LICT CORPORATION AND SUBSIDIARIES

Quarterly Report for period ended March 31, 2019

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LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share amounts)

	March 31, 2019	December 31, 2018	March 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	$8,896	$7,732	$10,045
Receivables, less allowances of $206, $211, and $316, respectively	7,933	8,701	7,996
Note Receivable	2,850	2,850	-
Material and supplies	5,002	4,735	4,500
Prepaid expenses and other current assets	19,202	23,107	2,544
Total current assets	43,883	47,125	25,085
Property, plant and equipment:			
Land	955	955	955
Buildings and improvements	17,666	17,666	17,641
Machinery and equipment	362,038	357,434	3343,291
	380,659	376,055	361,887
Accumulated depreciation	(286,083)	(281,282)	(279,196)
	94,576	94,775	91,691
Goodwill	48,764	48,764	48,764
Other intangibles	2,715	2,611	2,623
Investments in and advances to affiliated entities	5,736	5,795	4,584
Note Receivable	--	--	3,250
Other assets	7,627	6,022	6,042
Total assets	$203,301	$205,092	$182,039

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share amounts)

	March 31, 2019	December 31, 2018	March 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade accounts payable	$2,461	$5,074	$2,566
Accrued interest payable	154	182	136
Accrued liabilities	9,693	8,216	6,287
Current maturities of long-term debt	9,275	2,275	2,425
Total current liabilities	21,584	15,747	11,414
Long-term debt	15,400	28,701	26,576
Deferred income taxes	16,556	16,603	14,648
Other liabilities	5,632	3,672	3,704
Total liabilities	59,172	64,723	56,342
Shareholders' equity			
Common stock, $0.0001 par value- 10,000,000 shares authorized; 26,831, 26,831, 26,831 issued; 19,704, 19,931 and 20,427 outstanding	--	--	--
Additional paid-in capital	17,698	17,645	17,484
Retained earnings	165,115	158,012	136,555
Treasury stock, 6,899, 6,672 and 6,403 shares, at cost	(38,684)	(35,288)	(28,342)
Total shareholders' equity	144,129	140,369	125,697
Total liabilities and shareholders' equity	$203,301	$205,092	$182,039

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2019	**2018**
Revenues	$28,605	$27,168
Costs and expenses:		
Cost of revenue, excluding depreciation	12,784	11,933
General and administrative costs at operations	2,906	2,799
Corporate office expenses	1,022	982
Depreciation and amortization	4,978	5,064
Total Costs and Expenses	$21,690	$20,778
Operating profit	6,915	6,390
Other income (expense):		
Investment income	174	283
Interest expense	(432)	(493)
Equity in earnings of affiliated companies	503	345
Other	2,493	19
	2,738	154
Income before income taxes	9,653	6,544
Provision for income taxes	(2,549)	(1,723)
Net income	$7,104	$4,821
Weighted average shares outstanding:		
Basic average shares outstanding	19,765	20,459
Diluted average shares outstanding	19,800	20,483
Actual shares outstanding	19,704	20,427
Earnings per share:		
Basic	$359.42	$235.64
Diluted	358.79	235.37

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIAIRES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except share data)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2018	19,931	$--	$17,645	$158,012	($35,288)	$140,369
Net income for the period	--	--	--	7,104	--	7,104
Restricted Stock Awards	--	--	53	--	--	53
Purchase of Treasury Stock	(227)	--	--	--	(3,396)	(3,396)
Balance at March 31, 2019	19,704	$--	$17,698	$165,115	($38,684)	$144,129

