MEMORANDUM

November 12, 2015

To: Board of Directors

From: Foster Hildreth, President of Rock Island and GM of OPALCO

Re: 2015 YTD, Q4 Projections and 2016-2021 Budget Pro forma

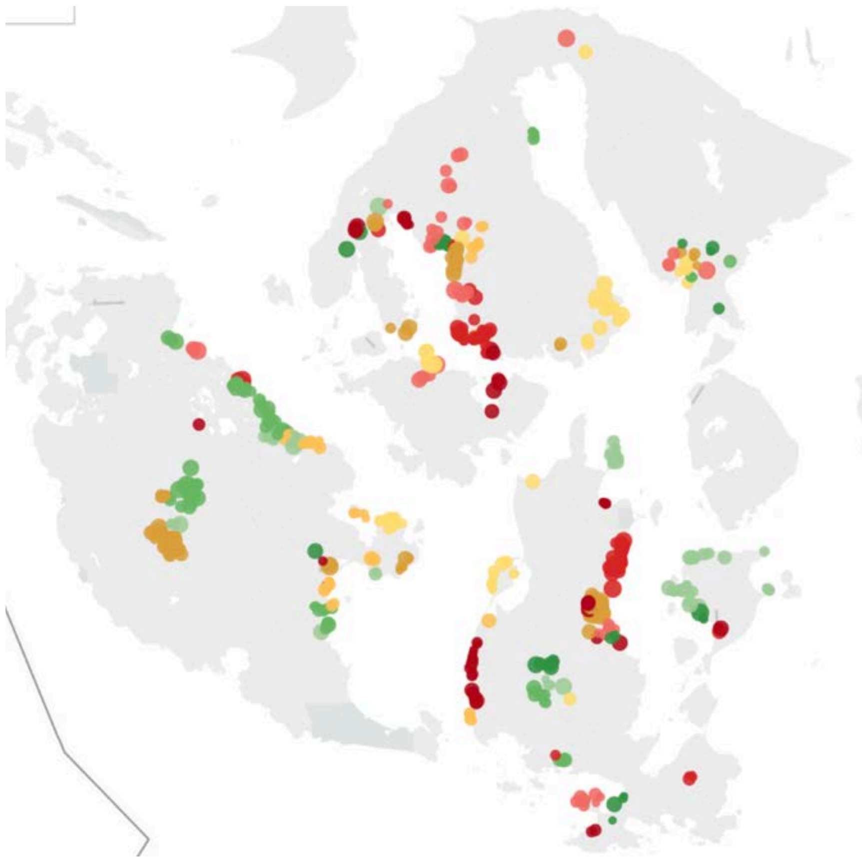
As expected in the first full year of operations, Rock Island has adapted and evolved rapidly to begin delivery of Fiber and LTE Wireless services to the county while maintaining legacy DSL and other IT Services. Not withstanding challenges throughout the year, Rock Island is delivering on the promise of bringing true high-speed data services to the islands. We are confident that we will meet our original 2015 projected goal of 400 new fiber connections to add to the 100 connections originally established by Island Network prior to our formation. We have also begun our early stage deployment of fixed-wireless services in two locations while we continue to construct additional locations.

Below is a summary of our business plan rewrite in progress to reflect the various changes and additional business lines operating within Rock Island Communications. We expect to complete the updated business plan by year end.

2015 LTE YTD

The significant challenge faced during the early part of the year was the deployment of our LTE network in order to provide the necessary level of wireless communications for crew, first responder and residential fixed wireless services. San Juan County is an extremely challenging topography to deploy radio frequency capabilities. This is well understood by the various members of the emergency community serving the county who deal with far too many dark locations even while utilizing low band highly propagated frequencies.

Significant study and analysis has been performed on how best to develop a solution to meet as many needs as possible. Earlier efforts indicated up to as many as 120 pole locations would be required to provide coverage around the county. After a lot of work we have managed to drop that number to only 38 pole locations and achieve the same level of coverage to meet our needs. Choosing the right equipment that is 700Mhz Band 12 compatible was a challenge given its relative infancy in the market place and lack of major vendors. After some initial issues of under performance with test equipment, we made the decision to switch vendors, which added a delay for much of the year as we re-evaluated, tested and started construction on a new design with our vendor supplying Nokia equipment.



