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COMMISSION CLERK
July 9, 2011
Via Overnight Delivery

110223-TX

Ms. Ann Cole, Commission Clerk
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Confidential Request for Financial Statements
Application of Cypress Communications Operating Company, LLC for Authority to Provide
Competitive Local Exchange Services within the State of Florida

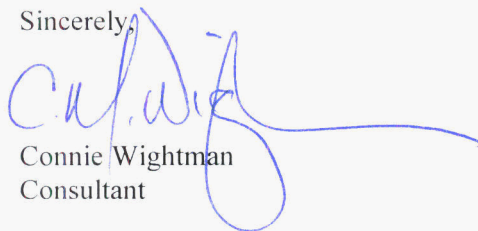
Dear Ms. Cole:

Enclosed, pursuant to the requirements of Rule 25-22.006(5)(a), are one (1) highlighted copy and two (2) redacted copies of the financial statements of Cypress Communications Operating Company, LLC, which are being filed concurrently with and as part of the above captioned proceeding. The enclosed material is confidential and should be treated accordingly pursuant to Chapter 364.183(1), Florida Statutes.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope.

I may be reached at (407) 740-3002 or via email at cwightman@tminc.com with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely,


Connie Wightman
Consultant

✓
— claim of confidentiality
— notice of intent
— request for confidentiality
— filed by OPC
For DN 04775-11, which is in locked storage. You must be authorized to view this DN.-CLK

Enclosure

cc: S. Avdyeyev;
A. Gertsburg
file: Cypress – FL CLEC
tms: FLL1100 Confidential

COM
APA
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DOCUMENT NUMBER-DATE
04774 JUL 12 =
FPSC-COMMISSION CLERK

FS 2008 P1

REDACTED

CYPRESS COMMUNICATIONS HOLDING CO., INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
December 31, 2008 and 2007.**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ [REDACTED]	\$ [REDACTED]
Accounts receivable, net of allowance for doubtful accounts [REDACTED]	[REDACTED]	[REDACTED]
Prepaid expenses and other current assets	[REDACTED]	[REDACTED]
Total Current Assets	[REDACTED]	[REDACTED]
PROPERTY AND EQUIPMENT, net	[REDACTED]	[REDACTED]
GOODWILL	[REDACTED]	[REDACTED]
INTANGIBLE ASSETS, net	[REDACTED]	[REDACTED]
OTHER ASSETS	[REDACTED]	[REDACTED]
Total Assets	\$ [REDACTED]	\$ [REDACTED]
<u>LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ [REDACTED]	\$ [REDACTED]
Accrued telecommunications costs	[REDACTED]	[REDACTED]
Other accrued liabilities	[REDACTED]	[REDACTED]
Capital lease obligations, current portion	[REDACTED]	[REDACTED]
Deferred revenue, current portion	[REDACTED]	[REDACTED]
Revolving and term loan debt, current portion	[REDACTED]	[REDACTED]
Total Current Liabilities	[REDACTED]	[REDACTED]
LONG-TERM LIABILITIES:		
Revolving and term loan debt, net of current portion	[REDACTED]	[REDACTED]
Capital lease obligations, net of current portion	[REDACTED]	[REDACTED]
Customer deposits	[REDACTED]	[REDACTED]
Deferred rent, net of current portion	[REDACTED]	[REDACTED]
Other long-term liabilities	[REDACTED]	[REDACTED]
Total Long-Term Liabilities	[REDACTED]	[REDACTED]
Total Liabilities	[REDACTED]	[REDACTED]
COMMITMENTS AND CONTINGENCIES (Note 9)		
STOCKHOLDER'S (DEFICIT) EQUITY:		
Common stock, \$0.001 par value; 1,000,000 shares authorized; 456,247 shares issued and outstanding	[REDACTED]	[REDACTED]
Additional paid-in capital	[REDACTED]	[REDACTED]
Accumulated deficit	[REDACTED]	[REDACTED]
Total Stockholder's (Deficit) Equity	[REDACTED]	[REDACTED]
Total Liabilities and Stockholder's (Deficit) Equity	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these consolidated financial statements.

DOCUMENT NUMBER-DATE
04774 JUL 12 =
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CYPRESS COMMUNICATIONS HOLDING CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES, net	\$ [REDACTED]	\$ [REDACTED]
OPERATING EXPENSES:		
Cost of service	[REDACTED]	[REDACTED]
General and administrative	[REDACTED]	[REDACTED]
Depreciation and amortization	[REDACTED]	[REDACTED]
Selling and marketing	[REDACTED]	[REDACTED]
Total Operating Expenses	[REDACTED]	[REDACTED]
Operating Loss	[REDACTED]	[REDACTED]
OTHER INCOME (EXPENSE):		
Interest expense and financing costs	[REDACTED]	[REDACTED]
(Loss) gain on disposal of assets, net	[REDACTED]	[REDACTED]
Total Other Expense	[REDACTED]	[REDACTED]
Net Loss Before Income Taxes	[REDACTED]	[REDACTED]
INCOME TAXES	[REDACTED]	[REDACTED]
Net Loss	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these consolidated financial statements.

