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Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

RECEIVED

NOV 01 2006

UTILITY OPERATIONS Case No. DIVISION

In the matter of the Application of Aurora Communications for a Certificate of Service Authority to Provide Basic Local Telecommunications Services in Portions of the State of Missouri and to Classify Said Services and the Company as Competitive.

APPLICATION FOR CERTIFICATE OF SERVICE AUTHORITY TO PROVIDE BASIC LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE AND FOR COMPETITIVE CLASSIFICATION

4 CSR 240-2.060

Comes now Aurora Communications, Inc., by its undersigned counsel, and hereby applies pursuant to Sections 392.361, 392.420, and 392.430 RSMo 1994, 392.410, 392.450 RSMo Supp. 1996, the Federal Telecommunications Act of 1996, and 4 CSR 240-2.060, for authority to provide basic local telecommunications service in portions of the State of Missouri and to classify said service and company as competitive. In support of its application Aurora Communications, Inc. states as follows:

1. Applicant Aurora Communications, Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri. Please see Exhibit A for a copy of the company's Articles of Incorporation, and Authority to do Business in Missouri.

2. All inquiries, correspondence, communications, pleadings, notices, orders and decisions relating to the case should be addressed to:

Zachary Boschert 214 Elm St Washington, MO 63090

3. Aurora Communications, Inc. proposes to provide basic local exchange telecommunications service on a facilities basis, throughout all exchanges currently served by the incumbent local exchange telecommunications company(ies) of AT&T (SBC). The specific AT&T (SBC) exchanges within which

Aurora Communications, Inc. proposes to offer service are listed in the incumbent providers respective local exchange tariffs. Aurora Communications, Inc. may seek authority to provide this service in other areas of the state in a subsequent proceeding.

4. Pursuant to this application Aurora Communications, Inc. seeks to offer and provide all forms of basic local telecommunications service to business class customers, including: Digital PBX and Point to Point Access Loops.

5. Aurora Communications, Inc. possesses the technical and managerial expertise and experience necessary to provide the services it proposes. For technical expertise outside the scope of Aurora Communications, Inc.'s experience, Aurora Communications, Inc. has contracted with a telecommunications Consulting firm, AmericanCLEC. Description of backgrounds of Aurora Communications, Inc. management, which demonstrate the extensive experience and expertise, are attached hereto and incorporated herein by reference as Exhibit B. Aurora Communications, Inc.'s parent company, Your Home Town Internet, Inc. will provide full financial support to Aurora Communications, Inc. until such time that Aurora Communications, Inc. can sustain itself. Your Home Town Internet Inc. possesses the necessary financial resources. A copy of supporting financial documents of Your Home Town Internet, Inc., Aurora Communications, Inc.'s financial supporter are attached as Exhibit C.

6. Aurora Communications, Inc. seeks classification of itself and its services as competitive.

7. Aurora Communications, Inc. will offer basic local telecommunications service as a separate and distinct service in accordance with applicable law. Aurora Communications, Inc. will give consideration to equitable access for all Missourians, regardless of where they might reside or their income, to affordable telecommunications services in Aurora Communications, Inc.'s proposed service areas in accordance with applicable law.

8. Aurora Communications, Inc. is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards, including, but not limited to billing, quality of service, and tariff filing and maintenance in a manner consistent with the Commission's requirements for incumbent local exchange carrier(s) with whom Aurora Communications, Inc. seeks authority to compete. Additionally, Aurora Communications, Inc. agrees that, pursuant to Section 392.455(3) & (4) RSMo Cum Supp. 1996, its service area shall be no smaller than an exchange and Aurora Communications, Inc. will offer basic local telecommunications service as a separate and distinct service. Consistent with the Commission's treatment of other certificated competitive local exchange telecommunications companies, Aurora Communications, Inc. requests the

following statutes and regulations be waived for Aurora Communications, Inc. and its basic local exchange service offerings:

Statutes	Missouri Public Service Commission Rules
392.210.2	4 CSR 240-10.020
392.240.1	
392.270	4 CSR 240-30.040
392.280	4 CSR 240-3.550(5)(C)
392.290	
392.300.2	
392.310	
392.320	
392.330	
392.340	

9. It will promptly file said tariffs bearing no less than 45 day effective date with the Commission in a manner consistent with the Commission's practice in similar cases. In any circumstance, Applicant will file its proposed basic local exchange telecommunications service tariff no later than 30 days after Commission approval of Applicant's interconnection and/or resale agreement.

