

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
Years ended June 30, 2009 and 2008**

**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 partnership) as of June 30, 2009 and 2008, 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, 2009 and 2008, 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 21, 2009, 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
September 21, 2009

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

BALANCE SHEETS
June 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 259,050	\$ 338,845
Accounts receivable:		
Less allowance of \$11,590 and \$11,741, respectively	50,595	89,883
Inventory	-	1,146
Prepayments	<u>21,867</u>	<u>8,758</u>
	<u>331,512</u>	<u>438,632</u>
 PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service	5,497,349	5,419,327
Video plant in service	38,352	38,352
Internet plant in service	<u>249,047</u>	<u>218,379</u>
	5,784,748	5,676,058
Less accumulated depreciation	<u>1,835,036</u>	<u>1,456,753</u>
	<u>3,949,712</u>	<u>4,219,305</u>
 TOTAL ASSETS	 <u>\$ 4,281,224</u>	 <u>\$ 4,657,937</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Local network services	\$ 493,506	\$ 516,144
Network access services	953,179	1,045,372
Video services	570,280	453,668
Internet services	590,993	527,763
Miscellaneous	<u>35,357</u>	<u>25,144</u>
	<u>2,643,315</u>	<u>2,568,091</u>
 OPERATING EXPENSES		
Plant specific operations	540,231	575,321
Cost of video services	422,100	340,883
Cost of internet services	231,904	215,871
Depreciation	378,283	362,366
Customer operations	124,644	118,809
Corporate operations	168,627	147,073
General taxes	<u>49,140</u>	<u>146,998</u>
	<u>1,914,929</u>	<u>1,907,321</u>
 OPERATING INCOME	 <u>728,386</u>	 <u>660,770</u>
 OTHER INCOME (EXPENSES)		
Interest income	1,104	6,212
Interest expense	<u>(142,319)</u>	<u>(180,617)</u>
	<u>(141,215)</u>	<u>(174,405)</u>
 NET INCOME	 <u>\$ 587,171</u>	 <u>\$ 486,365</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, 2009 and 2008

	Contributed Capital	Accumulated Earnings	Total
Balance at June 30, 2007	\$ 1,250,000	\$ 109,782	\$ 1,359,782
Net income	_____	486,365	486,365
Balance at June 30, 2008	1,250,000	596,147	1,846,147
Net income		587,171	587,171
Distributions	-	(400,000)	(400,000)
Balance at June 30, 2009	\$ 1,250,000	\$ 783,318	\$ 2,033,318

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 587,171	\$ 486,365
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	378,283	362,366
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	39,288	(10,378)
Inventory	1,146	10,752
Prepayments	(13,109)	(6,952)
Increase (Decrease) in:		
Accounts payable	(102,344)	(38,642)
Accrued taxes	(48,576)	706
Accrued expenses	(5,213)	(14,076)
Net cash provided by operating activities	<u>836,646</u>	<u>790,141</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(111,997)</u>	<u>(161,930)</u>
Net cash used in investing activities	<u>(111,997)</u>	<u>(161,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(404,444)	(615,844)
Distributions to partners	<u>(400,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(804,444)</u>	<u>(615,844)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,795)	12,367
Cash and Cash Equivalents at Beginning of Year	<u>338,845</u>	<u>326,478</u>
Cash and Cash Equivalents at End of Year	<u>\$ 259,050</u>	<u>\$ 338,845</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, 2009 and 2008

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, 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. Management has evaluated subsequent events through September 21, 2009, the date the financial statements were available for issue.

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. The City of Orange City and Long Lines, L.L.C participate in the partnership as limited liability partners each with 50% interest. 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.

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, 2009 and 2008

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 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, 2009 and 2008.

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.

The Company has deferred implementation of FASB interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, to its first fiscal year beginning after December 31, 2008, as currently allowed by FIN 48-3. Accordingly, the Company will continue to recognize income tax positions in accordance with accounting guidance that was authoritative immediately prior to the effective date of FIN 48.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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

Local network service, video and internet revenues are recognized over the period a subscriber is connected to the network.

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.

The Company recognizes taxes charged to customers on a net basis in the statement of income.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$9,606 and \$32,500 in 2009 and 2008, respectively.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform with the 2009 presentation.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2009	2008
Telephone plant in service:		
Buildings	\$ 8,839	\$ -
Furniture and office equipment	26,901	18,728
Vehicles and work equipment	90,928	81,737
Switching equipment	472,976	472,976
Outside plant	4,763,357	4,737,894
Other plant and equipment	134,348	107,992
Subtotal	5,497,349	5,419,327
Video plant in service:		
Head end equipment	38,352	38,352
Internet plant in service:		
Internet equipment	249,047	218,379
Total property, plant and equipment	\$ 5,784,748	\$ 5,676,058

Depreciation on depreciable property resulted in composite rates of 6.60% and 6.46% for 2009 and 2008, respectively.