As initially indicated in the August board meeting, this decision negatively impacted 2015 revenue actuals through third quarter and the year-end projections by approximately $350,000. We have moved beyond the early challenges with LTE and have accelerated our testing, deployment and construction efforts with the completion of the first two sites and the construction of 11 more. As we move into the next phases towards a full go-live of our fixed wireless service, we will be prioritizing locations that will meet our criteria for first connections.

We have a priority checklist process for determining service locations that meet our criteria within each sector, given the nature of wireless spectrum, the location of each site and the shared resource/constraints we have capping the amount of users to maintain acceptable levels. For context, 38 pole sites have 2-3 sectors each for a total of approximately 105 sectors county-wide. The checklist consists of a formula of distance, topography/coverage, Project PAL grant status, average fiber cost and any additional factors we determine.

Around the first 13 sites, we expect to be able to deploy to approximately 500 locations that meet our formula and are within expectable levels (Neg97 or better dB loss). As seen in the image above, we are concentrating on the island valleys or areas with fewer neighborhoods and/or lower density.

As with any wireless technology, we can't guarantee to reach every location.

2015 Fiber Deployment YTD Notable Events

Modem Upgrades

During the course of Q3 and early Q4, Rock Island detected, identified, isolated and worked to resolve a series of network problems reported by customers. We discovered that our *fiber modems* were the root source of these issues, both phone and data, and after working diligently with our vendor (BEC), we decided to switch vendors and upgrade all modems in the field. Our modem upgrade program will roll out to all customers with a BEC fiber modem during late November and early December.

Network Speed Provisioning

A critical component in any ISP network is the platform that manages its user policies and procedures. One of the largest challenges on the networking side through the year was deploying the necessary toolset to accommodate our scale and growth throughout the county. Key to this is stability in our policy manager (the system that dictates actual services to each connection).

Previous technology leadership developed and deployed a system that was prone to instability and errors. After several weeks of development and phases of upgrades to the code and server architecture, service provisioning is now stable. Additional work is still in planning and development to integrate this system back into other tools we use to manage our customers and the services we provide. This is also a key step in separating the billing and provisioning system to enable more flexibility and scale in our operations. We are also in the process of deploying a self-install capability into our new modems that removes a lot operational overhead when activating a new customer.

Cape San Juan Neighborhood

In the last few weeks we have made the decision to not deploy two poles sites in the Cape area as originally designed. The reason is that the first pole is serving the expected locations modeled while the second pole would be an expensive build-out to serve the remaining few given the uptake of fiber connections in the area. We will be building fiber to these remaining homes over the coming months.

Individual Connection Pilot

We released an Individual Connections program this fall and have made enough individual connections to consider this a successful program for those who qualify. It is our belief that we can increase our onboarding capacity by inviting homeowners whom live near the distribution backbone to connect directly utilizing the $1,500 incentive. Consider these the quick and easy locations that are close to the backbone but not benefiting from group/density efficiency. We have established both policy and procedure on board and connect these individuals as fast as possible. We will continue to roll out this program in 2016 to help meet out connection goals.

Total Subscriber (ports) - Budget To Ac	1	1	1	1	1	1	1	1	1	1	0	0	0	0

DASHBOARD: ROCK ISLAND COMMUNICATIONS

SUBSCRIBERS

BUDGET Subscribers	**2015 Budget Subscribers**												**2015**	**2015**
	January	February [1]	March	April	May	June	July	August	September	October	November	December	Period End (Oct) Budget	Year End Budget
DSL/Canopy	-	1,618	1,618	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644
Fiber	108	108	138	151	165	178	228	278	328	385	443	500	385	500
LTE	-	-	100	150	200	250	300	350	400	469	539	608	469	608
Total	**108**	**1,726**	**1,856**	**1,945**	**2,009**	**2,072**	**2,172**	**2,272**	**2,372**	**2,499**	**2,625**	**2,752**	**2,499**	**2,752**

ACTUAL Subscribers	**2015 Actual Subscribers**												**2015**	**2015**
	January	February [1]	March	April	May	June	July	August [2]	September	October	November	December	Period End (Oct) Actual	Year End Actual
DSL/Canopy		1,561	1,564	1,569	1,578	1,582	1,587	1,590	1,593	1,641	-	-	1,641	
Fiber	115	123	128	137	167	221	227	235	275	335	-	-	335	
LTE	-	-	-	-	-	-	-	3	13	33	-	-	33	
Total	**115**	**1,684**	**1,692**	**1,706**	**1,745**	**1,803**	**1,814**	**1,828**	**1,881**	**2,009**	**-**	**-**	**2,009**	**-**

