting Policies

These financial statements include the financial position and results of operations of Sand Creek Telephone Company, a wholly-owned subsidiary of Sand Creek Communications Company.

The Company is located in Lenawee County, in the State of Michigan. The Company provides local exchange service and access to the toll network. The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis, thus trade receivables do not bear interest, although a finance charge may be applied to accounts that are more than thirty days past due. Approximately 5% of the Company's operating revenue consists of access revenue from interexchange carriers.

The Company does not always require collateral from either the customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected. However, a portion of these losses would be recoverable through the settlement process described below. Due From Subscribers is shown net of the allowance for doubtful accounts of \$1,200 and \$1,100 at December 31, 2012 and 2011, respectively. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. The Company generally does not hold financial instruments with off-balance-sheet credit risk.

The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America.

Preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates, primarily related to collectibility of receivables, access revenue settlement amounts and depreciable lives of property, plant and equipment. Actual results could differ from those estimates.

Inventory consists of materials and supplies for additions and maintenance of the telephone plant and telephone equipment held for resale. Inventory is priced at the lower of cost or market on a first-in first-out basis.

The Company expenses advertising costs when incurred. Advertising costs expensed during 2012 and 2011 were in the amounts of \$1,200 and \$1,100, respectively.

Cash and cash equivalents includes cash and short-term, highly-liquid investments with original maturities of less than three months.

The Company paid, on a cash basis, interest in the amount of \$1,200 and \$1,100 in 2012 and 2011, respectively. All federal and state income taxes are paid by the Company's parent corporation.

The Company's cash accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. At various times during the year the Company's cash account balances may exceed this amount in the normal course of business. Other investments are not covered by FDIC insurance. At December 31, 2012, cash and temporary investment account balances exceeded this limit by approximately \$1,200.

Sand Creek Telephone Company  
Sand Creek, Michigan

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

The Company provides access services to common (long distance) carriers to access the exchange of the Company. The Company receives settlements for providing interstate access service from the National Exchange Carrier Association. Intrastate access revenues are based on charges billed under the Company's Intrastate Access Revenue Tariff.

Both access revenues and local service revenues are recognized when earned, regardless of the period in which they are billed.

The Company recorded true-ups of prior years' estimated access settlements that decreased income by and in 2012 and 2011, respectively.

2. Plant, Property and Equipment

Additions to telephone plant and replacements of significant units of property are capitalized at their original cost. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal costs. No gains or losses are recognized in connection with routine retirements of depreciable telephone property.

Depreciation is provided under the straight-line method for accounting purposes by the application of rates, based on the estimated service lives of the various classes of depreciable telephone property. Such provisions were equivalent to an annual rate of 5.8% of the average cost of depreciable telephone plant in service for both 2012 and 2011.

The balances of the major classes of plant in service as of December 31 are as follows:

	2012	2011
Land	\$	\$
General support assets		
Vehicles		
Work equipment		
Building		
Office furniture and equipment		
Computers		
Central office equipment		
Buried cable and drops		
	\$	\$
Total		

3. Common Stock

The Company is authorized to issue \_\_\_\_\_ shares of stock. For both years ended December 31, 2012 and 2011, \_\_\_\_\_ shares were issued and outstanding. The cost method is used to account for the repurchase of outstanding shares.

Sand Creek Telephone Company  
Sand Creek, Michigan

Notes to Financial Statements

4. Income Taxes

For income tax purposes, the Company is included in the federal consolidated and state combined tax returns with its parent, Sand Creek Communications Company. For financial reporting purposes, income taxes are computed and recorded as if the Company filed separate income tax returns, except that: (i) in the event the Company generates a net tax loss which is utilized in Sand Creek Communications Company's returns, the Company will be given the benefit of such loss, (ii) federal income taxes are calculated based upon the statutory tax rate in effect for Sand Creek Communications Company and its subsidiaries on a consolidated basis, and (iii) state income taxes are calculated based upon the tax rate in effect for Sand Creek Communications Company and its subsidiaries on a combined basis.