10. Aurora Communications, Inc. submits that the public interest will be served by Commission approval of this application because Aurora Communications, Inc.'s proposed services will create and enhance competition and expand customer service options consistent with the legislative goals set forth in the federal Telecommunications Act of 1996 and Chapter 392 RSMo. Prompt approval of this application also will expand the availability of innovative, high quality, and reliable telecommunications services within the State of Missouri.

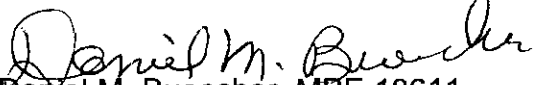
11. Aurora Communications, Inc. submits, notwithstanding the provisions of Section 392.500 RSMo., as a condition of certification and competitive classification, Aurora Communications, Inc. agrees that, unless otherwise ordered by the Commission, Aurora Communications, Inc. originating and terminating switched exchange access rates will be no greater than the lowest Commission-approved corresponding access rates in effect for each ILEC within those service area(s) Aurora Communications, Inc. seeks authority to provide service. Additionally, pursuant to the Commission's Report and Order in Case No. TO-99-596 Aurora Communications, Inc. agrees that if the ILEC in whose service area Aurora Communications, Inc. is operating decreases its originating and/or terminating access service rates, Aurora Communications, Inc. shall file an appropriate tariff amendment to reduce its originating and/or terminating access rates within thirty (30) days of the ILEC's reduction of its originating and/or terminating access rates in order to maintain the cap on switched exchange access rates.

WHEREFORE, Applicant Aurora Communications, Inc. respectfully requests that the Commission grant it a certificate of service authority to provide basic local telecommunications services as herein requested, classify Aurora Communications, Inc. and its proposed services as competitive, and grant a waiver of the aforesaid statutes and regulations.

12. Aurora Communications, Inc. submits that there is no, and has never been any, pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates.

13. Aurora Communications, Inc. submits that no annual report or assessment fees are overdue.

Respectfully submitted,


Daniel M. Buescher, MBE 18611
214 Elm St. Suite 102
Washington, MO
63090

STATE OF MISSOURI



Robin Carnahan
Secretary of State

CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

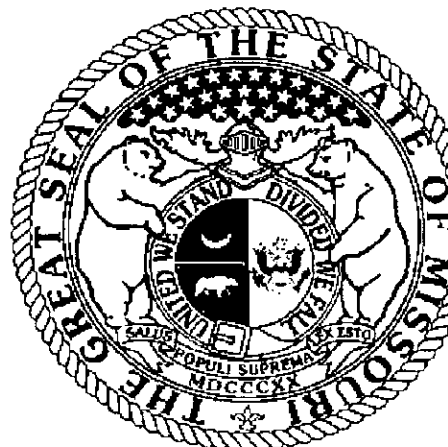
AURORA COMMUNICATIONS, INC.
CC0765370

was created under the laws of this State on the 18th day of September, 2006, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 11th day of October, 2006

Robin Carnahan

Secretary of State



ARTICLES OF INCORPORATION FOR A CLOSE CORPORATION

The undersigned natural persons of the age of eighteen years or more for the purpose of forming a statutory close corporation under the General and Business Corporation Law of Missouri adopt the following Articles of Incorporation:

ARTICLE I — NAME

The name of the corporation is **Aurora Communications, Inc.** and it is a statutory close corporation.

ARTICLE II — AGENT

The name and address of its initial registered agent is: Mr. Fred Becker, Suite 101, 214 Elm Street, Washington, MO 63090.

ARTICLE III — SHARES

The corporation shall be authorized to issue thirty-thousand (30,000) shares of common stock with no par value and no restrictions except those listed below.