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2019	**2018**
Operating activities:		
Net Income	$7,104	$4,822
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,999	5,086
Equity in earnings of affiliated companies	(503)	(345)
Distributions received from affiliated companies	563	873
Deferred income tax provision	(88)	(60)
Restricted and other stock award expense	53	13
Gain from sale of investment of minority owned entity	(2,493)	-
Changes in operating assets and liabilities:		
Accounts receivables	768	741
Income tax payable/ receivable	2,731	1,389
Accounts payable and accrued liabilities	(3,856)	(704)
Other operating assets and liabilities	(342)	(697)
Other	(17)	(25)
Net cash provided by operating activities	8,919	11,093
Investing activities:		
Capital expenditures	(4,834)	(5,089)
Proceeds from sale of investment from minority owned entity	2,493	--
Other	4,282	371
Net cash provided by (used) in investing activities	1,941	(4,718)
Financing activities:		
Repayments of long term debt	(300)	--
Repayments on lines of credit, net	(6,000)	(2,000)
Purchase of treasury stock	(3,396)	(1,384)
Net cash used in financing activities	(9,696)	(3,384)
Net increase (decrease) in cash and cash equivalents	1,164	(2,991)
Cash and cash equivalents at beginning of period	7,732	7,054
Cash and cash equivalents at end of period	$8,896	$10,045

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

LICT Corporation ("LICT" or the "Company") consolidates the operating results of its subsidiaries. All material intercompany transactions and balances have been eliminated. Investments in affiliates in which the Company does not have majority voting control, but has the ability to significantly influence management decisions, are accounted for in accordance with the equity method. The Company accounts for the following affiliated companies on the equity basis of accounting: a cellular partnership in California (25% owned) and telecommunications operations in New York, California and Utah (2% to 20% owned).

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2018. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

ASU No. 2016-02 — We adopted ASU 2016-02, *Leases (Topic 842) (the New Lease Standard)* as of January 1, 2019. The New Lease Standard requires lessees to recognize a right-of-use (ROU) asset and a lease liability on the balance sheet for operating leases. Accounting for finance leases is substantially unchanged.

We adopted the New Lease Standard using the comparative reporting at adoption method. Under this method, financial results reported in periods prior to January 1, 2019 are unchanged. We also elected the package of practical expedients which among other things, does not require reassessment of lease classification. We have implemented processes and a lease accounting system to ensure adequate internal controls are in place to assess our contracts and enable proper accounting and reporting of financial information.

The adoption of this standard had an impact to our condensed consolidated balance sheet due to the recognition of approximately $2.0 million of operating lease liabilities as part of other liablities, with corresponding operating lease ROU assets as part of other assets as of January 1, 2019. The related amortization for the 1st quarter fo 2019 total $0.2 million.

B. Investments in Affiliated Companies

A subsidiary of LICT owns a 25% partnership interest in a cellular communications provider in Northern California, California RSA #2 ("RSA #2"). As of March 31, 2019, December 31, 2018 and March 31, 2018, the net investment in the partnership was $4.3 million, $4.4 million, and $3.3 million, respectively. The Company's share of income, included in Equity in Earnings of Affiliated Companies was $60 thousand

and $335 thousand for the three months ended March 31, 2019 and 2018. Cash distributions from RSA # 2 for the three months ending March 31, 2019 and 2018 were $563 thousand and $538 thousand, respectively.

	March 31,	
	2019	**2018**
OPERATING RESULTS		
Three Months Ended		
Revenues	$6,180	$5,785
Gross Margin	3,605	3,646
Net profit	1,892	2,076
BALANCE SHEET		
Current assets	$6,109	$5,577
Property, plant and equipment and Other – net	11,662	11,008
	$17,771	$16,585
Current liabilities	$1,411	$1,367
Long-term liabilities	2,056	2,048
Partners' equity	12,634	13,170
	$17,771	$16,585

C. Indebtedness

The Company has a $50 million line of credit agreement with CoBank, ACB ("CoBank"), which expires in March 2020 with an interest rate of LIBOR plus 2.5%. The average balance of notes payable outstanding was $8.7 million in the first three months of 2019; the highest amount outstanding was $13.0 million in 2019; and the average interest rate was 5.04% in 2019.