VARIANCE Subscribers	**2015 Variance Subscribers**												**2015**	**2015**
	January	February [1]	March	April	May	June	July	August [2]	September	October	November	December	Period End (Oct) Variance	Year End Variance
DSL/Canopy	-	(57)	(54)	(75)	(66)	(62)	(57)	(54)	(51)	(3)	-	-	(3)	
Fiber	7	15	(10)	(14)	2	43	(1)	(43)	(53)	(50)	-	-	(50)	
LTE	-	-	(100)	(150)	(200)	(250)	(300)	(347)	(387)	(436)	-	-	(436)	
Total Variance (Actual - Budget)	**7**	**(42)**	**(164)**	**(239)**	**(264)**	**(269)**	**(358)**	**(444)**	**(491)**	**(490)**	**-**	**-**	**(490)**	**-**

Pipeline Subscribers	**2015 Subscriber Pipeline**												**2015**	**2015**
	January	February [1]	March	April	May	June	July	August	September	October	November	December	YTD	Last Qtr Pipeline
DSL/Canopy														
Fiber											84	79		163
LTE											63	73		136
Total Pipeline	-	-	-	-	-	-	-	-	-	-	**147**	**152**	-	**299**

Revenue Per Subscriber	**2015 Revenue per Subscriber**												**2015**	**2015**
Subscriber Types	January	February [1]	March	April	May	June	July	August	September	October	November	December	Period End August	Year End
DSL/Canopy	-	34	54	49	49	49	49	48	90	-	-	-	48	
Fiber [3]	381	340	327	322	261	242	269	263	256	-	-	-	263	
LTE	-	-	-	-	-	-	-	-	-	-	-	-	-	

Service breakdown	**RI Essential**	**RI Essential S**	**RI Preferred**	**RI Preferred S**	**RI Premier**	**RI Premier S**	**RI Ultimate**	**RI Ultimate S**
% Breakdown to Date	29%	4%	41%	5%	10%	1%	11%	0%

Notes:

General: Accounting consolidation ongoing (Legacy Rock Island + Island Network = Rock Island Communications)

1. RIC acquisition closed on February 6th 2015

2. Adjustment to DSL/Canopy Subscribers during billing software reconciliation

3. Reflects transition to residential subscriber base from larger commercial connections (e.g. 'Noanet)

4. Sept. revenue includes a one time only adjustment to shift RIC from the cash basis to accrual. (adding accts.rec. billed and owed, not yet received) This adjustment is required per GAAP for accrual basis reporting.

2015 Financials Period End and YTD Projections

As detailed in the 2015 YTD financials below, we are behind on original estimates both in our initial business plan of Oct 2014 and after updated estimates post the Rock Island transaction. As mentioned above in the deployment update, the significant driver was the lack of revenue associated with LTE service as we adjusted our strategy during the course of the year. Another notable decrease in revenue during 2015 was CenturyLink cancellation of various circuits Rock Island provided to them post the 2013 major fiber outage. On an annual basis, these circuits represent more than $100,000 in revenue lost.

We are projecting by year end 2015 Operating Revenue will be $374,054 below budget with the majority attributed to LTE shortfall. Other cost of sales are in line with expectations. The table below provides a summary of period end Q3 and project Year End.