ARTICLE IV — TRANSFER OF STOCK

SECTION A

The transfer of shares by a living shareholder, including any transfers from a trust which are not part of the termination of the trust may only be accomplished as follows:

- a) The transfer prohibitions of Mo. Rev. Stat. §351.765 as modified below apply to any transfers of the shares of this close corporation. A person or trust desiring to transfer shares of this corporation shall first offer them to the corporation after obtaining an offer to purchase the shares for cash from a third person who is eligible to purchase the shares under subsection b) of this section. The offer by the third person must be in writing and state the offeror's name and address, the number and class, or series, of shares offered, the offering price per share, and the other terms of the offer including those set forth below
- b) A third person is eligible to purchase the shares if: (1) the purchaser is eligible to become a qualified shareholder under any federal or state tax statute the corporation has adopted and he agrees in writing not to terminate his qualification without the approval of the remaining shareholders; and (2) the purchase of the shares will not impose a personal holding company tax or similar federal or state penalty tax on the corporation.
- c) The person desiring to transfer shares shall deliver the offer to the corporation, and by doing so offers to sell the shares to the corporation or its shareholders on the terms of the offer. Said offer shall include either: (1) proof of finance by either sufficient shares of publically traded stock or a cashier's check

sufficient to meet the offer's purchase price, or (2) a letter of commitment and credit from a bank in good standing with the FDIC sufficient to meet the offered purchase price. Within twenty days after the corporation receives the offer, the corporation shall call a special shareholders' meeting, to be held not more than forty days after the call, to decide whether the corporation should purchase all, but not less than all, of the offered shares. The offer must be approved by the affirmative vote of the holders of a majority of votes entitled to be cast at the meeting, excluding votes in respect of the shares covered by the offer.

d) The corporation shall deliver to the offering shareholder written notice of acceptance within seventy-five days after receiving the offer or the offer is rejected. If the corporation accepts the original offer, the shareholder shall deliver to the corporation duly endorsed certificates for the shares, or instruct the corporation in writing to transfer the shares if uncertificated, within twenty days after the effective date of the notice of acceptance. The corporation may specifically enforce the shareholder's delivery or instruction obligation under this subsection.

e) A corporation accepting an offer to purchase shares under this section may allocate some or all of the shares to one or more of its shareholders or to other persons if all the shareholders voting in favor of the purchase approve the allocation.

f) If the corporation rejects the offer to purchase the shares under this section, then the individual stockholders of voting shares shall have the opportunity to purchase all, but not less than all, of the shares under the terms of the offer tendered to the corporation. The shareholders shall have the option of purchasing the shares in the following order: (1) descending order based on seniority of ownership; (2) ties within the second parameter shall be resolved by randomizing the shareholders. A group of eligible shareholders may elect to purchase the shares and divide them amongst the group in a manner acceptable to all members of the group which is set forth in writing; the group's priority in the order of purchasing shall be the priority of the member with the highest priority. Said writing may impose additional restrictions, conditions, limits, and procedures on the shareholding group which shall be binding as long as they do not otherwise violate the procedures described herein. The corporation may, however, in the shareholder meeting in which the corporation's acceptance of the offer is considered and rejected, with a majority vote of the outstanding shares excepting those shares covered by the offer, suspend all but not less than all individual shareholders' ability to accept the offer as described in this paragraph.

g) If a shareholder or group of shareholders elects to accept an offer under this section, then they shall so notify the offering shareholder within fourteen (14) days following rejection by the corporation as a whole.

h) If an offer to purchase shares under this section is rejected by both the corporation and all the voting shareholders or if the corporation rejects the offer and suspends the individual shareholders' ability to accept the offer, the offering shareholder, for a period of sixty-two (62) days after the corporation rejected his

offer, is entitled to transfer to the third person offeror all, but not less than all, of the offered shares in accordance with the terms of his offer to the corporation.

