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MISSOURI VALLEY COMMUNICATIONS, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005

EXHIBIT
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MISSOURI VALLEY COMMUNICATIONS, INC.

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CHMS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Missouri Valley Communications, Inc.

Gentlemen:

We have audited the accompanying balance sheets of Missouri Valley Communications, Inc. (a corporation) as of December 31, 2006 and 2005, and the related statements of income, retained earnings, 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 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 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 audit provides 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 Missouri Valley Communications, Inc. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CHMS, PC

CHMS, P.C.
Certified Public Accountants
Sidney, Montana

February 16, 2007

MISSOURI VALLEY COMMUNICATIONS, INC.

BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

		2006		2005
CURRENT ASSETS				
Cash - General Funds - Note C	$	2,948,929	$	2,840,938
Telecommunications Accounts Receivable		304,001		402,760
Other Accounts Receivable		-		716
Interest Receivable		7,417		1,751
Related Party Receivables - Note N		3,188,714		2,080,008
Prepayments - Note D		5,831		3,800
Deferred Asset		21,099		17,478
Materials and Supplies		-		264,033
		6,475,991		5,611,484
NONCURRENT ASSETS				
Nonregulated Investments - Note E		1,933,434		1,974,066
		1,933,434		1,974,066
PROPERTY, PLANT AND EQUIPMENT				
Telecommunications Plant in Service - Note F		25,931,828		25,276,697
Telecommunications Plant Under Construction		164,733		72,527
Telecommunications Plant Adjustment - Note G		16,525,753		16,525,753
		42,622,314		41,874,977
Less: Accumulated Provision for Depreciation and Amortization		21,540,675		19,580,136
		21,081,639		22,294,841
	$	29,491,064	$	29,880,391
CURRENT LIABILITIES				
Accounts Payable	$	277,485	$	295,200
Related Party Payables - Note N		377,807		338,586
Customer Deposits		-		20,464
Current Maturities of Long-Term Debt - Note H		1,141,741		1,075,200
Accrued Taxes Payable		100,998		102,170
Other Accrued & Current Liabilities		119,405		99,073
		2,017,436		1,930,693
LONG-TERM DEBT - NOTE H				
Mortgage Notes		15,128,193		16,261,795
DEFERRED OPERATING INCOME TAX LIABILITY - NOTE I		2,660,103		2,009,048
STOCKHOLDERS EQUITY				
Capital Stock, No Par Value, 1,000 Shares Authorized, 400 Shares Issued and Outstanding - Note J		10,700,000		10,700,000
Retained Earnings		(1,014,668)		(1,021,145)
		9,685,332		9,678,855
	$	29,491,064	$	29,880,391

See notes to the financial statements

MISSOURI VALLEY COMMUNICATIONS, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
OPERATING REVENUES		
Local Network Service	$ 2,871,364	$ 2,907,064
Network Access	4,038,002	4,313,234
Miscellaneous	132,454	107,010
Total Operating Revenues	7,041,820	7,327,308
OPERATING EXPENSES		
Plant Specific Operations	2,002,018	2,017,459
Plant Nonspecific Operations	498,371	570,726
Customer Operations	681,769	795,125
Corporate Operations	916,435	951,210
Depreciation & Amortization	2,074,971	2,210,967
Total Operating Expenses	6,173,564	6,545,487
OPERATING TAXES		
Other Operating Taxes	112,222	111,912
Income Tax Expense (Benefit) - Note I	(660,755)	(823,082)
Deferred Operating Income Tax Expense - Note I	651,055	937,003
Total Operating Taxes	102,522	225,833
OPERATING INCOME	765,734	555,988
NON-OPERATING NET INCOME - NOTE K	265,938	175,186
INCOME BEFORE INTEREST CHARGES	1,031,672	731,174
INTEREST CHARGES		
Interest on Funded Debt	1,024,947	1,087,436
Other Interest Expense	248	171
	1,025,195	1,087,607
NET INCOME (LOSS) FROM REGULATED SERVICES	6,477	(356,433)
NET INCOME (LOSS)	$ 6,477	$ (356,433)

See notes to the financial statements

MISSOURI VALLEY COMMUNICATIONS, INC.