ROCK ISLAND COMMUNICATIONS
STATEMENT OF OPERATIONS BUDGET TO ACTUAL AND PROJECTION

	A.	B.	C.	E.	F.	G.	H.	I.	
	Rock Island Budget Annual 2015	Rock Island Actual Quarter End 3/31/2015	Rock Island Actual Quarter End 6/30/2015	Rock Island Actual Quarter End 9/30/2015	Rock Island Actual Period End 9/30/2015 (B+C+D)	Rock Island Projected Quarter End 12/31/2015	Rock Island Projected Period End 12/31/2015 (E+F)	Variance from Budget (G-A)	Comment
I OPERATING REVENUES									
Operating Revenue - Line 6 Detail Breakout									
Other Operating Revenue	2,253,168	326,279	485,488	539,348	1,351,114	528,000	1,879,114	(374,054)	
TOTAL OPERATING REVENUES	**2,253,168**	**326,279**	**485,488**	**539,348**	**1,351,114**	**528,000**	**1,879,114**	**(374,054)**	Delay in LTE rollout
II COST OF GOODS SOLD									
COGS									
Other Cost of Goods Sold	967,174	113,556	222,853	266,688	603,097	275,000	878,097	(89,077)	
TOTAL COST OF GOODS SOLD									
Gross Profit	**1,285,994**	**212,722**	**262,635**	**272,660**	**748,017**	**253,000**	**1,001,017**	**(284,977)**	
III OPERATING EXPENSES									
Payroll Expenses	1,487,552	219,510	336,140	379,437	935,087	556,625	1,491,712	4,160	
Professional Fees	308,705	102,021	102,478	270,267	474,766	165,000	639,766	331,061	Accellerate LTE design deployment
Rent	121,237	8,661	40,097	47,649	96,407	48,500	144,907	23,670	
Utilities	16,838	998	2,660	3,553	7,211	6,000	13,211	(3,628)	
Other	470,861	79,465	86,057	314,507	480,029	141,097	621,126	150,265	Hardware licenses for LTE Devices($50k), equipment lease
TOTAL OPERATING EXPENSES	**2,405,193**	**410,655**	**567,433**	**1,015,412**	**1,993,500**	**917,222**	**2,910,722**	**505,528**	
TOTAL NET OPERATING MARGINS	**(1,119,199)**	**(197,933)**	**(304,798)**	**(742,752)**	**(1,245,483)**	**(664,222)**	**(1,909,705)**	**(790,505)**	
IV NON-OPERATING MARGINS (EXPENSE)									
Non-operating Margins (Expense) - Line 35 Detail Breakout									
Interest Income (Expense)	-	52	105	104	260	(124,053)	(123,793)	(123,793)	
Other Income (Expense)		225	105	(8,276)	(7,946)	(205,808)	(213,754)	(213,754)	Accounting merge adjustments
Taxes: Property Taxes		-	-	-	-	-	-	-	
Taxes: State & Local Use Tax	(46,263)	(6,081)	(14,067)	(4,985)	(25,133)	(15,000)	(40,133)	6,130	
Other Non-operating margins		-	-	-	-	-	-	-	
TOTAL NON-OPERATING MARGINS (EXPENSE)	**(46,263)**	**(5,804)**	**(13,857)**	**(13,158)**	**(32,819)**	**(344,861)**	**(377,680)**	**(331,417)**	
Federal Income Tax Expense	-	-	-	-	-	-	-	-	
GRAND TOTAL NET MARGIN DETAIL BREAKOUT	**$ (1,165,462)**	**$ (203,737)**	**$ (318,655)**	**$ (755,910)**	**$ (1,278,302)**	**$ (1,009,083)**	**$ (2,287,385)**	**$ (1,121,923)**	

Another notable driver as it relates to our projected year-end results was the larger than budgeted professional fees. These included larger than expected fees associated with the Rock Island transaction, local, state and federal permit approval and environmental critical area review and legal costs. We expect half of these cost levels to remain during 2016 as the permit review process will continue.

ROCKISLAND
2015/6 STAFFING LEVELS

	DEPARTMENT	Plan	FTE 2015	FTE 2016
1	Executive	1	1	1
2	Finance	2	1	2
3	Operations	3	3	5
4	Sales & Mrktg.	2	4	5
5	Technology	5	5	10
6	Engineering/Construction	5	5	8
	Total	18	19	26

