

**Molalla Communications Company
Financials**

Consolidated Balance Sheet 2007

| ASSETS | For Year Ending December 31, 2007 |
|--|--------------------------------------|
| Cash and cash Equivalents | \$ 8,819,378 |
| Telecommunications Accounts Receivable | 477,028 |
| Other Accounts Receivable | 480,001 |
| Inventory | 283,814 |
| Prepaid Expenses and Deposits | 218,404 |
| Total Current Assets | <u>10,278,625</u> |
| Non-current Assets | 5,283,362 |
| Property, Plant and Equipment | 33,281,352 |
| Accumulated Depreciation | (16,791,227) |
| Total Assets | <u><u>\$ 32,052,112</u></u> |

LIABILITIES & EQUITY

| | |
|---------------------------------------|-----------------------------|
| Accounts Payable | \$ 763,396 |
| Patronage Capital Payable | 610,930 |
| Current Maturities of Long-Term Debt | 730,000 |
| Advance Billing | 306,103 |
| Accrued Expenses | 301,123 |
| Total Current Liabilities | <u>2,711,552</u> |
| Long-term Debt | 6,056,041 |
| Education & Economic Development Fund | 150,000 |
| Equity | 23,134,519 |
| Total Liabilities and Equity | <u><u>\$ 32,052,112</u></u> |

CONSOLIDATED STATEMENT OF OPERATIONS SUMMARY

| | For Year Ending December 31, 2007 |
|-------------------------------------|--------------------------------------|
| Operating Revenues | |
| Local Network Services | \$ 4,937,250 |
| Network Access Services | \$ 3,806,573 |
| Billing and Collection | \$ 37,983 |
| Miscellaneous | \$ 238,485 |
| Total Operating Revenues | \$ 9,020,291 |
| OPERATING EXPENSES | |
| Plant Specific Operations | \$ 1,807,984 |
| Plant Non-Specific Operations | \$ 604,103 |
| Depreciation and Amortization | \$ 1,951,751 |
| Customer Operations | \$ 1,317,567 |
| Corporate Operations | \$ 1,597,222 |
| Property and Other Taxes | \$ 359,759 |
| Total Operating Expenses | \$ 7,638,386 |
| Operating Margin | <u>\$ 1,381,904</u> |
| Interest Expense | <u>\$ (405,451)</u> |
| Net Margin from Continuing Business | \$ 976,454 |
| Net Gain from Rural Telephone Bank | \$ 1,563 |
| Net Margin Allocated | <u><u>\$ 978,017</u></u> |