STATEMENTS OF RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
RETAINED EARNINGS AT BEGINNING OF YEAR	$ (1,021,145)	$ (664,712)
Net Income (Loss)	6,477	(356,433)
RETAINED EARNINGS AT END OF YEAR	$ (1,014,668)	$ (1,021,145)

See notes to the financial statements

MISSOURI VALLEY COMMUNICATIONS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 6,477	$ (356,433)
Adjustments To Reconcile Net Income (Loss) To		
Net Cash Provided By Operating Activities:		
Depreciation and Amortization	2,074,971	2,210,967
Patronage Capital Allocated	(132,180)	(103,566)
Salvaged Materials from Retired Plant	-	33,825
Deferred Tax Provision	651,055	937,003
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Telecommunications Receivable	98,759	212,706
(Increase) Decrease in Other Accounts Receivable	716	544
(Increase) Decrease in Interest Receivable	(5,666)	1,320
(Increase) Decrease in Related Party Receivables	(1,108,706)	-
(Increase) Decrease in Prepaid Expenses	(2,031)	7,083
(Increase) Decrease in Deferred Assets	(3,621)	(17,478)
(Increase) Decrease in Materials and Supplies	264,033	188,758
Increase (Decrease) in Accounts Payable	(17,715)	(342,879)
Increase (Decrease) in Related Party Payables	39,221	-
Increase (Decrease) in Customer Deposits	(20,464)	(1,021)
Increase (Decrease) in Accrued Taxes Payable	(1,172)	(83,546)
Increase (Decrease) in Other Accrued Liabilities	20,332	7,981
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,864,009	2,695,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant and Equipment	(861,769)	(1,489,847)
Collections from Investments	172,812	236,635
NET CASH USED BY INVESTING ACTIVITIES	(688,957)	(1,253,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage note payments	(1,067,061)	(1,012,831)
NET CASH USED BY FINANCING ACTIVITIES	(1,067,061)	(1,012,831)
NET INCREASE IN CASH	107,991	429,221
CASH AT BEGINNING OF YEAR	2,840,938	2,411,717
CASH AT END OF YEAR	$ 2,948,929	$ 2,840,938
SUPPLEMENTARY INFORMATION:		
Interest Paid	$ 1,025,195	$ 1,087,607
Income Taxes Paid	$ -	$ 162,327

See notes to the financial statements

MISSOURI VALLEY COMMUNICATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company provides telephone service to consumers in Northwestern North Dakota. The Company is a subsidiary of Nemont Telephone Cooperative, Inc. The Company purchased the telephone plant assets in Williston, North Dakota on April 1, 2003, and began providing service on April 1, 2003.

Basis of Accounting

The Company follows the system prescribed in Part 32 - Uniform System of Accounts for Class A Telephone Companies, as promulgated by the Federal Communications Commission, with additional guidance and interpretations from the Rural Utilities Service (RUS), and the Public Service Commission (PSC) of North Dakota. The prescribed guidelines properly include the full accrual basis of accounting, as well as other rules and regulations which are detailed in the individual notes to the financial statements.

Accounts Receivable

Accounts receivable are presented at their net amount. The allowance for doubtful accounts at December 31, 2006 and 2005, is $18,773 and $17,774, respectively.

Materials and Supplies

Materials and supplies are stated at the lower of cost or market. Cost is determined using the average cost method.

Investments

Investments are recorded at cost. The Company owns no marketable securities.

Property And Equipment

The Company follows the accounting policies with respect to maintenance, repairs, renewals, betterments, and retirements as outlined in the Uniform System of Accounts for Telephone Companies prescribed by the Federal Communications Commission (FCC). Additions, replacements, and renewals of property determined to be units of property are charged to telephone plant accounts. Property retirements are charged in total to the accumulated depreciation reserve accounts. Except for some nonregulated equipment, no gain or loss is recognized at the time properties are retired or otherwise disposed. Depreciation is provided for using straight-line composite rates applied to classes of depreciable property.

