

**ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
Years ended June 30, 2007 and 2006**

**ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Orange City Communications, L.L.P.
Orange City, Iowa

We have audited the accompanying balance sheets of Orange City Communications, L.L.P. (an Iowa limited liability partnership) as of June 30, 2007 and 2006, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange City Communications, L.L.P. as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 2007, on our consideration of Orange City Communications, L.L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Kiesling Associates LLP

Emmetsburg, Iowa
October 31, 2007

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

BALANCE SHEETS
June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 326,478	\$ 151,176
Accounts receivable		
Less allowance of \$15,565 and \$18,454, respectively	79,505	78,302
Inventory, at average cost	5,437	-
Prepayments	1,806	3,456
	413,226	232,934
 PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service	5,321,727	5,008,146
Video plant in service	38,352	38,352
Internet plant in service	179,894	151,072
	5,539,973	5,197,570
Less accumulated depreciation	1,113,771	795,200
	4,426,202	4,402,370
Plant under construction	-	168,003
	4,426,202	4,570,373
 TOTAL ASSETS	\$ 4,839,428	\$ 4,803,307

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

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>LIABILITIES AND PARTNERS' CAPITAL</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 120,759	\$ 77,672
Accounts payable	169,606	170,844
Note payable	-	1,400,000
Accrued interest	9,576	10,825
Customer deposits	1,030	350
Accrued taxes	145,586	84,306
Accrued payroll and benefits	12,287	13,596
	<u>458,844</u>	<u>1,757,593</u>
LONG-TERM DEBT, less current portion	<u>3,020,802</u>	<u>2,046,909</u>
PARTNERS' CAPITAL	<u>1,359,782</u>	<u>998,805</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$ 4,839,428</u>	<u>\$ 4,803,307</u>

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

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

STATEMENTS OF INCOME
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Local network services	\$ 499,683	\$ 444,564
Network access services	1,080,446	916,676
Internet services	474,192	416,072
Video services	397,868	344,424
Miscellaneous	<u>18,115</u>	<u>(3,374)</u>
	<u>2,470,304</u>	<u>2,118,362</u>
 OPERATING EXPENSES		
Plant specific operations	646,494	621,997
Cost of internet services	208,124	206,731
Cost of video services	295,050	189,198
Depreciation	332,070	319,017
Customer operations	95,926	95,340
Corporate operations	147,544	138,498
General taxes	<u>207,099</u>	<u>114,734</u>
	<u>1,932,307</u>	<u>1,685,515</u>
 OPERATING INCOME	 <u>537,997</u>	 <u>432,847</u>
 OTHER INCOME (EXPENSES)		
Interest income	1,963	-
Interest expense	<u>(178,983)</u>	<u>(188,955)</u>
	<u>(177,020)</u>	<u>(188,955)</u>
 NET INCOME	 <u>\$ 360,977</u>	 <u>\$ 243,892</u>

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

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

STATEMENTS OF PARTNERS' CAPITAL
June 30, 2007 and 2006

	Contributed Capital	Accumulated Earnings (Deficit)	Total
Balance at June 30, 2005	\$ 1,250,000	\$ (495,087)	\$ 754,913
Net income		243,892	243,892
Balance at June 30, 2006	1,250,000	(251,195)	998,805
Net income		360,977	360,977
Balance at June 30, 2007	\$ 1,250,000	\$ 109,782	\$ 1,359,782

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

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

STATEMENTS OF CASH FLOWS
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 360,977	\$ 243,892
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	332,070	319,017
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(1,203)	(17,721)
Inventory	(5,437)	-
Prepayments	1,650	(2,526)
Increase (Decrease) in:		
Accounts payable	(4,492)	(156,204)
Accrued taxes	61,280	48,306
Accrued expenses	(1,878)	(101)
Deferred revenue	-	(12,400)
Net cash provided by operating activities	<u>742,967</u>	<u>422,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(184,645)</u>	<u>(236,279)</u>
Net cash used in investing activities	<u>(184,645)</u>	<u>(236,279)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(83,020)	(80,208)
Repayment of short-term borrowings	<u>(300,000)</u>	-
Net cash used in financing activities	<u>(383,020)</u>	<u>(80,208)</u>
Net Increase in Cash and Cash Equivalents	175,302	105,776
Cash and Cash Equivalents at Beginning of Year	<u>151,176</u>	<u>45,400</u>
Cash and Cash Equivalents at End of Year	<u>\$ 326,478</u>	<u>\$ 151,176</u>

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

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Orange City Communications, L.L.P. (herein referred to as "the Company") is a provider of local telephone access, long distance telephone services, video services and internet services in Orange City, Iowa.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Organization

Orange City Communications, L.L.P. was formed in accordance with Iowa Code Chapter 28E between the City of Orange City, Iowa and Long Lines, L.L.C. and pursuant to the Iowa Uniform Partnership Act. All profits and losses are shared in proportion to ownership interest.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Accounts Receivable

The Company provides an allowance for uncollectible accounts based upon prior experience and management's assessment of the collectibility of existing specific accounts. Receivables are considered past due when the amount has been outstanding for thirty days or more.

