MAPLETON COMMUNICATIONS MANAGEMENT AGENCY MAPLETON, IOWA

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

Years ended June 30, 2008 and 2007

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mapleton Communications Management Agency
Mapleton, Iowa

We have audited the accompanying balance sheets of Mapleton Communications Management Agency (an Iowa partnership) as of June 30, 2008 and 2007, 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 Mapleton Communications Management Agency as of June 30, 2008 and 2007, 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 September 9, 2008, on our consideration of Mapleton Communications Management Agency'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
September 9, 2008

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 107,869	$ 144,392
Accounts receivable:		
Less allowance of $11,110 and $11,000, respectively	23,742	25,573
Prepayments	1,225	1,173
	132,836	171,138
INTANGIBLES, net of amortization	399,542	442,542
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service	1,278,622	1,255,612
Video plant in service	57,659	12,057
Internet plant in service	44,059	26,099
	1,380,340	1,293,768
Less accumulated depreciation	755,098	602,277
	625,242	691,491
TOTAL ASSETS	$ 1,157,620	$ 1,305,171

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable	$ 38,738	$ 33,180
Customer deposits	-	300
Accrued taxes	45,326	60,269
	84,064	93,749
PARTNERS' CAPITAL	1,073,556	1,211,422
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 1,157,620	$ 1,305,171

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

STATEMENTS OF INCOME
Years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Local network services	$ 155,309	$ 152,870
Network access services	268,887	279,974
Video services	205,616	200,355
Internet services	154,177	148,823
Miscellaneous	988	(3,897)
	784,977	778,125
OPERATING EXPENSES		
Plant specific operations	194,625	174,881
Cost of video services	132,199	121,366
Cost of internet services	76,032	69,673
Depreciation and amortization	195,821	187,852
Customer operations	60,673	57,109
Corporate operations	84,210	76,898
General taxes	30,839	63,800
	774,399	751,579
OPERATING INCOME	10,578	26,546
OTHER INCOME (EXPENSES)		
Interest and dividend income	1,556	1,711
Interest expense	-	(7)
	1,556	1,704
NET INCOME	$ 12,134	$ 28,250

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

STATEMENTS OF PARTNERS' CAPITAL
June 30, 2008 and 2007

	Contributed Capital	Accumulated Earnings	Total
Balance at June 30, 2006	$ 1,400,000	$ 33,172	$ 1,433,172
Net income	-	28,250	28,250
Distributions	(250,000)	-	(250,000)
Balance at June 30, 2007	1,150,000	61,422	1,211,422
Net income		12,134	12,134
Distributions	(150,000)	-	(150,000)
Balance at June 30, 2008	$ 1,000,000	$ 73,556	$ 1,073,556

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

STATEMENTS OF CASH FLOWS
Years ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 12,134	$ 28,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	195,821	187,852
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	1,831	(4,857)
Prepayments	(52)	21
Increase (Decrease) in:		
Accounts payable	5,558	(5,541)
Accrued taxes	(14,943)	2,733
Other	(300)	-
Net cash provided by operating activities	200,049	208,458
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(86,572)	(6,351)
Net cash used in investing activities	(86,572)	(6,351)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to partners	(150,000)	(250,000)
Net cash used in financing activities	(150,000)	(250,000)
Net Decrease in Cash and Cash Equivalents	(36,523)	(47,893)
Cash and Cash Equivalents at Beginning of Year	144,392	192,285
Cash and Cash Equivalents at End of Year	$ 107,869	$ 144,392

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Mapleton Communications Management Agency (herein referred to as "the Company") is a provider of local telephone access, long distance telephone services, video services and internet services in Mapleton, IA.

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

Mapleton Communications Management Agency was formed in accordance with Iowa Code Chapter 28E between Mapleton Communications Utility, a municipal utility established by the City of Mapleton, Iowa, and Long Lines, L.L.C. All profits and losses are shared in proportion to ownership interest. The agreement also stipulates that the Company shall terminate no later than December 31, 2027, unless renewed for a reasonable period as the parties may agree.

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 collectiblity of existing specific accounts. Receivables are considered past due when the amount has been outstanding for thirty days or more.

Intangibles

Intangible assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests. Intangible assets with definite lives are amortized.

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.

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, 2008 and 2007.

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 partnership 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.

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 $3,083 and $1,813 in 2008 and 2007, respectively.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform with the 2008 presentation.

