MAPLETON COMMUNICATIONS
MANAGEMENT AGENCY
MAPLETON, IOWA

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT
Years ended June 30, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, 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 22, 2011, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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 assessing the results of our audit.

Kiesling Associates LLP

Emmetsburg, Iowa
September 22, 2011

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 131,752	$ 42,036
Accounts receivable		
Less allowance of $1,932 and $2,739, respectively	41,959	55,850
	173,711	97,886
INTANGIBLES, net of amortization	270,542	313,542
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service	1,291,751	1,287,527
Video plant in service	40,383	63,152
Internet plant in service	73,707	56,182
	1,405,841	1,406,861
Less accumulated depreciation	1,077,248	1,050,562
	328,593	356,299
TOTAL ASSETS	$ 772,846	$ 767,727

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

BALANCE SHEETS
June 30, 2011 and 2010

	2011	2010
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable	$ 26,707	$ 24,698
Accrued taxes	39,135	40,066
	65,842	64,764
PARTNERS' CAPITAL	707,004	702,963
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 772,846	$ 767,727

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

STATEMENTS OF INCOME
Years ended June 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Local network services	$ 164,066	$ 171,641
Network access services	161,466	162,351
Video services	268,886	274,996
Internet services	189,323	186,282
Miscellaneous	(60,376)	(52,171)
	723,365	743,099
OPERATING EXPENSES		
Plant specific operations	150,647	134,381
Cost of video services	157,129	157,892
Cost of internet services	66,748	66,492
Depreciation and amortization	93,231	178,531
Customer operations	42,451	43,065
Corporate operations	88,811	83,634
General taxes	38,953	35,432
	637,970	699,427
OPERATING INCOME	85,395	43,672
OTHER INCOME (EXPENSES)		
Interest and dividend income	99	282
Casualty gain	18,547	-
	18,646	282
NET INCOME	$ 104,041	$ 43,954

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

STATEMENTS OF PARTNERS' CAPITAL
June 30, 2011 and 2010

	Partners' Capital
Balance at June 30, 2009	$ 919,009
Net income	43,954
Distributions	(260,000)
Balance at June 30, 2010	702,963
Net income	104,041
Distributions	(100,000)
Balance at June 30, 2011	$ 707,004

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, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 104,041	$ 43,954
Adjustments to reconcile net income		
to net cash provided by operating activities:		
Depreciation and amortization	93,231	178,531
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	13,891	(25,915)
Prepayments	-	1,578
Increase (Decrease) in:		
Accounts payable	2,009	(10,744)
Accrued taxes	(931)	866
Net cash provided by operating activities	212,241	188,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(33,015)	(9,865)
Salvage, net of cost of removing plant	10,490	-
Net cash used in investing activities	(22,525)	(9,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to partners	(100,000)	(260,000)
Net cash used in financing activities	(100,000)	(260,000)
Net Increase (Decrease) in Cash and Cash Equivalents	89,716	(81,595)
Cash and Cash Equivalents at Beginning of Year	42,036	123,631
Cash and Cash Equivalents at End of Year	$ 131,752	$ 42,036

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

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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, 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. Management has evaluated subsequent events through September 22, 2011, the date the financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the state regulatory authority.

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, IA, 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 as 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2011 and 2010.

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.

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. The Company is required to provide telephone service to subscribers within its defined service territory.

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. Access revenues are billed based upon an individual company tariff access charge structure 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 statements of income.

Fair Value Measurements

Recent accounting guidance for financial assets and liabilities presented at fair value defines "fair value", establishes a framework for measuring fair value, and expands disclosures related to fair value measurements. The guidance does not expand the use of fair value measurements in financial statements, but rather standardizes its definition and application in generally accepted accounting principles. The guidance provides for the use of three levels of input in determining fair value measurements. (Level 1 - quoted market prices; Level 2 - observable inputs of quoted market prices for similar or inactive items; and Level 3 - unobservable inputs.)

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform with the 2011 presentation.

NOTE 2. INTANGIBLES

Intangible assets at June 30 consist of the following:

	2011		2010	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized Intangibles				
Customer lists	$ 645,000	$ 374,458	$ 645,000	$ 331,458

NOTE 2. INTANGIBLES (Continued)

Amortization expense was $43,000 for both years ended June 30, 2011 and 2010, respectively. Amortization expense is expected to be $43,000 for each of the five succeeding years.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	2011	2010
Telephone plant in service:		
General support assets	$ 17,469	$ 10,248
Central office assets	321,289	321,289
Cable and wire facilities	952,993	955,990
Subtotal	1,291,751	1,287,527
Video plant in service:		
Head end equipment	6,590	6,590
Customer premise equipment	33,793	56,562
Subtotal	40,383	63,152
Internet plant in service:		
Internet equipment	73,707	56,182
Total property, plant and equipment	$ 1,405,841	$ 1,406,861

Depreciation on depreciable property resulted in composite rates of 3.57% and 9.67% for 2011 and 2010, respectively.

Depreciation expense was $50,231 and $135,531 for the years ending June 30, 2011 and 2010, respectively.

During 2010, certain central office assets and cable and wire facilities were fully depreciated resulting in a decrease of depreciation expense of approximately $85,000 in 2011.

NOTE 4. LEASES

The Company is leasing various fiber optic routes on a monthly basis under an operating lease agreement. Total lease expense was $44,000 and $42,000 for the years ended June 30, 2011 and 2010, respectively. The entire expense for the year ended June 30, 2011 and 2010, was paid to a related party.

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 as of June 30, 2011 and 2010 and for the years then ended:

	2011	2010
Plant specific operations	$ 71,258	$ 91,284
Cost of internet services	$ 66,382	$ 65,706
Customer operations	$ 39,386	$ 41,418
Corporate operations	$ 60,198	$ 60,615
Property and equipment expenditures	$ 19,874	$ 5,031
Accounts payable	$ -	$ 1,937

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 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 $66,382 and $65,706 in 2011 and 2010, respectively. The agreement specified an initial term of sixty months, beginning in 2003, and is automatically renewable for additional twelve month periods, unless either party provides at least 365 days notice.

NOTE 7. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to 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.

NOTE 7. CONCENTRATIONS OF CREDIT RISK (Continued)

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
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, 2011, and have issued our report thereon dated September 22, 2011. 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, 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 of the Company, 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 22, 2011

MAPLETON COMMUNICATIONS MANAGEMENT AGENCY
MAPLETON, IOWA

SCHEDULE OF FINDINGS
Year ended June 30, 2011

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.