Revenue Recognition

Local service revenues are recognized when earned regardless of the period in which they are billed. Network access revenues are recognized when earned and settlement network access revenues derived from cost settlements, are recognized when received.

Network access revenues are derived, in part, from tariffed access charges to inter-exchange carriers, in part from sharing in NECA interstate pools, and in part from direct billing of inter-exchange carriers.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company is a cost company for settlement purposes. Monthly revenues are recorded in accordance with various carrier access billings under tariff, however, the actual amount of revenue will not be known until settlement studies are conducted.

Income Taxes

The Company is subject to federal and state income taxes and files income tax returns on a calendar year basis. A consolidated income tax return has been filed with its parent, Nemont Telephone Cooperative, Inc., for the years ended December 31, 2006 and 2005.

The federal and state income tax liability is allocated to the affiliated group according to Internal Revenue Code Section 1552 using Basic Method One, which allocates the tax based on the amount of each Company's taxable income.

Pension Plan

The Company participates in a multi-employer plan provided by the National Telephone Cooperative Association. See Note L for details.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing those financial statements include those assumed in the recording of certain settlement access revenues or refund liabilities. It is at least reasonably possible that the estimates used will change within the next year.

Concentration of Credit Risk

The Company places its demand deposits with financial institutions which are members of the Federal Deposit Insurance Corporation, which insures deposits up to a maximum of $100,000. In the ordinary course of business, cash balances may exceed the federally insured limits.

Access charges billed to AT&T represent 12% and 12% of the total revenue for the years ended December 31, 2006 and 2005, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities, the fair value of the Company's long-term debt approximates the carrying value. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash and cash equivalents, accounts receivable and accounts payable) also approximate fair value.

Advertising Costs

The Company expenses the cost of advertising and promotions as incurred. The total amount expensed for the years ended December 31, 2006 and 2005, was $33,590 and $79,150, respectively.

NOTE B - ASSETS PLEDGED

Substantially all assets are pledged as security for the long-term debt to Rural Telephone Finance Cooperative.

NOTE C - CASH - GENERAL FUNDS

Cash and cash equivalents consist of the following at December 31, 2006 and 2005:

	2006	2005
General Funds - Escrow Deposit	$ 600	$ 600
General Funds - Checking and Savings Accounts	391,318	807,196
NRUCFC Investments	2,557,011	2,033,142
	$ 2,948,929	$ 2,840,938

NOTE D - PREPAYMENTS

Prepayments consist of the following at December 31, 2006 and 2005:

	2006	2005
Prepaid Dues	$ 5,831	$ 3,800

NOTE E - NONREGULATED INVESTMENTS

Other investments consist of the following at December 31, 2006 and 2005:

	2006	2005
Patronage Capital		
Rural Telephone Finance Cooperative	$ 197,003	$ 137,190
Nemont Telephone Cooperative, Inc.	1,431	942
Miscellaneous Capital Credits	1,300	951
Other Investments		
Subordinated Capital Certificates - Rural Telephone Finance Cooperative	1,733,700	1,834,983
	$ 1,933,434	$ 1,974,066

NOTE F - PROPERTY, PLANT AND EQUIPMENT

Telephone plant in service and under construction is stated at cost. Listed below are major classes of the telephone plant as of December 31, 2006 and 2005:

	2006	2005
Land	$ 154,227	$ 154,227
Buildings	1,791,334	1,791,334
Central Office Equipment	3,025,512	2,970,529
Computers	24,506	24,506
Vehicles	452,588	465,816
Station Connections	4,632,942	4,279,129
Poles, Cables, Wires	15,618,564	15,417,049
Furniture & Office Equipment	65,510	65,510
Tools and Other Work Equipment	166,645	108,597
Telecommunications Plant in Service	$ 25,931,828	$ 25,276,697

The Company provides for depreciation on a straight-line basis at annual rates that will amortize the depreciable property over its estimated useful life. Individual plant depreciation rates are as follows:

Buildings	3.3%
Central Office Equipment	10.0%
Computers	25%, 33%
Vehicles	25.0%
Station Connections	10%, 33%
Poles, Cables, Wires	4%, 5%
Furniture & Office Equipment	6.7%, 10%
Tools and Other Work Equipment	10%, 20%, 25%

NOTE G - TELECOMMUNICATIONS PLANT ADJUSTMENT

Missouri Valley Communications, Inc. purchased telephone plant assets in Williston, North Dakota on April 1, 2003. The excess of the purchase price of the telecommunications plant acquired, which equates cost, over the book value, has been recorded as the telephone plant adjustment. The telephone plant adjustment is being amortized on a straight line basis over a fifteen year period.