NOTE 2. GOODWILL AND INTANGIBLES

Intangible assets at June 30 consist of the following:

	2008		2007	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized Intangibles				
Customer lists	$ 645,000	$ 245,458	$ 645,000	$ 202,458

Amortization expense was $43,000 for both years ended June 30, 2008 and 2007, respectively. Amortization expense is expected to be $43,000 for each of the five succeeding years.

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2008	2007
Telephone plant in service:		
Furniture and office equipment	$ 321,289	$ 301,847
Vehicles and work equipment	3,568	-
Outside plant	953,765	953,765
Subtotal	1,278,622	1,255,612
Video plant in service:		
Head end equipment	6,590	6,590
Customer premise equipment	51,069	5,467
Subtotal	57,659	12,057
Internet plant in service:		
Internet equipment	44,059	26,099
Total property, plant and equipment	$ 1,380,340	$ 1,293,768

Depreciation on depreciable property resulted in composite rates of 14.65% and 11.22% for 2008 and 2007, respectively. Depreciation expense for 2008 and 2007 was $152,821 and $144,852, respectively.

NOTE 4. LEASES

The Company is leasing various fiber optic cable routes on a monthly basis under an operating lease agreement. Total lease expense was $42,000 for the years ended June 30, 2008 and 2007. The entire expense for the year ended June 30, 2008 and 2007, was paid to a related party.

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 5. RELATED PARTY TRANSACTIONS

The Company regularly conducts business with a variety of entities related through common ownership. The following is a summary of transactions and balances with member companies as of June 30, 2008 and 2007 and for the years then ended:

	2008	2007
Plant specific operations	$ 101,433	$ 128,088
Internet expense	$ 64,146	$ 69,673
Customer operations	$ 43,488	$ 45,392
Corporate operations	$ 64,679	$ 60,388
Accounts payable	$ 4,082	$ 8,912

The Company has a maintenance agreement with Long Lines, L.L.C. The Company has agreed to pay Long Lines, L.L.C. $5,000 per month to operate the utility plant and provide management and accounting services. The agreement specified an initial term of three years, beginning in 2002, and is automatically renewable for additional twelve month periods, unless either party provides written notice prior to expiration.

NOTE 6. 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. The expenses for services provided under the agreement were $64,146 and $69,673 in 2008 and 2007, respectively. The agreement specified an initial term of sixty months, beginning in 2003, and is automatically renewable for an additional twelve month period, unless either party provided at least 365 days notice.

NOTE 7. NONCASH INVESTING ACTIVITIES

Noncash investing activities included $9,112 during the year ended June 30, 2008, relating to plant and equipment additions placed in service during 2008, and is reflected in accounts payable at year end.

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 8. CONCENTRATIONS OF CREDIT RISK

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

The company is subject to competition for telecommunication 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.

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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
Mapleton Communications Management Agency
Mapleton, Iowa

We have audited the accompanying financial statements of Mapleton Communications Management Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated September 9, 2008. 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 Mapleton Communications Management Agency as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Mapleton Communications Management Agency'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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. We consider the following deficiencies to be significant deficiencies in internal control:

- The Company has control deficiencies in its current IT system. Specifically, a risk assessment process is not in place to identify and react to internal/external risks that may impact the Company's ability to achieve its objectives. Also, no formal documentation is maintained for the significant IT processes and activities, including the monitoring and evaluation of the IT internal controls.

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.

We did not identify any deficiencies in internal control that we consider to be material weaknesses as described above.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mapleton Communications Management Agency'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, and federal and state regulatory agencies 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.

Kiesling Associates LLP

Emmetsburg, Iowa
September 9, 2008

To the Board of Directors
Mapleton Communications Management Agency
Mapleton, Iowa

We have audited the financial statements of Mapleton Communications Management Agency, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 9, 2008.

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 Mapleton Communications Management Agency for the year ended June 30, 2008, 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 express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Mapleton Communications Management Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We are also responsible for communicating matters required by law, regulation, agreement or other requirements applicable to the engagement to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management has the responsibility for the 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, 2008.

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, or transactions for which there is a lack of authoritative guidance or consensus.

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 estimates included in the financial statements for the year ended June 30, 2008, relate to the estimate for depreciation. 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.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Our our independent auditors' report on internal control over financial reporting and on compliance and other matters both dated September 9, 2008, comment on other findings and recommendations.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 9, 2008.

Management 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.

Other Audit Findings or Issues

We generally discuss 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.

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.

Kiesling Associates LLP

Emmetsburg, Iowa
September 9, 2008