NOTE 3. LONG-TERM DEBT

Long-term debt consists of:

	2009	2008
Northwestern State Bank of Orange City - 5.25%	\$ 1,821,273	\$ 1,925,717
Long Lines, L.L.C. - variable	300,000	600,000
Total long-term debt	2,121,273	2,525,717
Less current portion	106,760	127,186
	\$ 2,014,513	\$ 2,398,531

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

2010	\$	106,760
2011		114,505
2012		122,173
2013		130,356
2014		139,086

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE 3. LONG-TERM DEBT (Continued)

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 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, 2009 and 2008, the prime rate was 3.25% and 5.00%, respectively. The principal is not due until December 31, 2011.

Cash paid for interest, net of amounts capitalized for 2009 and 2008, totaled \$146,903 and \$182,355, respectively.

At June 30, 2009, of the funds available for long-term notes and lines of credit, all funds were advanced.

NOTE 4. LEASE COMMITMENTS

The Company is leasing various facilities and equipment on a monthly basis under an operating lease agreement. Total lease expense was \$45,000 for the years ended June 30, 2009 and 2008. The entire expense for the year ended June 30, 2009 and 2008, was paid to a related party.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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 related parties for 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Plant specific operations	\$ <u>445,978</u>	\$ <u>488,923</u>
Cost of internet services	\$ <u>231,755</u>	\$ <u>218,306</u>
Customer operations	\$ <u>37,467</u>	\$ <u>41,365</u>
Corporate operations	\$ <u>90,000</u>	\$ <u>90,000</u>
Interest expense	\$ <u>25,021</u>	\$ <u>62,430</u>
Property and equipment expenditures	\$ <u>45,618</u>	\$ <u>90,968</u>
Accounts payable	\$ <u>-</u>	\$ <u>38,351</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 twelve month periods, unless either party provides written notice at least 30 days prior to expiration.

NOTE 6. COMMITMENTS AND CONTINGENCIES

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 \$231,755 and \$218,306 in 2009 and 2008, respectively. The agreement specified an initial term of sixty months, beginning in 2001, and is automatically renewable for an additional twelve month period, unless either party provides written notice at least 90 days prior to expiration.

NOTE 7. NONCASH INVESTING ACTIVITIES

Noncash investing activities included \$3,307 during the year ended June 30, 2008, relating to plant and equipment additions placed in service or under construction during 2008, and reflected in accounts payable at year end.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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 telecommunications services including telecommunication 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.

NOTE 9. INTRASTATE ACCESS RATES

On May 30, 2008, the Iowa Utilities Board issued a ruling in docket TF 07-125 related to the intrastate access rates charged by the Company. This ruling required the Iowa Telecommunications Association (ITA) to remove from its tariff frozen rates. Companies concurring in the ITA tariff are affected by this order. The Iowa Utilities Board granted a stay in this case on June 27, 2008. During the stay, these access charges were billed to interexchange carriers on a monthly basis, subject to refund, unless the board changed its ruling on the original order. The stay was removed on January 8, 2009 and it was ruled that access charges billed during the stay period will not be subject to refund. As a result of this ruling, beginning February 9, 2009, the Company will need to eliminate the transport interconnection charge (TIC) and reduce the local switching rate. The net reduction to the access rate will be \$0.027 per minute.

The Company estimates the effect of this ruling, based upon current traffic patterns, will lower access charge revenues approximately \$95,633 annually from the effective date of the order going forward.



**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, 2009, and have issued our report thereon dated September 21, 2009. 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, 2009, 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 over financial reporting. 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.

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

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

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, 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 21, 2009

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

**SCHEDULE OF FINDINGS
Year ended June 30, 2009**

Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

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, 2009, and have issued our report thereon dated September 21, 2009.

Professional standards require the auditor to communicate certain matters to those charged with governance. 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, 2009, 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 United States of America 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 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. 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 is responsible for the selection and use of appropriate accounting policies.

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, 2009.

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. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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, 2009, relate to the estimates for depreciation and the allowance for doubtful accounts. 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.

Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Our independent auditors' report on internal control over financial reporting and on compliance and other matters both dated September 21, 2009, comment on other findings and recommendations.

To the Board of Directors
Orange City Communications, L.L.P.
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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 21, 2009.

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.

Kierling Associates LLP

Emmetsburg, Iowa
September 21, 2009