Long-term debt at March 31, 2019, December 31, 2018, and March 31, 2018 consists of (all interest rates are at March 31, 2019) (in thousands):

	March 31, 2019	**December 31, 2018**	**March 31, 2018**
Secured notes issued to sellers in connection with acquisitions at fixed interest rate of 6.0%	7,647	7,647	7,647
Unsecured notes issued in connection with acquisitions at fixed interest rates of 6.0%	10,029	10,329	12,754
Revolving credit facility from CoBank, ACB at Brighton Communications Corporation, secured by the assets of certain operations and holding companies at a variable rate of 4.99%	7,000	13,000	8,600
	24,676	31,976	29,001
Current maturities	(8,976)	(2,275)	(2,425)
	$15,700	$28,701	$26,576

D. Litigation

LICT or a subsidiary thereof is a party to routine litigation incidental to its business. Based on information currently available, the Company believes that none of this ordinary routine litigation, either individually or in the aggregate, will have a material effect on its financial condition and results of operations.

E. Related Party Transactions

At March 31, 2019, December 31, 2018 and March 31, 2018, assets of $8.9 million, $7.7 million and $4.6 million, which are classified as cash and cash equivalents, are invested in United States Treasury money market funds for which affiliates of the Company's Chairman and Chief Executive Officer serve as investment manager to the respective funds.

F. Other Income

Included in other income is a $2.5 million from a final non-recurring contingent gain, stemming from the sale of an investment by a minority interest owned by the Company.

G. Leases

Included in other income is a $2.5 million from a final non-recurring contigent gain, stemming from the sale of an investment by a minority interest owned by the Company.

MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read together with the Consolidated Financial Statements of LICT Corporation and the notes thereto.

RESULTS OF OPERATIONS

Overview

Our history is principally as a provider of rural telephone service (known as Rural Local Exchange Carriers, or "RLECs"), with our principal operations in rural parts of California, Iowa, Kansas, Michigan, New Hampshire, New Mexico, Utah and Wisconsin. LICT provides an array of communications services, primarily in rural areas but with continuing expansions in adjacent urban communities, as listed below.

As of March 31, 2019, LICT provided service to 73,418 revenue generating units consisting of 34,263 high speed data lines, 33,639 voice lines, and 5,516 video subscribers. Comparable amounts at December 31, 2018 were 33,659, 33,747, and 5,662 respectively. Operations are deployed through 4,697 miles of fiber optic cable, 11,837 miles of copper cable, and 704 miles of coaxial cable and 45 towers.

The broad array of communications services which we provide to residential, commercial and governmental customers include:

- Local and long-distance telephone service;
- Broadband services, principally Digital Subscriber Lines ("DSL") and cable modem services, which are increasingly provided through fiber optic technologies;
- Video services, including cable television, Internet Protocol Television ("IPTV") and Over The Top;
- Access for other telephone service providers to the intra-state and interstate networks;
- Private line connections between, for example, two branches of a business;
- Public access, including, for example, 911 service;
- Managed Hosting, where we host virtual switchboards for customers; and
- Fixed wireless broadband service, primarily for very remote customers.

The federal and state governments have long had a policy of encouraging and promoting telephone and other communication services in rural areas because it provided benefits to all Americans and to the nation. RLECs, in particular, including those that form the core of our Company, often provide communications services in rural areas where such service would not be economically feasible without numerous federal and state support mechanisms, which are generally referred to as Universal Service Funds ("USF"). Such programs evolve constantly to take into consideration customer needs, as well as new services and technologies, and to encourage RLECs to invest in and support the new technologies and provide new services to their customers. In addition, the rates we can charge for some of our services are regulated by the FCC and in many cases, the various state public utility commissions. We devote considerable management attention to understanding, utilizing and complying with these different governmental programs, incentives and regulatory structures. There is no certainty that such support programs will continue at the same levels as they have in the past, and some reductions have already occurred, although the FCC's new Alternative Connect America Cost model ("A-CAM") support program, discussed below, has significantly increased the amount of federal support we are receiving with the required obligation to build broadband to a specific number of locations in rural America. The A-CAM funding mechanism is a ten-year USF program which runs through 2026 with a predictable, set amount of support for the ten-year period. Overall, we believe that the various governmental agencies will continue to encourage and support the provision of modern communications services for people living in high-cost, rural areas. People are communicating more, and in more ways, than ever before – including the rural population, as well as urban dwellers. We believe that this expansion of communications creates an opportunity for us to successfully develop the Company's business, as rural customers demand additional and better communications infrastructure.

