

FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.
Projected Balance Sheets Under The Hypothetical Assumptions In Note 1
December 31, 2010, 2011, 2012 and 2013
(With Historical Figures at December 31, 2008 and 2009)

	Audited Historical 12/31/08	Audited Historical 12/31/09	Projected 12/31/10	Projected 12/31/11	Projected 12/31/12	Projected 12/31/13
ASSETS						
<i>Current Assets:</i>						
Cash and equivalents	\$ 1,043,400	\$ 119,100	\$ 1,068,300	\$ 878,300	\$ 766,700	\$ 777,100
Accounts receivable - trade	-	20,100	42,100	117,400	179,900	190,400
Prepaid expenses	2,100	4,900	-	-	-	-
Total current assets	<u>1,045,500</u>	<u>144,100</u>	<u>1,110,400</u>	<u>995,700</u>	<u>946,600</u>	<u>967,500</u>
<i>Property and Equipment:</i>						
Construction-in-Progress	1,240,200	726,200	-	-	-	-
Fiber Optic Network	-	1,486,200	5,814,700	5,814,700	5,814,700	5,814,700
Lateral Buildouts	-	140,400	600,000	1,503,000	2,856,000	2,856,000
Total	<u>1,240,200</u>	<u>2,352,800</u>	<u>6,414,700</u>	<u>7,317,700</u>	<u>8,670,700</u>	<u>8,670,700</u>
Less, accumulated depreciation	-	(35,400)	(120,400)	(467,700)	(952,400)	(1,480,300)
Total property and equipment - net	<u>1,240,200</u>	<u>2,317,400</u>	<u>6,294,300</u>	<u>6,850,000</u>	<u>7,718,300</u>	<u>7,190,400</u>
			4,061,900	903,000	1,353,000	-
<i>Other Assets:</i>						
Restricted Deposits	-	377,900	109,000	129,000	129,000	129,000
Capital replacement funds - board designated	-	-	-	-	-	-
Bond acquisition costs - net	-	145,900	139,200	132,500	125,800	119,100
Total other assets	<u>-</u>	<u>523,800</u>	<u>248,200</u>	<u>261,500</u>	<u>254,800</u>	<u>248,100</u>
Total	<u>\$ 2,285,700</u>	<u>\$ 2,985,300</u>	<u>\$ 7,652,900</u>	<u>\$ 8,107,200</u>	<u>\$ 8,919,700</u>	<u>\$ 8,406,000</u>

See Summary of Significant Projection Assumptions and Accounting Policies

FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.
Projected Balance Sheets Under The Hypothetical Assumptions In Note 1
December 31, 2010, 2011, 2012 and 2013
(With Historical Figures at December 31, 2008 and 2009)

	Audited Historical 12/31/08	Audited Historical 12/31/09	Projected 12/31/10	Projected 12/31/11	Projected 12/31/12	Projected 12/31/13
LIABILITIES AND NET ASSETS						
<i>Current Liabilities:</i>						
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable - trade	36,400	192,200	39,500	59,000	63,200	62,300
Total current liabilities	<u>36,400</u>	<u>192,200</u>	<u>39,500</u>	<u>59,000</u>	<u>63,200</u>	<u>62,300</u>
<i>Long-Term Liabilities:</i>						
Deferred revenue	970,000	1,069,400	1,022,900	977,300	931,700	886,100
Long-term debt - County of Ontario	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Long-term debt - Citizens Bank	-	215,900	4,993,300	5,768,900	6,830,200	6,518,400
Total long-term liabilities	<u>2,470,000</u>	<u>2,785,300</u>	<u>7,516,200</u>	<u>8,246,200</u>	<u>9,261,900</u>	<u>8,904,500</u>
			4,777,400	775,600	1,061,300	(311,800)
<i>Net Assets/(Deficit):</i>						
Unrestricted	(220,700)	7,800	97,200	(198,000)	(405,400)	(560,800)
Unrestricted board designated capital funds	-	-	-	-	-	-
Total net assets/(deficit)	<u>(220,700)</u>	<u>7,800</u>	<u>97,200</u>	<u>(198,000)</u>	<u>(405,400)</u>	<u>(560,800)</u>
Total Liabilities and Net Assets	\$ <u>2,285,700</u>	\$ <u>2,985,300</u>	\$ <u>7,652,900</u>	\$ <u>8,107,200</u>	\$ <u>8,919,700</u>	\$ <u>8,406,000</u>