SECTION B

The transfer of shares by the estate of a deceased shareholder or any transfers caused by the termination of a trust for the death of a beneficiary or any other reason, except as provided for in Mo. Rev. Stat. § 351.765 as modified below, shall be as follows:

- a) The estate or trust transferring the shares of this statutory close corporation, or a person receiving them under operation of law, hereafter called "the offering shareholder," shall first have the stock appraised by an appraiser certified by the state of Missouri. The offering shareholder shall submit to the corporation a writing, hereafter called "the report," containing the number and class, or series, of the shares in question; the appraisal; and, in the case of an estate or trust the name and address of the proposed recipients of the transfer, or, in the case of a recipient by operation of law, his or her name and address. The report shall also contain notification if the proposed recipient or offering shareholder who received the shares by operation of law will impose a personal holding company tax or similar federal or state penalty tax on the corporation. The tender of the report shall constitute an offer to sell the stock to the corporation or its individual voting shareholders.
- b) Upon receipt of the report, the corporation shall have the shares described in the report appraised by an appraiser certified by the state of Missouri. The two appraisals shall then be averaged to arrive at the value of the stock subject to the transfer. This value shall be the amount of the offer.
- c) Within twenty days after the corporation receives the offer, the corporation shall call a special shareholders' meeting, to be held not more than forty days after the call, to decide whether the corporation should purchase all, but not less than all, of the offered shares. The offer must be approved by the affirmative vote of the holders of a majority of votes entitled to be cast at the meeting, excluding votes in respect of the shares covered by the offer.
- d) The corporation shall deliver to the offering shareholder written notice of acceptance within seventy-five days after receiving the offer or the offer is rejected. If the corporation accepts the original offer, the offering shareholder shall deliver to the corporation duly endorsed certificates for the shares, or instruct the corporation in writing to transfer the shares if uncertificated, within twenty days after the effective date of the notice of acceptance. The corporation may specifically enforce the offering shareholder's delivery or instruction obligation under this subsection.
- e) A corporation accepting an offer to purchase shares under this section may allocate some or all of the shares to one or more of its shareholders or to other persons if all the shareholders voting in favor of the purchase approve the allocation.
- f) If the corporation rejects the offer to purchase the shares under this section, then the individual stockholders of voting shares shall have the opportunity to purchase all, but not less than all, of the shares under the terms of

the offer tendered to the corporation. The shareholders shall have the option of purchasing the shares in to following order: (1) descending order based on seniority of ownership; (3) ties within the second parameter shall be resolved by randomizing the shareholders. A group of eligible shareholders may elect to purchase the shares and divide them amongst the group in a manner acceptable to all members of the group which is set forth in writing; the group's priority in the order of purchasing shall be the priority of the member with the highest priority. Said writing may impose additional restrictions, conditions, limits, and procedures on the shareholding group which shall be binding as long as they do not otherwise violate the procedures described herein. The corporation may, however, in the shareholder meeting in which the corporation's acceptance of the offer is considered and rejected, with a majority vote of the outstanding shares excepting those shares covered by the offer, suspend all but not less than all individual shareholders' ability to accept the offer as described in this paragraph.

g) If a shareholder or group of shareholders elects to accept an offer under this section, then they shall so notify the offering shareholder within fourteen (14) days following rejection by the corporation as a whole.

h) If an offer to purchase shares under this section is rejected by the corporation and either rejected by all the voting shareholders or the corporation suspends the rights of the other shareholders to individually accept the offer, then the offering shareholder, may either keep the shares received by operation of law or may transfer them to the persons designated in the report.