Effective January 1, 2017, ten of the Company's rural telephone companies elected to participate in the FCC's A-CAM program. During 2018, the FCC expanded the A-CAM program for companies whose support was initially capped and offered the LICT companies an additional $2.9 million in annual A-CAM funding, which is retroactive to January 1, 2017. The LICT companies accepted the additional A-CAM funding, and the cumulative funding was received in the third quarter of 2018. Accordingly, in the third quarter of 2018, LICT recorded additional A-CAM revenues of $5.1 million, of which $2.9 million relates to the year ended December 31, 2017. As a result, the first three months of 2018 do not include any of the incremental ACAM funding, while 2019 does include the funding.

On February 25, 2019, the FCC again expanded the A-CAM program for those companies who support was initially capped and offered LICT companies $4.6 million in annual A-CAM funding, which is retroactive to January 1, 2019. With this latest increase, these capped companies have now been offered the fully funded support contemplated by the initial A-CAM program. In addition, the FCC extended the A-CAM annual support payments, for all A-CAM, capped and uncapped, for two additional years to December 31, 2028. Acceptance of these additions requires the companies to provide a threshold of speed to a greater number of locations. The Company's subsidiaries have accepted this A-CAM expansion program and are expecting to receive the year to date incremental funding in the second quarter of 2019, when the revenue will be recognized in the statement of operations.

The spreading acceptance and demand of high-speed internet has been a major growth area for our Company. In particular, the number of broadband subscribers has grown dramatically in recent years. This has been offset, in part, by reductions in the number of traditional voice telephone lines we serve, as consumers replace traditional telephone connections with new technologies. We expect such shifts in consumer behavior to continue and we, in turn, are continuing to develop our Company as a broad-based communications provider, whatever the technology, rather than simply a provider of rural voice telephone connections.

Three Months ended March 31, 2019 compared to 2018

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2019	**2018**
Regulated revenues:		
Local access	$1,777	$1,846
Interstate access	10,927	10,555
Intrastate access	2,236	2,302
Other regulated	308	297
Total regulated revenues	15,248	15,000
Non-regulated revenues:		
Broadband and related services	8,682	7,848
Video (including cable modem)	3,573	3,186
Other	1,102	1,134
Total non-regulated revenues	13,357	12,168
Total revenues	28,605	27,168

Operating Cost and Expense:		
Cost of revenue, excluding depreciation	12,784	11,933
General and administrative costs at operations	2,906	2,799
Corporate office expenses	1,022	982
Depreciation and amortization	4,978	5,064
Total operating costs and expenses	21,690	19,796
Operating profit	$6,915	6,390

In the first quarter of 2019, our non-regulated revenues grew by $1.2 million to $13.4 million, a 9.8% increase as compared to 2018. Non-regulated revenues from both broadband services and other non-regulated services increased, primarily from our Utah ($0.3 million) Iowa ($0.2 million), New Mexico ($0.1) and Kansas ($0.1 million) operations. These increased sales came primarily from additional broadband circuits outside of our regulated service territory and additional video (cable modem) revenue. Regulated revenues at $15.2 million were $0.2 million above the $15.0 million recorded in 2018, an increase of 1.7%. Combining the non-regulated and regulated revenues, total revenues in 2019 increased by $1.4 million or 5.3%, to $28.6 million compared to $27.2 million in 2018.

Total operating costs and expenses were $21.7 million in 2019, an increase of $0.9 million as compared to 2018. The costs of revenue increased by $0.9 million, due to incremental non-regulated revenue, while general and administrative costs incurred at the operations increased by $107 thousand. Corporate expenses increased by $40 thousand. Depreciation and amortization decreased by $86 thousand from 2019 to 2018, due to reduced capital expenditures in early 2019. As a result of the above, operating profit in 2019 increased by $0.5 million from $6.4 million in 2018 to $6.9 million in 2019.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the telecommunications industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures. This non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

LICT's management believes strongly in growing intrinsic value as a long-term prescription for managing an enterprise's health. Our local management teams run their respective businesses as stand-alone, entrepreneurial units although we attempt to use economies of scale and other efficiencies (such as joint purchasing) where they are available. We believe that EBITDA is the clearest indicator of the cash flow generating ability and long-term health of such units. We value potential acquisitions on the same basis.