See Summary of Significant Projection Assumptions and Accounting Policies

FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.
Statements of Revenues and Expenses
For the Years December 31, 2010, 2011, 2012 and 2013 (With Historical Results for December 31, 2008 and 2009)

	Audited Historical 12/31/08		Audited Historical 12/31/09		Projected 12/31/10		Projected 12/31/11		Projected 12/31/12		Projected 12/31/13							
Revenues:																		
Revenue	\$	-	N/A	\$	90,800	17.8%	\$	255,900	37.9%	\$	714,100	63.0%	\$	1,094,100	72.3%	\$	1,158,400	73.4%
Empire Pipeline guaranteed payments		-	N/A		379,200	74.4%		379,200	56.2%		379,200	33.5%		379,200	25.1%		379,200	24.0%
County of Ontario fees		30,000	100.0%		40,000	7.8%		40,000	5.9%		40,000	3.5%		40,000	2.6%		40,000	2.5%
Total revenues		30,000	100.0%		510,000	100.0%		675,100	100.0%		1,133,300	100.0%		1,513,300	100.0%		1,577,600	100.0%
Costs and Expenses:																		
Legal and accounting		46,400	154.7%		41,700	8.2%		56,000	8.3%		58,200	5.1%		60,500	4.0%		62,900	4.0%
Office and administrative		1,700	5.7%		17,300	3.4%		4,000	0.6%		4,200	0.4%		4,400	0.3%		4,600	0.3%
Chief Operating Officer		-	N/A		-	N/A		248,700	36.8%		248,700	21.9%		248,700	16.4%		248,700	15.8%
Network operations		1,900	6.3%		46,200	9.1%		66,800	9.9%		224,800	19.8%		224,800	14.9%		168,800	10.7%
Line maintenance		-	N/A		22,600	4.4%		12,200	1.8%		14,000	1.2%		15,300	1.0%		15,300	1.0%
Pole attachment fees		-	N/A		-	0.0%		32,800	4.9%		75,400	6.7%		81,900	5.4%		81,900	5.2%
POP maintenance and support		-	N/A		-	0.0%		6,000	0.9%		9,000	0.8%		20,000	1.3%		20,000	1.3%
Insurance		8,700	29.0%		8,300	1.6%		17,800	2.6%		22,700	2.0%		30,300	2.0%		31,600	2.0%
Application fees & marketing		63,000	210.0%		113,000	22.2%		30,000	4.4%		31,200	2.8%		32,400	2.1%		33,700	2.1%
Property taxes		-	N/A		-	0.0%		-	0.0%		20,000	1.8%		40,000	2.6%		80,000	5.1%
Total costs and expenses		121,700	N/A		249,100	48.8%		474,300	70.3%		708,200	62.5%		758,300	50.1%		747,500	47.4%
Depreciation		-	N/A		35,300	6.9%		85,000	12.6%		347,300	30.6%		484,700	32.0%		527,900	33.5%
Amortization		-	N/A		-	0.0%		6,700	1.0%		6,700	0.6%		6,700	0.4%		6,700	0.4%
Total cost and expenses		121,700	N/A		284,400	55.8%		566,000	83.8%		1,062,200	93.7%		1,249,700	82.6%		1,282,100	81.3%
Operating Income (Loss)		(91,700)	N/A		225,600	44.2%		109,100	16.2%		71,100	6.3%		263,600	17.4%		295,500	18.7%
Other Expense/(Income):																		
Interest expense - long-term debt		-	N/A		-	0.0%		19,700	2.9%		369,800	32.6%		476,000	31.5%		455,900	28.9%
Interest expense - line-of-credit		-	N/A		-	0.0%		-	0.0%		-	0.0%		-	0.0%		-	0.0%
Interest income		(49,200)	N/A		(2,900)	-0.6%		-	0.0%		(3,500)	-0.3%		(5,000)	-0.3%		(5,000)	-0.3%
Change in Net Assets	\$	(42,500)	N/A	\$	228,500	44.8%	\$	89,400	13.2%	\$	(295,200)	-26.0%	\$	(207,400)	-13.7%	\$	(155,400)	-9.9%