Note: Staffing chart excludes Foster Hildreth, President of Rock Island

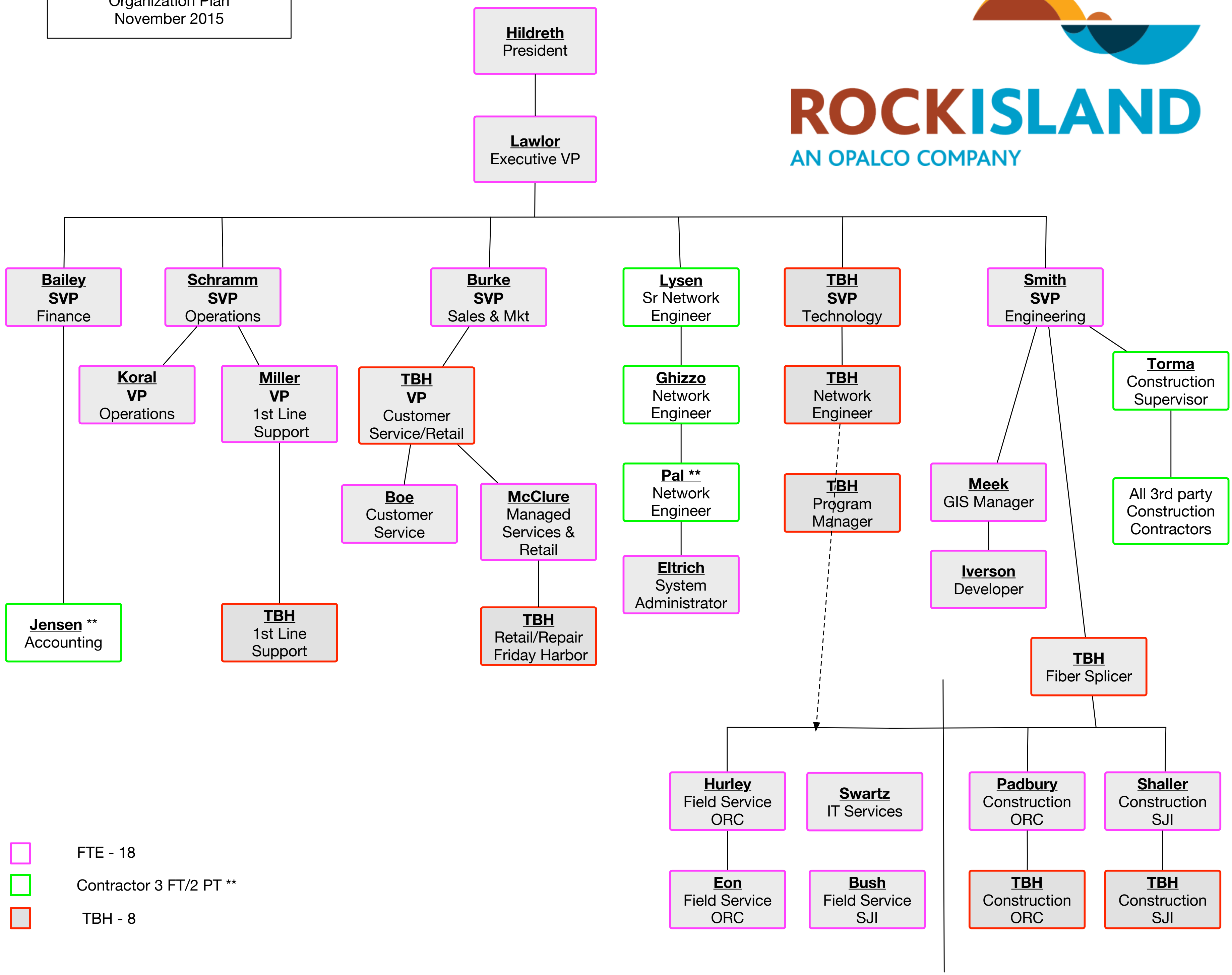
Another significant driver in expense levels was a faster growth in staffing than initially budgeted in order to help alleviate customer demand in sales, construction and support. We are projecting to end the year with 19 FTEs as compared to our budgeted 18 FTEs. We are expecting our FTE growth to continue to expand in early 2016 to a total of 26 as we bolster all areas of the operation. (See below table and Org Chart).

Some contracting costs will be dropping off towards the end of 2016 but we expect to maintain much of our contractor costs during 2016 in addition to FTEs.

Construction contractors are also an area of attention during 2016 to secure the right talent by delivering consistent workflow to maintain engagement from both in county and mainland crews. Combined with growing construction rates in the county, mainland contractors are committing to larger projects region wide. The Portland Google Fiber project alone is looking for 600 crews (2400 people). Industry “head hunters” have been reaching out to our current contractors as well as our own staff.

Organization Plan
November 2015

ROCKISLAND
AN OPALCO COMPANY



2015 Use of Proceeds

Rock Island's use of loan proceeds projected for year-end 2015 is $4,977,494 (see table below). Notable changes from the original 3-year tranche structure of $2.9m in 2015, $3.1m in 2016 and $1.5m in 2017 are:

1. Rock Island Acquisition
2. Acceleration of LTE partner integration and construction
3. Inventory build-up in preparation for 2016 Fiber and LTE construction (Fiber lead times are reaching 40+ weeks). We have in warehouse enough fiber to deploy throughout 2016. The potential of Google Fiber moving ahead in Portland is driving up leads times faster than preivous years in additon to consistant yearly demand.