EBITDA refers to, for any period, net income (loss) before all components of "Other income (expense)" (consisting of investment income, interest expense, equity in earnings of affiliates, gains and losses on disposition of or impairment of assets), income taxes, depreciation, amortization, minority interests and income or loss from discontinued operations. EBITDA has been modified to include the cash we received from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we have the ability to significantly influence financial and accounting policies.

The following table provides the components of EBITDA and reconciles it to net income from continuing operations:

	2019	2018
EBITDA from:		
Operating units	$12,915	$12,436
Dividends from equity affiliates	563	538
EBITDA before corporate expenses	13,478	12,974
Corporate expenses	(1,022)	(982)
EBITDA	$12,456	$11,992
Reconciliation to net income:		
EBITDA	$12,456	$11,992
Less dividends from equity affiliates	(563)	(538)
Depreciation and amortization	(4,978)	(5,064)
Investment income	174	283
Interest expense	(423)	(493)
Equity in income of affiliates	503	345
Other income (expense) – Other	2,493	19
Income tax	(2,549)	(1,723)
Net income	$7,104	$4,821

Other Income (Expense)

In the first quarter of 2019, investment income decreased by $109 thousand while interest expense decreased by $61 thousand, primarily due to lower distributions from the Company investment in Aureion.

Equity in earnings of affiliates in the first quarter of 2019 increase by $158 thousand from the 2018 period. This primarily represents earnings from our 25% partnership interest in a cellular telephone provider, California RSA #2 Partnership which were $473 thousand in 2019 and $335 thousand in 2018.

During the first quarter of 2019, the company record in other income (expense) $2.5 million of income related to a final non-recurring contingent gain, stemming from the sale of an investment by a minority interest owned by the Company.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2019 and 2018 represent effective tax rates of 26.4% and 26.3%, respectively.

Net Income

Net income for the first quarter of 2019 was $7.1 million, or $359.42 per basic share and $358.79 per diluted share. The 2019 net income includes $1.8 million after-tax affects, or $92.84 per basic share and $92.68 per diluted share, of the above noted non-recurreing gain. In 2018, net income was $4.8 million, or $235.64 per basic share and $235.67 diluted share

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Brighton Communications Corporation ("Brighton"), a wholly-owned subsidiary of LICT, has a $50 million revolving credit facility from CoBank, ACB. The facility expires in March of 2020. Brighton owns substantially all of the subsidiaries within the LICT consolidated group of companies. As of March 31, 2019, there was $7.0 million outstanding under the $50 million facility. The average balance outstanding under the facility was $8.7 million at an average interest rate of 5.04%. Management believes that the current CoBank facility provides adequate liquidity for at least the next twelve months.

The Company is obligated under long-term debt provisions and lease agreements to make certain cash payments over the term of the agreements. The following table summarizes, as of March 31, 2019 for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity:

	Payments Due by Period (In thousands)				
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Long-term debt, principal only	$24,676	$9,276	$15,400	$--	$--
Operating leases	2,314	615	1,053	505	141
Interest on long-term debt	2,250	1,425	825	--	--
Total contractual cash obligations and commitments	$29,240	$11,316	$17,278	$505	$141

At March 31, 2019, total debt was $24.7 million, a decrease of $6.3 million from December 31, 2018, which represented fixed interest rate debt outstanding at 6.0% interest. The long-term debt facilities at one subsidiary are secured by the common stock of such subsidiary in addition, the revolving credit facility contain certain covenants restricting distributions to LICT.

LICT has a manageable degree of financial leverage. As of March 31, 2019, the ratio of total debt to total EBITDA, on a trailing twelve-month basis, was 0.50 to 1.