SECTION C

The provisions of Mo. Rev. Stat. §351.765 shall be modified as follows:

a) Any transfers to a trust where the settlor is a trustee and also the sole beneficiary shall be an exception, but subject to the provisions of Section E, below.

b) Any transfer by a trust back to the original settlor who transferred the stock to the trust in the first place shall be an exception.

c) Anytime a minor shareholder holds stock through a guardian, custodian, or trust, or other legal means, upon the minor reaching the age of majority, the stock held for the minor may, for a period of six months after attaining majority, the guardian, custodian, trustee, or trust's termination, may transfer the shares to the former minor and to the former minor alone without invoking the transfer restrictions of this Article.

d) Transfers to members of the shareholder's immediate family as defined in Mo. Rev. Stat. §351.765(2)(2) shall **not** be excluded.

e) Transfers to other holders of the same class or series of shares as defined in Mo. Rev. Stat. §351.765(2)(1) shall **not** be excluded.

f) Mo. Rev. Stat. §351.765(2)(3) shall be interpreted to mean all holders of the corporation's shares having general voting rights at the time of the signing of the writing provided the writing has a definite date after which the transfer is not allowed which is less than three years after the date of signing. Otherwise,

approval must be by all holders of the corporation's shares having general voting rights at the time of the transfer.

g) Transfers by the corporation itself to any party shall be excluded.

SECTION D

Any transfer of shares not included above or excluded under the provisions of Mo. Rev. Stat. §351.765 as modified above, including, but not limited to, any transactions as part of a divorce decree or settlement, shall be treated under the provisions of Section B above wherein the recipient or proposed recipient shall be treated as the offering shareholder described therein.

SECTION E

If, at any time, a trust which received shares without invoking the transfer provisions of this Article because the settlor was a trustee and the sole beneficiary, either loses the original settlor as a trustee or gains a beneficiary other than the original settlor, then the trust must make an offer pursuant to Section B above as if it had just received the shares by operation of law.

ARTICLE V — INCORPORATORS

The name and place of residence of each incorporator is as follows:
Fred Becker, Suite 101, 214 Elm Street, Washington, MO 63090

ARTICLE VI — BOARD OF DIRECTORS

The corporation does not have a board of directors unless such is provided for and described in the corporate by-laws if any.

ARTICLE VII — DURATION

The duration of the corporation is perpetual.

ARTICLE VIII — PURPOSE

- 1) **Aurora Communications, Inc.** will provide telecommunications services; operate as a competitive local exchange carrier (CLEC); engage in any other lawful telecom activities or related business; and engage in any and all lawful activity and business.
- 2) (see the attached powers)

ARTICLE IX — DISSOLUTION

The corporation shall be dissolved at will by a two-thirds (2/3) majority vote of the outstanding shares.

ARTICLE X — STOCK STATEMENT

The following statement shall appear conspicuously on each share certificate:

The rights of shareholders in this statutory close corporation may differ materially from the rights of shareholders in other corporations. Copies of the articles of incorporation and bylaws, shareholders' agreements, and other documents, any of which may restrict transfers and affect voting and other rights, may be obtained by a shareholder on written request to the corporation.
(351.760, RSMo)

ARTICLE XI — AMENDMENT BY THE BY-LAWS

Where allowed by law, any and all provisions of these articles except Article IX may be amended and altered by the corporate by-laws if such exist. However, any provision of the by-laws which amends any provision above which requires a majority of two-thirds (2/3), shall itself require a two-thirds (2/3) vote of the outstanding shares to pass. This article requires a two-thirds (2/3) vote of the outstanding shares to amend.

ARTICLE XII — GOVERNING LAW

These articles of incorporation and any disputes arising under them, including any probate matters resulting from controversy over the transfer provisions of the shares, shall be governed by and interpreted under the laws of the State of Missouri.

This document is effective as of the date it is filed by the Secretary of State.