CYPRESS COMMUNICATIONS HOLDING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S (DEFICIT) EQUITY
(in thousands, except share amounts)
For the Years Ended December 31, 2008 and 2007

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Total</u>
BALANCE, December 31, 2006					
Share-based compensation expense					
Net loss					
BALANCE, December 31, 2007					
Share-based compensation expense					
Net loss					
BALANCE, December 31, 2008					

The accompanying notes are an integral part of these consolidated financial statements.

FS 2009 P1

CYPRESS COMMUNICATIONS
Consolidated Balance Sheet
UNAUDITED

	2008 Dec	2009 Dec
ASSETS		
<u>Current Assets</u>		
Cash and Equivalents		
A/R - Trade and Unbilled		
Allowance for Bad Debts		
Net Customer A/R		
VR-Other		
Prepayments & Inventory		
<u>Total Current Assets</u>		
Total Property & Equipment		
Total Accumulated Depreciation		
<u>Property and Equipment, Net</u>		
Non-competes Agreement		
Intangible-Customer Relationship		
Accum Amort-Customer Relations		
Intangible-Trade Name		
Accum Amort-Trade Name		
Goodwill		
Investment in Leapfrog		
Intangible-Leapfrog		
Accum Amort-Leapfrog		
Intangible-Reignmaker		
Accum Amort-Reignmaker		
Investment in Reignmaker		
Deposits		
Deferred Installation		
<u>Total Other Assets</u>		
<u>TOTAL ASSETS</u>		
STOCKHOLDERS' EQUITY		
<u>Current Liabilities</u>		
Accounts Payable		
Accrued Expenses		
Line of Credit - RBC		
ST - Leases - Data Sales		
ST - Leases - Capx Partners		
ST - Leases - Arcapita		
ST - RBC Term Loan		
RBC - Cash Secured		
Customer Deposits-Billed		
<u>Total Current Liabilities</u>		
<u>Long-Term</u>		
Arcapita Cash Collateral		
LT - Leases - Data Sales		
LT - Leases - CapX Partners		
LT - RBC - Term Loan		
LT- Accrued Restructuring-2000		
Customer Deposits - Collected		
LT-Management Fee Payable		
Due to Lauth		
Due to AIHL		
Deferred Revenue		
Deferred Installation Revenue		
Deferred Revenue-CBTV Sale		
Deferred Rent - LT		
Deferred Office Rent - LT		
<u>Total Long-Term Debt</u>		
<u>Total Liabilities</u>		
<u>Shareholder's Equity</u>		
Common Stock		
Preferred Stock		
Additional Paid in Capital - Common Stock		
Additional Paid in Capital - Arcapita Acquisition		
Accumulated (deficit) equity		
<u>Total Shareholder's Equity</u>		
<u>TOTAL LIABILITIES AND EQUITY</u>		

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CYPRESS COMMUNICATIONS
 Summary P&L 2009 - Cypress Consolidated
 UNAUDITED

FS 2009 P2

	YTD Actual
REVENUE	
Monthly Recurring Revenue	
Pro-rated Revenue	
Usage Revenue	
MAC & Installation Revenue	
Credits	
Sales Promotions	
Surcharges	
Other Revenue	
TOTAL REVENUE	
COST OF GOODS SOLD	
Voice Circuit COGS-Recurring	
Data Circuit COGS-Recurring	
Colocation Fees	
Network Backbone Circuits Cypress	
Access Costs - Non Recurring	
Total Access Costs - Fixed COGS	
VoIP COGS	
Web Services COGS	
CBTV	
Voice Usage	
Install & MAC COGS	
Switchroom Rent	
Owner and Developer Fees	
Surcharges	
Other COGS	
TOTAL COST OF GOODS SOLD	
GROSS PROFIT	
<i>Gross Profit %</i>	
EXPENSES	
Bad Debt Expense	
Marketing & Advertising	
Salary and Labor Expense	
Commission Expense	
Employee Benefits	
Travel & Entertainment	
External Services	
Office and General Expenses	
Other Operating Expenses	
Total SG&A	
<i>SGA% of Revenue</i>	
EBITDA - Cypress	
Total Depreciation & Ammortization	
Interest Income	
Interest Expense	
Finance Charge	
(Gain)/Loss on Disposal	
Loss on Investment	
Management and Board Fees	
Non-recurring Expense	
Miscellaneous	
Non Cash Compensation	
Restructuring Charges	
Total Other Income & Expenses	
NET INCOME (LOSS)	