Inventory

Inventory is stated at the lower of cost or market with cost determined by the average cost method. Inventory consists of wireless mobile telephone equipment that is purchased by the Company primarily for sale to customers.

Property, Plant and Equipment

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property. These estimates are subject to change in the near term.

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Repairs of video and internet property, as well as renewals of minor items, are charged to plant specific operations expense. A gain or loss is recognized when video and internet property is sold or retired.

Asset Retirement Obligations

Generally accepted accounting principles require entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined it does not have a material legal obligation to remove long-lived assets, and accordingly, there have been no liabilities recorded for the years ended June 30, 2007 and 2006.

Long-Lived Assets

The Company would provide for impairment losses on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

Income Taxes

Under provisions of the Internal Revenue Code, the partners include their respective shares of the Company income or loss on their individual tax returns. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed.

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Local network service, video and internet revenues are recognized over the period a subscriber is connected to the network. Telephone calls within an extended community calling area are recognized when made based on a rate per minute of usage as approved by the state regulatory authority.

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The intrastate portion of access revenues are billed based upon the Company's tariff for access charges filed with the Iowa Utilities Board (IUB). The charges developed from these tariffs are used to bill the connecting long distance provider and revenues are recognized in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$9,717 and \$13,661 in 2007 and 2006, respectively.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 presentation.

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2007	2006
Telephone plant in service:		
Furniture and office equipment	\$ 18,728	\$ 18,199
Vehicles and work equipment	55,449	51,588
Switching equipment	472,976	456,612
Outside plant	4,734,107	4,477,831
Other plant and equipment	40,467	3,916
Subtotal	5,321,727	5,008,146
 Video plant in service:		
Head end equipment	38,352	38,352
 Internet plant in service:		
Internet equipment	179,894	151,072
 Total property, plant and equipment	\$ 5,539,973	\$ 5,197,570

Depreciation on depreciable property resulted in a composite rate of 6.19% for both 2007 and 2006.

NOTE 3. NOTE PAYABLE

The Company had available a line of credit from Long Lines, L.L.C. The balance due on this line of credit was \$1,400,000 at June 30, 2006. On June 30, 2007, the Company renegotiated the line of credit changing the terms from due on demand to having a maturity date of December 31, 2011. Prior to June 30, 2007, interest accrued at a rate of 5.25%, and was payable in quarterly installments. See Note 4.

NOTE 4. LONG-TERM DEBT

Long-term debt consists of:

	2007	2006
Northwestern State Bank of Orange City - 5.25%	\$ 2,041,561	\$ 2,117,508
Long Lines, L.L.C. - Variable	1,100,000	-
Northwestern State Bank of Orange City - 4.95%	-	6,521
Northwestern State Bank of Orange City - 3.90%	-	552
Total long-term debt	3,141,561	2,124,581
Less current portion	120,759	77,672
	\$ 3,020,802	\$ 2,046,909

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 4. LONG-TERM DEBT (Continued)

The annual requirements for principal payments on long-term debt for the next five years are as follows:

2008	\$	120,759
2009		127,254
2010		134,098
2011		1,241,310
2012		148,910

Substantially all assets of the Company are pledged as security for the long-term debt under certain loan agreements with the Northwestern State Bank of Orange City. These mortgage notes are to be repaid in equal monthly installments covering principal and interest beginning one month after date of issue and expiring by 2020.

The Company's loan agreement dated June 30, 2007 with Long Lines, L.L.C. requires quarterly interest payments at the prime rate set on January 1 by the Board of Governors of the Federal Reserve System for that calendar year. At June 30, 2007 the prime interest rate was 8.25%. The principal is not due until December 31, 2011.

Cash paid for interest, net of amounts capitalized for 2007 and 2006, totaled \$180,232 and \$188,881, respectively.

At June 30, 2007, all funds available were advanced.

NOTE 5. LEASES

The Company is leasing various facilities and equipment on a monthly basis under an operating lease agreement. Total lease expense for the years ended June 30, 2007 and 2006, was \$48,000 and \$50,500, respectively and was paid to related parties.