As of March 31, 2019, LICT had current assets of $43.9 million and current liabilities of $21.3 million resulting in working capital of $22.6 million compared to $31.3 million at December 31, 2018.

Sources and Uses of Cash

Effective January 1, 2017, ten of LICT's rural telephone companies in six of the states in which we provide service elected to participate in the FCC's A-CAM program and received $23.78 million of A-CAM revenue for 2017 and LICT committed to build broadband out to a specific number of locations. The A-CAM program is designed to speed and expand the deployment of broadband capacities throughout the nation's rural areas and replaced two prior USF mechanisms for companies electing A-CAM. During 2018, the FCC expanded the A-CAM program for companies whose A-CAM support was initially capped and offered the LICT companies an additional $2.9 million in annual A-CAM funding, which is retroactive to January 1, 2017 with an increase in the build-out obligation requirements. LICT expects to receive an additional $5.8 million from the expanded A-CAM program in 2018, $2.9 million of which relates to the twelve months of 2017. Funding of the incremental A-CAM revenues through March 31, 2018, including the true-up back to January 1, 2017, was received in the third quarter of 2018. The 2018 A-CAM revenues were initially set to be $23.67 million; therefore, with the expanded A-CAM program, LICT's 2018 A-CAM revenues will be $26.57 million (excluding the true-up for 2017).

On February 25, 2019, the FCC again expanded the A-CAM program for those companies who support was initially capped and offered LICT companies $4.6 million in annual A-CAM funding, which is retroactive to January 1, 2019. With this latest increase, these capped companies have now been offered the fully funded support contemplated by the initial A-CAM program. In addition, the FCC extended the A-CAM annual support payments, for all A-CAM, capped and uncapped, for two additional years to December 31, 2028. Acceptance of these additions requires the companies to provide a threshold of speed to a greater number of locations. The Company's subsidiaries have accepted this A-CAM expansion program and are expecting to receive the year to date incremental funding in the second quarter of 2019, when the revenue will be recognized in the statement of operations.

On April 30, 2018, the Company announced it was continuing its shareholder "Giving Back", which is Charitable Contribution Program for all registered shareholders. Under this program, in 2018 the company will make a donation of $100 per share on behalf of the shareholder to a designated 501 (c) (3) organization. During 2016 and 2017, the Company conducted a similar Shareholder Designated Contribution Program, also at $100 per share. The 2018 program was completed in the third quarter of 2018, and charitable contributions for the shareholder and employee designated programs, also completed in the third quarter of 2018, were $1.3 million. The LICT Board of Directors approved the 2019 contribution, also at $100 per share, in December 2018, and the contributions were distributed to the charities in the first quarter of 2019.

Cash at March 31, 2019 was $8.9 million, as compared to $7.7 million at December 31, 2018. In the first three months of 2019, net cash provided by operations of $8.9 million was primarily used to invest in plant and equipment ($4.8 million), repay debt ($6.3 million), and purchase treasury shares ($3.4 million).

In the first three months, capital expenditures were $4.8 million in 2019 as compared to $5.1 million in 2018.

Since 2008 through the present, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service of 50%, starting January 1, 2008; 100% starting September 9, 2010 through December 31, 2011; 50% starting January 1, 2012; and 100% starting September 27, 2017. Such deductions have the effect of reducing current taxes payable but will increase tax payments in future years.

The Company received cash distributions from a 25% interest in the California RSA # 2 Partnership of $563 thousand in the first three months of 2019 compared to $538 thousand in the prior year period. The Partnership projects that the Company's share of the total 2019 distribution will be $2.0 million.

The Company's Board of Directors has authorized the purchase of up to 7,600 shares of the Company's common stock. Through March 31, 2019, 7,006 shares have been purchased at an average investment of $5,444 per share, including 227 shares purchased in 2019 at an average investment of $14,960 per share.

The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999. The Company has spun-off three entities: Morgan Group Holding Co., CIBL, Inc., and ICTC Group, Inc. Since its spin-off from LICT, CIBL, Inc. has made cash distributions to shareholders of $170 per share.