NOTE H - MORTGAGE NOTES

Long-term debt is represented by a mortgage note payable to the Rural Telephone Finance Cooperative. The original note was issued March 31, 2003 in the amount of $20,000,000. The note has an 6.05% fixed interest rate and matures on March 16, 2018. Principal and interest payments of approximately $530,000 are due quarterly. The outstanding principal balance as of December 31, 2006 and 2005 was $16,269,934 and $17,336,995, respectively.

NOTE H - MORTGAGE NOTES (CONTINUED)

The maturities of long-term debt for each of the five years succeeding the balance sheet date are as follows:

2007	$ 1,141,741
2008	1,212,399
2009	1,287,340
2010	1,367,105
2011	1,459,133
2012-2018	9,802,216
	$ 16,269,934

NOTE I - INCOME TAXES AND DEFERRED INCOME TAXES

Missouri Valley Communications, Inc. has adopted the provisions of the Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial and tax bases using enacted tax treatment in effect for the year in which the differences are expected to reverse.

A detail of the provision for income taxes at December 31, 2006 and 2005, is shown as follows:

	2006	2005
Current Income Tax Expense (Benefit)		
Federal	$ (543,725)	$ (672,045)
State	(117,030)	(151,037)
	$ (660,755)	$ (823,082)
Deferred Income Tax Expense		
Federal	$ 543,212	$ 814,822
State	107,843	122,181
	$ 651,055	$ 937,003

As stated in Note A, the company files a consolidated income tax return with the parent company, Nemont Telephone Cooperative, Inc. At December 31, 2006 and 2005, the net income tax liability was recorded on the parent company's books. The amount included as a receivable from Nemont Telephone Cooperative, Inc. for a reimbursement due to the utilization of the Company's current tax benefit is $2,503,967 and $1,843,212 respectively, at December 31, 2006 and 2005.

NOTE I - INCOME TAXES AND DEFERRED INCOME TAXES (CONTINUED)

The components of the net deferred income tax liability, calculated using a federal tax rate of 34% and a state tax rate of 6.75%, are as follows at December 31, 2006 and 2005:

	2006	2005
Deferred Tax Assets		
Acquired Company's Net Operating Loss	$ (457,636)	$ (457,636)
Deferred Tax Liabilities		
Depreciation and Amortization	3,117,739	2,466,684
Net Deferred Tax Liability	$ 2,660,103	$ 2,009,048

NOTE J - COMMON STOCK

The Company was incorporated in the State of North Dakota on June 25, 2002. In July of 2002 shares of common stock were issued to Nemont Telephone Cooperative, Inc. and Valley Telecommunications, Inc. Each investor received 47 shares of common stock with their investment of $1,250,000. In March of 2003, each investor contributed an additional $4,100,000 for 153 more shares of common stock. On July 1, 2004, Valley Telecommunications, Inc. was merged into Nemont Telephone Cooperative, Inc., which now holds all outstanding common stock of the Company.

NOTE K - NON-OPERATING INCOME

Non-operating income consists of the following for the year ended December 31, 2006 and 2005:

	2006	2005
Dividend Income	$ 132,256	$ 103,818
Interest Income	133,682	71,368
	$ 265,938	$ 175,186

NOTE L - PENSION PLAN AND POST RETIREMENT BENEFITS

The employees of the Missouri Valley Communications, Inc. participate in the National Telephone Cooperative Association (NTCA) Retirement and Security Program. Under this plan the Company contributes 7.875% of the employees' annual salary and the employees are required to contribute 3% of their annual salary.