Fred P. Becker, Jr., incorporator

September 12, 2006

PURPOSES - Continued

2. To purchase, receive by way of gift, subscribe for, invest in, and in all other ways acquire, import, lease, possess, maintain, handle on consignment, own, hold for investment or otherwise, use, enjoy, exercise, operate, manage, conduct, perform, make, borrow, guarantee, contract in respect of, trade and deal in, sell, exchange, let, lend, export, mortgage, pledge, deed in trust, hypothecate, encumber, transfer, assign and in all other ways dispose of, design, develop, invent, improve, equip, repair, alter, fabricate, assemble, build, contract, operate, manufacture, plant, cultivate, produce, market, and in all other ways (whether like or unlike any of the foregoing), deal in and with property of every kind and character, real, personal, or mixed, tangible or intangible, wherever situated and however held, including, but not limited to, money, credits, choses in actions, securities, stocks, bonds, warrants, script, certificates, debentures, mortgages, notes, commercial paper, and other obligations and evidences of interest in or indebtedness of any person, firm, or corporation, foreign or domestic, or of any government or subdivision or agency thereof, documents of title, and accompanying rights, and every other kind and character of personal property, real property, (improved or unimproved), and the products and avails thereof, and every character of interest therein and appurtenance thereto, including, but not limited to, mineral oil, gas, and water rights, all or any part of any going business and its incidents, franchises, subsidies, charters, concessions, grants, rights, powers, or privileges, granted or conferred by any government or subdivision or agency thereof, and any interest in or part of any of the foregoing, and to exercise in respect thereof all of the rights, powers, privileges and immunities of individual owners or holders thereof.

3. To hire and employ agents, servants, and employces, and to enter into agreements of employment and collective bargaining agreements, and to act as agent, contractor, trustee, factor, or otherwise, either along or in company with others.

4. To promote or aid in any manner, financially or otherwise, any person, firm, association, or corporation, and to guarantee contracts and other obligations.

5. To let concessions to others to do any of the things that this corporation is empowered to do, and to enter into, make, perform, and carry out, contracts and arrangements of every kind and character with any person, firm, association, or corporation, or any government or authority or subdivision or agency thereof.

6. To carry on business whatsoever that this corporation may deem proper or convenient in connection with any of the foregoing purposes or otherwise, or that it may deem calculated, directly or indirectly, to improve the interests of this corporation, and to do all things specified in the Statutes of the State of Missouri, the charter, by-laws, and operating agreements of this corporation, and to have and to exercise all powers conferred by the laws of the State of Missouri on corporations formed under the laws pursuant to which and under which this corporation is formed, as such laws are now in effect or may at any time hereafter be amended, and to do any and all things hereinabove set forth to the same extent and as fully as natural

persons might or could do, either alone or in connection with other persons, firms, associations, or corporations, and in any part of the world.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, shall be liberally construed in aid of the powers of this corporation, and the powers and purposes stated in each clause shall, except where otherwise stated, be in nowise limited or restricted by any term or provision of any other clause, and shall be regarded not only as independent purposes, but the purposes and powers stated shall be construed distributively as each object expressed, and the enumeration as to specific powers shall not be construed as to limit in any manner the aforesaid general powers, but are in furtherance of, and in addition to and not in limitation of said general powers.

Aurora Managerial Experience & Expertise

V.P. of Operations

Fred Becker has over 30 years of experience in the industry. He has had a hands-on management responsibility for rural ISP operations since 1996. Fred pioneered providing Internet Access in Missouri. He experimented with installing several groundbreaking technologies that have since become industry standards. Along with Fred's extensive business experience, he has shown a willingness to give back to the community. He has served 4 terms on East Central College's Advisory Board. Fred has donated his time to numerous 503c Corporations, proving shelters for the homeless and counseling services for abused women. His duties as V.P. of Operations include Financial Planning, Business Management and Prospective Investments.

V.P. of Engineering

Rick Becker has over 15 years of IT and Communications experience. His professional background includes a number of years as Operations Manager and Chief Engineer for Internet Solutions, Inc. He subsequently served as Network Implementation Engineer for OneMain.com and Earthlink, Inc. Rick has accrued an enormous skill set. His fieldwork includes engineering IP networks for use in Wireless and Wi-Fi Internet networks, Broadband DSL and Dial-Up Internet, ATM, Fiber, 10Base(X), and Token Ring networks. Rick is proficient in the technologies that are being used to deliver today's world wide web and will lead the race to build the network of tomorrow.