ROCK ISLAND
FUNDS PROJECTED FROM PARENT ORG.
CASH FLOW

	Rock Island Projected Period End 12/31/2015	Rock Island Projected Period End 12/31/2016	Rock Island Projected Period End 12/31/2017		
Initial Budgeted OP Loan Profile	**$ 2,900,000**	**$ 3,100,000**	**$ 1,500,000**	**$ 7,500,000**	**Budget Approved in 2015 Budget**
USE OF PROCEEDS THUS FAR					
OPERATING EXPENSES less DEPR	$ 1,701,259	$ 450,000			Inc'l 2015 LTE Rev Shortfall, $350,000)
FINANCING EXPENSES (Interest paid to Opalco)	$ 123,793	$ 300,000			Interest paid
Acquisition (RITS)	$ 714,338	$ -			
Accelerate LTE (Partner Integration)	$ 200,000				LTE Core integration
CONST. PROJECTS + ASSETS (CAPITAL)	$ 769,186	$ 800,000			Fiber const. Capital Projects
CIAC (New Service and Middle Mile)	$ (860,333)	$ (1,250,000)			Funds received
FIBER CONST. - Incentive $	$ 487,500	$ 900,000			Available Incentive $ for Fiber
LTE WIRELESS - Incentive $	$ 586,610	$ 1,900,000			LTE Construction & Modems @ $650k/$400-pc
Accelerate LTE Construction	$ 250,000				
WAREHOUSE INVENTORY	$ 1,005,141	$ (1,005,141)			
Inventory		$ 427,647			Addn'l Inventory
Current and Expected OP Loan Profile	**$ 4,977,494**	**$ 2,522,506**		**$ 7,500,000**	

Look Ahead for 2016 Budget and Beyond

2016 – Operating Revenue

Revenue assumptions are based on the following factors of service/connection growth and expected drops in DSL services. Our connection goal for Fiber service during 2016 is to add 600 new customers. Our LTE goal assumes we will serve 1,500 new customers during the year. Our assumptions equally predict revenue increases on a monthly basis as service is deployed over the course of the year. A year over year basis we are expecting to see a 40% decrease in DSL revenue attributed to normal churn and conversion rates to Fiber and LTE services. Pro forma operating revenue is expected to be a little over $3.2M or a YoY increase of $1.3M.

2016 - Operating Expenses

Payroll increased by 38.8% as staffing increased from 18 to 26 in full-time employees, while the strategic contractor personnel remains constant. By year end, the payroll is expected to normalize and the team at RIC should be able to stabilize with minimum staff levels to gain synergy and meet sales and customer service demand that have come on stronger than expected.

Depreciation increases as the plant is built at a constant rate. Professional fees are expected to decrease 43% due to partnership contracts being completed along with major permitting, product research and equipment implementation normalizing. In addition, outsourced network services should stabilize due to coding, programing of new systems slowing along with less unknown troubleshooting of all new technology and systems delivered into production.

Software and Hardware License Fees being segregated from Other cost will allow better visibility and overall there should be a major reduction of 43% over last year in this area as well with a large rollout of mapping software and device certifications costs not reoccurring at the same level.

Net Operating margin should be a loss of (-$646,861). Interest expense to the parent is expected to be around $300k and to be paid near the end of the year creating a Net Loss of (-$978,126).