See Summary of Significant Projection Assumptions and Accounting Policies

FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.
Statements of Cash Flows
For The Years December 31, 2010, 2011, 2012 and 2013 (With Historical Results for December 31, 2008 and 2009)

	<u>Audited Historical 12/31/08</u>	<u>Audited Historical 12/31/09</u>	<u>Projected 12/31/10</u>	<u>Projected 12/31/11</u>	<u>Projected 12/31/12</u>	<u>Projected 12/31/13</u>
Cash Flows From Operating Activities:						
Excess of revenues over/(under) expenses	\$ (42,500)	\$ 228,500	\$ 89,400	\$ (295,200)	\$ (207,400)	\$ (155,400)
Adjustments to reconcile excess of revenues over/(under) expenses to net cash provided by (used for) operating activities:						
Depreciation	-	35,300	85,000	347,300	484,700	527,900
Amortization	-	-	6,700	6,700	6,700	6,700
Decrease (increase) in operating assets:						
Accounts receivable - trade	-	(20,100)	(22,000)	(75,300)	(62,500)	(10,500)
Prepaid expenses	-	(2,800)	4,900	-	-	-
Increase (decrease) in operating liabilities:						
Accounts payable	23,000	(18,600)	(152,700)	19,500	4,200	(900)
Total adjustments	<u>23,000</u>	<u>(6,200)</u>	<u>(78,100)</u>	<u>298,200</u>	<u>433,100</u>	<u>523,200</u>
Net cash provided by (used for) operating activities	<u>(19,500)</u>	<u>222,300</u>	<u>11,300</u>	<u>3,000</u>	<u>225,700</u>	<u>367,800</u>
Cash Flows from Investing Activities:						
(Increase) decrease in construction-in-progress	-	-	726,200	-	-	-
Purchase of property and equipment	(1,121,900)	(938,100)	(4,788,100)	(903,000)	(1,353,000)	-
(Increase) decrease in restricted deposits	-	(377,900)	268,900	(20,000)	-	-
(Increase) decrease in capital replacement reserve fund	-	-	-	-	-	-
Loan acquisition costs	-	(145,900)	-	-	-	-
Net cash provided by (used for) investing activities	<u>(1,121,900)</u>	<u>(1,461,900)</u>	<u>(3,793,000)</u>	<u>(923,000)</u>	<u>(1,353,000)</u>	<u>-</u>
Cash Flows From Financing Activities:						
Proceeds from long-term debt - County of Ontario	-	-	-	-	-	-
Proceeds from long-term debt	-	215,900	4,777,400	903,000	1,353,000	-
Repayments of long-term debt	-	-	-	(127,400)	(291,700)	(311,800)
Increase (decrease) in line of credit	-	-	-	-	-	-
Increase (decrease) in deferred revenue	(30,000)	99,400	(46,500)	(45,600)	(45,600)	(45,600)
Net cash provided by (used for) financing activities	<u>(30,000)</u>	<u>315,300</u>	<u>4,730,900</u>	<u>730,000</u>	<u>1,015,700</u>	<u>(357,400)</u>
Net Increase (Decrease) In Cash	<u>(1,171,400)</u>	<u>(924,300)</u>	<u>949,200</u>	<u>(190,000)</u>	<u>(111,600)</u>	<u>10,400</u>
Cash-Beginning	<u>2,214,800</u>	<u>1,043,400</u>	<u>119,100</u>	<u>1,068,300</u>	<u>878,300</u>	<u>766,700</u>
Cash-Ending	<u>\$ 1,043,400</u>	<u>\$ 119,100</u>	<u>\$ 1,068,300</u>	<u>\$ 878,300</u>	<u>\$ 766,700</u>	<u>\$ 777,100</u>

See Summary of Significant Projection Assumptions and Accounting Policies