President

Brett Harrison, a leader in his industry, has amassed over 20 years of experience in implementation and design. He has spent a considerable amount of time, honing his skills to perfect the rigorous development phase for new products and technologies. Brett has contributed to software development projects in several roles. As a software designer and engineer, he helped develop the first wireless web application; internet paging. As an experienced developer, he has trained his peers in design flow and application modeling. Brett has authored numerous patents for Fortune 500 companies, including Daimler Chrysler. He has been employed as a systems integrator for several ISPs, charged with the duties of merging the form and function of competing technologies. As President, Brett will lead his management team as they embark upon the introduction of innovative products and services to the market.

Vice-President

Zachary Boschert was educated at Missouri State University in Computer Science and Mathematics. He has amassed an extensive array of technical experience in information technology. Zachary has shown an aptitude for understanding new concepts and technology. His professional background includes the founding of YHTI Internet. He regularly contributes to both open source and private software development projects. Zachary remains committed to academic and instructive development. By pursuing continued training by both academic and industry professionals, he is able to remain well informed and capable of introducing new

technologies to the marketplace. His expertise includes software engineering, mathematical applications, and analysis.

Secretary

Nathan Walker is an Electronic Technician by education and has been in the IT field since 1995. Nathan's positions in the industry span from advancing roles at a regional ISP level to management positions at national providers, including OneMain.com and Earthlink. In 2000, Nathan along with several other partners founded Your Home Town Internet. The goal was to specialize in the Home Town touch, providing Internet access to Missourians and emphasizing customer support. Nathan's dedication has led YHTI to win numerous awards for the quality of service provided to its members. His expertise includes support services, advertising and marketing, and web services development.



YHTI, Inc.

214 Elm Street
Washington, MO 63090
636 239-1066
573 484-4000
Fax 573 484-4442

To: Dan Cribbs/Greg Miller
Fax number: 502-815-7001

From: Fred Becker
Fax number: 573 484-4442

Date: October 17, 2006

Regarding: Financials

Comments:

YHTI, INC.
Statements of Assets, Liabilities and Equity
September 30, 2006 and 2005

	<u>Sep 30, 06</u>	<u>Sep 30, 05</u>
ASSETS		
Current Assets		
Checking/Savings		
Checking -Bank of Franklin Cnty	23,556.05	62,717.79
M Mkt -Bank of Franklin County	304.41	23,962.41
Total Checking/Savings	<u>23,860.46</u>	<u>86,680.20</u>
Other Current Assets		
Prepaid Income taxes	7,920.00	6,822.00
Equipment Deposits	0.00	18,669.00
Due from shareholder	800.00	800.00
Due from Porta Cima	27,969.40	0.00
Due from RCC	49,808.77	0.00
Total Other Current Assets	<u>86,498.17</u>	<u>26,291.00</u>
Total Current Assets	<u>110,358.63</u>	<u>112,971.20</u>
Fixed Assets		
Equipment	398,257.49	317,517.82
Equipment-Accum depr	(221,881.75)	(237,949.01)
Vehicles	24,938.71	0.00
Vehicles-Accum depr	(4,191.00)	0.00
Total Fixed Assets	<u>197,123.45</u>	<u>79,568.81</u>
Other Assets		
Organization expense	650.00	650.00
Organization expense-Accum amor	(641.50)	(587.76)
Total Other Assets	<u>8.50</u>	<u>62.24</u>
TOTAL ASSETS	<u><u>307,490.58</u></u>	<u><u>192,602.25</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
State w/h payable	984.00	810.00
Unemployment tax payable	284.33	120.08
Due to Radio Comm Inc	0.00	18,669.00
Total Other Current Liabilities	<u>1,268.33</u>	<u>19,599.08</u>
Total Current Liabilities	<u>1,268.33</u>	<u>19,599.08</u>
Long Term Liabilities		
N/P - 2006 Chevy Van	21,337.92	0.00
Total Long Term Liabilities	<u>21,337.92</u>	<u>0.00</u>
Total Liabilities	<u>22,606.25</u>	<u>19,599.08</u>
Equity		
Capital Stock	800.00	800.00
Treasury Stock	(20,000.00)	0.00
Retained Earnings	89,111.92	44,212.07
Net Income	214,972.41	127,991.10
Total Equity	<u>284,884.33</u>	<u>173,003.17</u>
TOTAL LIABILITIES & EQUITY	<u><u>307,490.58</u></u>	<u><u>192,602.25</u></u>