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Consolidated Statements of Stockholder's (Deficit) Equity
(in thousands, except share amounts)
For the Years Ended December 31, 2007, 2008 and 2009
UNAUDITED

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>APIC</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>\$</u>	<u>Shares</u>	<u>\$</u>	<u>\$</u>	<u>Deficit \$</u>	<u>\$</u>
Opening Balance							
Share-based compensation expense							
Loss							
December 31, 2007							
Opening Balance							
Share-based compensation expense							
Loss							
December 31, 2008							
Opening Balance							
Share-based compensation expense							
Debt to Equity Conversion							
Loss							
December 31, 2009							

CYPRESS COMMUNICATIONS
 Consolidated Balance Sheet
 UNAUDITED

FS 2010 PT

	2009 Dec	2010 Dec
ASSETS		
Current Assets		
Cash and Equivalents		
Net Customer A/R		
A/R-Other		
Prepayments & Other Current Assets		
Inventorv		
Total Current Assets		
Depreciation		
Property and Equipment, Net		
Non-compete Agreement		
Intangible-Customer Relationship		
Accum Amort-Customer Relations		
Intangible-Trade Name		
Accum Amort-Trade Name		
Goodwill		
Investment In Leapfrog		
Intangible-Leapfrog		
Accum Amort-Leapfrog		
Intangible-Reignmaker		
Accum Amort-Reignmaker		
Deposits		
Deferred Installation Costs		
Total Other Assets		
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable		
Accrued Expenses		
Arcapita Cash Secured		
Line of Credit - RBC		
ST - Leases - Data Sales		
ST - Leases - Capx Partners		
ST - Leases - Arcapita		
ST - RBC Term Loan		
RBC - Cash Secured		
ST - Lease Winmark Capital		
Customer Deposits-BI		
Total Current Liabilities		
Long-Term Debt		
LT - Leases - Data Sales		
LT - Leases - CapX Partners		
LT - Lease Winmark Capital		
Customer Deposits - Collected		
LT-Management Fee Payable		
Due to Lauth		
Due to AHL		
Deferred Revenue		
Deferred Installation Revenue		
Deferred Rent - LT		
Deferred Office Rent - LT		
Total Long-Term Debt		
Total Liabilities		
Shareholder's Equity		
Common Stock		
Preferred Stock		
Additional Paid in Capital - Common Stock		
(deficit) equity		
Total Shareholders' Equity		
TOTAL LIABILITIES AND EQUITY		

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CYPRESS COMMUNICATIONS
Summary P&L 2010 - Cypress Consolidated
UNAUDITED

FS 2010 P2

	YTD Actual
REVENUE	
Monthly Recurring Revenue	
Pro-rated Revenue	
Usage Revenue	
MAC & Installation Revenue	
Credits	
Sales Promotions	
Surcharges	
Other Revenue	
TOTAL REVENUE	
 COST OF GOODS SOLD	
Voice Circuit COGS-Recurring	
Data Circuit COGS-Recurring	
Colocation Fees	
Network Backbone Circuits Cypress	
Savings	
Access Costs - Non Recurring	
Total Access Costs - Fixed COGS	
 VoIP COGS	
Web Services COGS	
CBTV	
Voice Usage	
Install & MAC COGS	
Switchroom Rent	
Owner and Developer Fees	
Surcharges	
Other COGS	
TOTAL COST OF GOODS SOLD	
 GROSS PROFIT	
Gross Profit %	
 EXPENSES	
Bad Debt Expense	
Marketing & Advertising	
Salary and Labor Expense	
Commission Expense	
Employee Benefits	
Travel & Entertainment	
External Services	
Office and General Expenses	
Other Operating Expenses	
Total SG&A	
SGA% of Revenue	
 EBITDA - Cypress	
 Depreciation Expense	
Amortization Expense	
Total Depreciation & Ammortization	
 Interest Income	
Interest Expense	
Finance Charge	
(Gain)/Loss on Disposal	
Loss on Investment	
Management and Board Fees	
Non-recurring Expense	
Miscellaneous	
Non Cash Compensation	
Restructuring Charges	
Total Other Income & Expenses	
 NET INCOME (LOSS)	

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Consolidated Statements of Stockholder's (Deficit) Equity
(in thousands, except share amounts)
For the Years Ended December 31, 2008, 2009 and 2010
UNAUDITED

	Common Stock		Preferred Stock		APIC	Accumulated	Total
	Shares	\$	Shares	\$	\$	Deficit \$	\$
Opening Balance							
Share-based compensation expense							
Loss							
December 31, 2008							
Opening Balance							
Share-based compensation expense							
Debt to Equity Conversion							
Loss							
December 31, 2009							
Opening Balance							
Share-based compensation expense							
Loss							
December 31, 2010							

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