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 6. RELATED PARTY TRANSACTIONS

The Company regularly conducts business with a variety of businesses related through common ownership. The following is a summary of transactions and balances with related parties for 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Plant specific operations	\$ <u>493,929</u>	\$ <u>600,126</u>
Cost of internet services	\$ <u>207,962</u>	\$ <u>200,623</u>
Customer operations	\$ <u>39,628</u>	\$ <u>37,172</u>
Corporate operations	\$ <u>91,945</u>	\$ <u>97,896</u>
Interest expense	\$ <u>70,875</u>	\$ <u>73,500</u>
Property and equipment expenditures	\$ <u>23,163</u>	\$ <u>48,438</u>
Accounts payable	\$ <u>37,547</u>	\$ <u>62,187</u>

The Company has a maintenance agreement with Long Lines, L.L.C. The Company has agreed to pay Long Lines, L.L.C. \$7,500 per month to operate the utility plant and provide management and accounting services. The agreement is for a period of five years, expiring July 31, 2008, and will automatically renew for a period of twelve months, unless either party provides written notice at least 30 days prior to expiration.

NOTE 7. COMMITMENTS

The Company has entered into a long-term agreement with Pioneer Internet (an affiliate of Long Lines, L.L.C.) for the provision of wholesale internet services. Services agreed to include access to wholesale internet service and the related transport and connectivity. Services provided under the agreement were \$207,962 and \$200,623 in 2007 and 2006, respectively. The agreement specified an initial term of sixty months, beginning in 2001, and is automatically renewable for additional twelve month periods, unless either party provides written notice at least 90 days prior to expiration.

NOTE 8. NONCASH INVESTING ACTIVITIES

Noncash investing activities included \$3,254 during the year ended 2007, relating to plant and equipment additions placed in service and reflected in accounts payable at year end.

ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 9. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to customers, all of whom are located in the service area, and telecommunications intrastate and interstate long distance carriers.

The Company is subject to competition for telecommunications services including telecommunications exchange services offered by other providers in the service area.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Orange City Communications, L.L.P.
Orange City, Iowa

We have audited the accompanying financial statements of Orange City Communications, L.L.P. as of and for the year ended June 30, 2007, and have issued our report thereon dated October 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Orange City Communications, L.L.P. as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Orange City Communications, L.L.P.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange City Communications, L.L.P.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of directors, management, federal and state regulatory agencies, and lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kusling Associates LLP

Emmetsburg, Iowa
October 31, 2007

**ORANGE CITY COMMUNICATIONS, L.L.P.
ORANGE CITY, IOWA**

**SCHEDULE OF FINDINGS
Year ended June 30, 2007**

Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

Other Findings Related to Statutory Reporting:

Telecommunications Services: No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.



To the Board of Directors
Orange City Communications, L.L.P.
Orange City, Iowa

We have audited the financial statements of Orange City Communications, L.L.P., as of and for the year ended June 30, 2007, and have issued our report thereon dated October 31, 2007.

Professional standards require the auditor to communicate certain matters to the board of directors. The following comments regarding our responsibilities and results of our audit of the financial statements of Orange City Communications, L.L.P. for the year ended June 30, 2007, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility as described by professional standards and stated in our engagement letter, is to conduct our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Orange City Communications, L.L.P. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies of the Company are described in footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2007.

Accounting Transactions

There were no transactions entered into by the Company during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you about, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

The only sensitive accounting estimate subject to a substantial measure of uncertainty included in the financial statements for the year ended June 30, 2007, relates to the estimate of the service lives of property, plant and equipment. The service lives of property, plant and equipment represent the anticipated period of time the various classes of depreciable property are expected to be in service by the Company. Management gives consideration to the experience of other telephone companies with similar property and to its own projected expansion and replacement plans in estimating these service lives.

As part of our audit, we compared the Company's depreciation rates to average rates used within the telecommunications industry. We have also discussed with management the Company's long-range plant replacement plans and have determined the current depreciation rates to be consistent with those plans.

Audit Adjustments, Findings and Recommendations

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Company's financial reporting process (that is, cause future financial statements to be materially misstated).

We proposed, and management recorded, all adjustments to the financial statements. The adjustments generally were for routine year-end accruals and for isolated errors.

Our independent auditors' report on internal control over financial reporting and on compliance and other matters, dated October 31, 2007, comments on other findings and recommendations.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit that individually or in the aggregate were of such significance that reference to the subject matter would have been made in our reports.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Auditors' Retention

We generally communicate a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these communications occurred in the normal course of our professional relationship and to our knowledge our responses were not a condition to our retention.

Management Cooperation

We are pleased to report the full and complete cooperation of management during the course of our audit for the year ended June 30, 2007.

This letter is intended solely for the information and use of the board of directors and management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

Kierling Associates LLP

Emmetsburg, Iowa
October 31, 2007