Total income tax expense for the years ended December 31, 2012 and 2011 was allocated as follows:

	2012	2011
Federal income tax (benefit):		
Current – operating	\$	\$
Deferred – operating		
Current – non-operating		
Total federal income tax (benefit)	\$	\$
Michigan income tax (benefit):		
Current	\$	\$
Deferred		
Total Michigan income tax (benefit)	\$	\$
Total corporate income tax (benefit)	\$	\$

Deferred taxes were provided for certain temporary differences between the book basis and tax basis of assets and liabilities (principally property, plant and equipment due to depreciation differences).

The following table reconciles the statutory federal income tax expense to the effective federal income tax expense.

	2012	2011
Federal income tax expense at statutory rate of	\$	\$
Deferred rate differential		
Non-deductible expenses		
True-up prior year and other adjustments		
	\$	\$

The net deferred tax liability is a result of book versus tax depreciation differences. Federal differences were in the amounts of \$ and \$ and state differences were in the amounts of \$ and \$, for the years ended December 31, 2012 and 2011, respectively.

Sand Creek Telephone Company  
Sand Creek, Michigan

Notes to Financial Statements

4. Income Taxes (Continued)

Effective January 1, 2012, the State of Michigan Corporate Income Tax structure changed. Therefore, certain deferred tax assets were deemed to no longer be available for future years and, as such, the deferred tax assets were written off to state income tax expense in the amount of \_\_\_\_\_ for the year ended December 31, 2011.

Management believes that there is a greater than 50% chance (more likely than not) that the entity is entitled to the economic benefit resulting from tax positions taken in income tax returns. No interest or penalties related to uncertain tax positions has been recognized in the income statements or balance sheets for the years ended December 31, 2012 and 2011. However, federal and state tax returns for years 2009 through 2012 remain subject to possible audit.

5. Investments

Investments as of December 31, 2012 and 2011 consist of the following:

	2012	2011
NRTC patronage	\$ _____	\$ _____
	\$ _____	\$ _____

The investment in NRTC is recorded at cost plus patronage allocations net of patronage retirements. There is not a readily determinable market price for this investment.

6. Retirement Plan

The Company has a defined contribution pension plan which is available to all employees of the Company. The Company matches each employee's elective deferral to a maximum of 10% through August, 2011 and 7% thereafter. Contributions to this plan were \_\_\_\_\_ and \_\_\_\_\_ for the years ended December 31, 2012 and 2011, respectively.

7. Related Party Transactions

The Company had the following related party transactions during 2012 and 2011:

	2012	2011
Due to affiliate - Sand Creek Toll Service Company (SCTS), beginning of the year	\$ _____	\$ _____
Cash transfers		
Miscellaneous		
Due to affiliate - SCTS, end of year	\$ _____	\$ _____

Sand Creek Telephone Company  
Sand Creek, Michigan

Notes to Financial Statements

7. Related Party Transactions (Continued)

	2012	2011
Due to affiliate - Sand Creek Internet Service Company (SCI), beginning of the year	\$	\$
Cash transfers		
Payroll and benefits allocation		
Revenue billings on behalf of SCI		
Revenue billings bad debts		
Revenue billings deferred revenue		
Purchase of SCI accounts receivable		
Due to affiliate - SCI, end of year	\$	\$
	2012	2011
Due to affiliate - Sand Creek Communications Company (SCC), beginning of the year	\$	\$
Cash transfers		
Insurance expenses paid by SCC		
Tax expense paid by SCC		
Due to affiliate - SCC, end of year	\$	\$

8. Commitments

During 2012, the Company entered into contracts for the construction of fixed asset additions in the total amount of

9. Subsequent Events

Through October 9, 2013, the date that the financial statements were available to be issued, management has determined that there are no events subsequent to the balance sheet date that require accrual or disclosure.