Missouri Valley Communications, Inc. makes annual contributions to the plan equal to the amount accrued for pension expense. In this master multi-employer plan, which is available to all members of NTCA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The total pension contributions for the years ended December 31, 2006 and 2005, were $69,445 and $65,785, respectively.

The employees of Missouri Valley Communications, Inc. participate in the NTCA Savings Plan. Under this plan, the Company matches 4% of the employee's annual salary and the employee is required to contribute 4% or more of the employee's annual salary to receive full matching. The total contributions by the Company to the plan for the year ended December 31, 2006 and 2005, was $33,231 and $30,969, respectively.

NOTE L - PENSION PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

In addition to providing pension benefits, Missouri Valley Communications, Inc., provides health care benefits for employees who are eligible to retire under the rule of 85 before attaining the age of 65. The Cooperative and its subsidiaries pay 50% of the cost of the health insurance premiums until the retired employee attains 65 years of age. Substantially all of the employees may become eligible for these benefits if they reach retirement age while working for the Company or its subsidiaries. During the years ended December 31, 2006 and 2005, the Company accrued an additional liability of $4,269 and $2,815, respectively, for this post-retirement benefit expense attributable to the current operating period. During the years ended December 31, 2006 and 2005, the Company paid out $0 for post-retirement benefits.

NOTE M - CONTINGENCIES

Inquiry of legal counsel for the Company indicated no known litigation existing at December 31, 2006 and 2005.

NOTE N - RELATED PARTY TRANSACTIONS

Nemont Telephone Cooperative, Inc. provides management and employee services for the Company. These services are accounted for and paid on a monthly basis.

Missouri Valley Communications, Inc. does business with its affiliates which include Nemont Telephone Cooperative, Inc., Project Telephone Company, Nemont Communications, Inc., and Sagebrush Cellular, Inc. Below is a summary of these transactions for the years ended December 31, 2006 and 2005, and the balances at December 31, 2006 and 2005:

	2006	2005
Related Party Receivables:		
Nemont Communications, Inc.	$ -	$ 11,966
Nemont Telephone Cooperative, Inc.	3,188,714	2,043,624
Project Telephone Company	-	21,510
Sagebrush Cellular, Inc.	-	2,908
	$ 3,188,714	$ 2,080,008

	2006	2005
Related Party Payables:		
Nemont Communications, Inc.	$ 370,266	$ 95,985
Nemont Telephone Cooperative, Inc.	-	241,736
Project Telephone Company	2,315	661
Sagebrush Cellular, Inc.	5,226	204
	$ 377,807	$ 338,586

NOTE N - RELATED PARTY TRANSACTIONS (CONTINUED)

The Company had the following expenses paid to related parties and revenues received from related parties for the years ended December 31, 2006 and 2005:

	2006	2005
Related Party Revenue:		
Nemont Communications, Inc. - Billing and Collection Revenue	$ 28,940	$ -
Sagebrush Cellular, Inc. - Circuit Lease Revenue	21,237	-
	$ 50,177	$ -
Related Party Expenses:		
Nemont Communications, Inc. - Circuit Equipment Expense	113,628	-
Nemont Communications, Inc. - Building Lease Expense	308,796	308,796
Nemont Communications, Inc. - Computer Lease Expense	37,416	55,392
Nemont Communications, Inc. - Office Support Leases	31,536	13,560
Nemont Communications, Inc. - Other Equipment Leases	29,232	29,232
Nemont Communications, Inc. - Vehicle Lease	50,688	50,688
Nemont Communications, Inc. - Voice Mail Expense	4,917	5,298
	$ 576,213	$ 462,966

The related party leases are month to month operating leases.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors
Missouri Valley Communications, Inc.

Gentlemen:

We have audited the financial statements of Missouri Valley Communications, Inc. for the years ended December 31, 2006 and 2005, and have issued our report thereon dated February 16, 2007. As part of our audit we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Company's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Missouri Valley Communications, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of an evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation, made for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Missouri Valley Communications, Inc. taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

CHMS, PC

CHMS, P.C.
Certified Public Accountants
Sidney, Montana

February 16, 2007