

**Note 3. Securities and Investments (Continued)**

	2003	2002	2001
Available-for-sale securities:		<i>(in thousands)</i>	
Beginning Balance	\$ (7)	\$ 68	\$ 9,153
Unrealized holding gains (losses) during the year, net	48	(75)	5,615
Reclassification of recognized (gains) during the year, net	-	-	(14,700)
	41	(7)	68
Deferred tax effect related to net unrealized gains	15	(3)	26
Ending Balance	\$ 26	\$ (4)	\$ 42

As of December 31, other investments, comprised of equity securities, which do not have readily determinable fair values, consist of the following:

	2003	2002	2001
Cost method:		<i>(in thousands)</i>	
Rural Telephone Bank	\$ 796	\$ 796	\$ 796
NECA Services, Inc.	500	500	500
CoBank	1,321	1,126	768
NTC Communications (equity method in 2003 and 2002)	-	-	500
Other	182	241	254
	\$ 2,799	\$ 2,663	\$ 2,818
Equity method:			
South Atlantic Venture Fund III L.P.	\$ 89	\$ 263	\$ 393
South Atlantic Private Equity Fund IV L.P.	541	707	891
Dolphin Communications Parallel Fund, L.P.	184	273	441
Dolphin Communications Fund II, L.P.	1,290	1,024	518
Burton Partnership	1,149	988	970
NTC Communications (cost method in 2001)	971	1,089	-
Virginia Independent Telephone Alliance	228	248	400
ValleyNet	17	17	7
	\$ 4,469	\$ 4,609	\$ 3,620
<b>Total investments</b>	<b>\$ 7,268</b>	<b>\$ 7,272</b>	<b>\$ 6,438</b>

The Company's investment in CoBank increased \$195 thousand in 2003 and \$358 thousand in 2002, due to the ongoing patronage earned from the outstanding investment and loan balances the Company has with CoBank. For 2003 and 2002, the Company's allocated portions of losses, recorded on the investment in NTC were \$118 thousand and \$171 thousand, respectfully.

In 2003, the Company received distributions from its equity investments totaling \$0.5 million in cash and invested \$0.7 million in two equity investments, Dolphin Communications Parallel Fund, LP and Dolphin Communications Fund II, LP. These two investments recorded losses of approximately \$0.4 million for the 2003 year. The Company recorded a loss from the Virginia Independent Telephone Alliance investment of \$19 thousand, for 2003. The Company recorded a gain from the ValleyNet partnership of \$84 thousand and received distributions of \$84 thousand. Other equity investments lost an additional \$0.4 million for 2003.

The Company was committed to invest an additional \$1.8 million at December 31, 2003 in various equity method investees pursuant to capital calls from the fund managers. It is not practical to estimate the fair value of the other investments due to their limited market and restrictive nature of their transferability.

The Company's ownership interests in Virginia Independent Telephone Alliance and ValleyNet are approximately 22% and 20%, respectively. The Company purchases services from Virginia Independent Telephone Alliance and ValleyNet at rates comparable with other customers. The Company's ownership in NTC Communications is approximately 18%. Other equity method investees are investment limited partnerships which are approximately 2% owned each.