ROCK ISLAND COMMUNICATIONS
STATEMENT OF OPERATIONS BUDGET 2016

	A.	B.	
	Budget Period End 12/31/2016	Variance from PY	# of Subs
I OPERATING REVENUES			
Fiber	1,278,953		1,000
LTE	920,850		1,669
DSL /Canopy	693,283		
Retail	120,000		
IT Solutions	78,192		
IT Services	120,000		
TOTAL OPERATING REVENUES	**3,211,278**	**1,332,164**	
II COST OF SERVICES SOLD			
Fiber Transport	109,704		
DSL Transport	237,000		
Retail	105,750		
Services	96,000		
Other	200,000		
TOTAL COST OF SERVICES SOLD	**748,454**	**(129,643)**	
Gross Profit	**2,462,824**	**1,461,807**	
III OPERATING EXPENSES			
Payroll Expenses	2,070,000	578,288	
Depreciation	177,000	177,000	
Professional Fees	366,660	(273,106)	
Rent	132,000	(12,907)	
Utilities	12,000	(1,211)	
Other	200,000	(421,126)	
Contractor Wages	52,000	52,000	
Licences & Permits	100,000	100,000	
TOTAL OPERATING EXPENSES	**3,109,660**	**198,939**	
TOTAL NET OPERATING MARGINS	**(646,836)**	**1,262,869**	
IV NON-OPERATING MARGINS (EXPENSE)			
Interest Income (Expense)	(300,000)	(176,207)	
Other Income (Expense)	800	214,554	
Taxes: Property Taxes	-	-	
Taxes: State & Local Use Tax	(32,000)	8,133	
Other Non-operating margins	-	-	
TOTAL NON-OPERATING MARGINS (EXPENSE)	**(331,200)**	**46,480**	
Federal Income Tax Expense	-	-	
TOTAL NET PROFIT (LOSS)	**$ (978,036)**	**$ 1,309,349**	

2017 Operating Revenue

RIC breakeven expected around the end of the first quarter. Our goals for new connections during 2017 are to continue consistently delivering 600 new Fiber and 1,250 LTE connections. We expect to see a continued drop in DSL revenue in line with conversion rates.

2017 Operating Expenses

Backhaul cost for mainland data transport is expected to increase $11K or 10.0% as new services and usage rates grow, while DSL backhaul should decrease $40k or 20%. Employee cost and benefit charges are budgeted to increase 10% or $460K.

Depreciation will appreciate as the plant gets built with a 40% increase year over year or $72K. Contractor wages and licenses, permits are increased 10.5%.

Net Operating margin expected to be $485,684. Interest expense to the parent is expected to be around $300K and to be paid near the end of the year. A net profit is expected to come in at $154,409. **Regarding the long term financing needs of RIC, we aim to refinance the original loan draw of $7.5m with a third-party lender in the early part of 2017, thereby returning all start-up capital to the Co-op / parent organization.**

2018 Operating Revenue

Our overall expected service growth begins to taper as we reach maximum desired connections on the LTE network county wide. We expect to see churn in the service YoY but to maintain consistent services in the variability of wireless networks we are expect to add only 500 new LTE services in 2018 capping out at approximately 3500 subscribers.

Fiber services will grow by 500 new subscribers as we continue to deploy to neighborhoods reached by the completion of the fiber backbone. DSL continues to drop in line with conversation rates.

2018 Operating Expenses

Backhaul cost for Fiber transport is expected to increase $12K or 10.0%, while DSL should decrease $21K or 10.7%. Payroll, burden and benefit cost is budgeted to increase 10% or $253K.

Depreciation will appreciate as the plant gets built with a 29% increase year over year or $72K. Contractor wages and licenses, permits are expected to increase 9.5%.

Net Operating margin should be $1,224,718. Interest expense to our lender is expected to be around $330K with a 10% increase and to be paid near the end of the year. A net profit is expected to come in at $863,443.

2019 Operating Revenue

2019 connections for Fiber are planned to be 400 new services during the course of the year. With this addition and expected fall in DSL revenue we should end the year with approximately $6.7m in annual revenue.

2019 Operating Expenses

Backhaul cost for Fiber transport is expected to increase $30K or 22.7%, while DSL should decrease $42K or 23.9%. Payroll, burden and benefit cost is budgeted to increase 10% or $278.3K.

Depreciation will appreciate as the plant gets built with a 19% increase year over year or $60K. Contractor wages and licenses, permits are expected to increase 14.1%.

Net Operating margin should be $1,651,794-. Interest expense to our lender is expected to be around $380K with a 15% increase and to be paid near the end of the year. A net profit is expected to come in at $1,240,519.

2020 Operating Revenue

We expect to begin reaching maximum overall connection rates in or around late 2020 into 2021 based on our modeling assumptions that the overall market size is 8000 +/- potential customers. We expect to meet our goal of 70% market share within this timeframe. 2020 Operating revenue is modeled to be a little over $7M for the full year.

2020 Operating Expenses

Service cost for Fiber transport is expected to increase $41.5K or 25.5%, while DSL should decrease $48K or 35.8%. Payroll, burden and benefit cost is budgeted to increase 10% or $306K.

Depreciation will appreciate as the plant gets built with a 6% increase year over year or $23K. Contractor wages and licenses, permits are expected to increase 14.3%.

Net Operating margin should be $1,601,277. Interest expense to our lender is expected to be around $360K with a 2.6% decrease and to be paid near the end of the year. A net profit is expected to come in at $1,210,002.

RIC aims to distribute a dividend payment to the Co-op / parent organization during the 2021 fiscal year.

ROCK ISLAND COMMUNICATIONS
STATEMENT OF OPERATIONS BUDGET 2016-2020

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.	M.
	Rock Island Projected Period End 12/31/2015	# of Subs	Rock Island Budget Period End 12/31/2016	Variance from PY	# of Subs	Rock Island Budget Period End 12/31/2017	# of Subs	Rock Island Budget Period End 12/31/2018	# of Subs	Rock Island Budget Period End 12/31/2019	# of Subs	Rock Island Budget Period End 12/31/2020	# of Subs
I OPERATING REVENUES	$ 1,879,114												
Fiber		498	$ 1,278,953		1,000	$ 1,901,880	1,600	$ 2,409,120	2,100	$ 2,829,960	2,500	$ 3,216,600	2,900
LTE		169	920,850		1,669	2,142,726	2,919	2,883,350	3,419	3,333,350	3,419	3,333,350	3,419
DSL /Canopy			693,283			513,996		337,233		245,843		161,297	
Retail			120,000			120,000		120,000		120,000		120,000	
IT Solutions			78,192			78,192		78,192		78,192		78,192	
IT Services			120,000			120,000		120,000		120,000		120,000	
TOTAL OPERATING REVENUES	1,879,114		3,211,278	1,332,164		4,876,794		5,947,895		6,727,345		7,029,439	
II COST OF SERVICES SOLD	878,097												
Fiber Transport			109,704			120,674		132,742		162,816		204,298	
DSL Transport			237,000			197,000		176,000		134,000		86,000	
Retail			105,750			105,750		105,750		105,750		105,750	
Services			96,000			96,000		96,000		96,000		96,000	
Other			200,000			214,000		214,000		214,000		214,000	
TOTAL COST OF SERVICES SOLD	878,097		748,454	(129,643)		733,424		724,492		712,566		706,048	
Gross Profit	1,001,017		2,462,824	1,461,807		4,143,369		5,223,403		6,014,779		6,323,392	
III OPERATING EXPENSES													
Payroll Expenses	1,491,712	16 FTE	2,070,000	578,288	26 FTE	2,530,000	26 FTE	2,783,000	26 FTE	3,061,300	26 FTE	3,367,430	26 FTE
Depreciation	-		177,000	177,000		249,000		321,000		381,000		404,000	
Professional Fees	639,766		366,660	(273,106)		366,660		366,660		366,660		366,660	
Rent	144,907		132,000	593		132,000		132,000		132,000		132,000	
Utilities	13,211		12,000	(1,211)		12,000		12,000		12,000		12,000	
Other	621,126		200,000	(421,126)		200,000		200,000		200,000		200,000	
Contractor Wages	-		52,000	52,000		58,000		64,000		70,000		80,000	
Licences & Permits	-		100,000	100,000		110,000		120,000		140,000		160,000	
TOTAL OPERATING EXPENSES	2,910,722		3,109,660	198,938		3,657,660		3,998,660		4,362,960		4,722,090	
TOTAL NET OPERATING MARGINS	(1,909,705)		(646,836)	1,262,869		485,709		1,224,743		1,651,819		1,601,302	
IV NON-OPERATING MARGINS (EXPENSE)													
Interest Income (Expense)	(123,793)		(300,000)	(176,207)		(300,000)		(330,000)		(380,000)		(360,000)	
Other Income (Expense)	(213,754)		800	214,554		800		800		800		800	
Taxes: Property Taxes	-		-	-		-		-		-		-	
Taxes: State & Local Use Tax	(40,133)		(32,000)	8,133		(32,000)		(32,000)		(32,000)		(32,000)	
Other Non-operating margins	-		-	-		-		-		-		-	
TOTAL NON-OPERATING MARGINS (EXPENSE)	(377,680)		(331,200)	46,480		(331,200)		(361,200)		(411,200)		(391,200)	
Federal Income Tax Expense	-		-	-		-		-		-		-	
TOTAL NET PROFIT (LOSS)	$ (2,287,385)		$ (978,036)	$ 1,309,349		$ 154,509		$ 863,543		$ 1,240,619		$ 1,210,102	