(See Accountant's Compilation Report)

YHTI, INC.
Statements of Revenues and Expenses
For the Period October 1, 2005 through September 30, 2006

Ordinary Income/Expense	Oct - Dec 05	Jan - Sep 06	TOTAL
Income			
Dial Up	276,838.38	1,155,387.27	1,432,225.65
Co-location	12,397.00	43,244.01	55,641.01
Install fees	0.00	11,925.00	11,925.00
Total Income	289,235.38	1,210,556.28	1,499,791.66
Cost of Goods Sold			
Backbone transport expense	40,548.74	124,255.91	164,804.65
Dedicated line charges	6,080.94	18,702.94	24,783.88
DSL fees	38,122.29	87,644.74	125,767.03
Inbound phone expense	98,130.48	243,377.11	341,507.59
Contracted inbound expense	900.00	2,900.00	3,800.00
Internet port expense	12,412.31	44,740.45	57,152.76
Total COGS	196,194.76	521,621.15	717,815.91
Gross Profit	93,040.62	688,935.13	781,975.75
Expense			
Amortization expense	29.74	24.00	53.74
Automobile Expense	209.77	1,248.99	1,458.76
Bank Service Charges	276.54	1,619.71	1,696.25
Consulting Fees	0.00	3,000.00	3,000.00
Contributions	1,003.37	1,125.00	2,128.37
Credit card fees	700.84	1,554.06	2,254.90
Customer support			
Salaries - Technical support	119,734.80	199,953.34	319,688.14
Subcontract labor	0.00	1,419.88	1,419.88
Telephone customer support	4,297.23	9,145.67	13,442.90
Total Customer support	124,032.03	210,518.89	334,550.92
Depreciation Expense	(44,494.01)	32,617.75	(11,876.26)
Dues and Subscriptions	179.00	1,347.25	1,526.25
Employee benefits			
Medical	9,239.20	23,396.63	32,635.83
Total Employee benefits	9,239.20	23,396.63	32,635.83
Equipment Rental	0.00	161.21	161.21
Expense Reimbursement	734.76	353.51	1,088.27
Insurance			
Workmans comp	956.00	0.00	956.00
Insurance - Other	1,441.85	3,148.08	4,589.73
Total Insurance	2,397.85	3,148.08	5,545.73
Interest Expense			
Loan interest	0.00	410.58	410.58
Total Interest Expense	0.00	410.58	410.58
Licenses and Permits	255.00	242.00	497.00
Marketing			
Advertising	15,005.73	33,933.42	48,939.15
Postage	0.00	2,532.99	2,532.99
Marketing - Other	304.16	2,181.27	2,485.43
Total Marketing	15,309.89	38,647.68	53,957.57
Meals & Entertainment	2,053.20	1,101.27	3,154.47
Miscellaneous	1,595.78	1,180.00	2,775.78
Network operations			
Equipment lease	1,500.24	4,521.96	6,022.20
Repairs & upgrades	288.39	0.00	288.39
Supplies	(9,158.20)	556.68	(8,601.52)
Total Network operations	(7,369.57)	5,078.64	(2,290.93)
News services	630.00	2,905.00	3,735.00
Office supplies	845.19	7,794.69	8,639.88
Payroll tax expense	10,337.91	22,093.71	32,431.62
Postage and Delivery	619.32	1,267.61	1,886.93

(See Accountant's Compilation Report)

YHTI, INC.
Statements of Revenues and Expenses
For the Period October 1, 2005 through September 30, 2006

	Oct - Dec 05	Jan - Sep 06	TOTAL
Professional Fees			
Accounting	365.00	3,725.00	4,090.00
Total Professional Fees	365.00	3,725.00	4,090.00
Rent	9,325.00	22,675.00	31,900.00
Salaries & Wages			
Office & finance	14,987.73	51,125.49	66,113.22
Total Salaries & Wages	14,987.73	51,125.49	66,113.22
Service contracts	22,851.20	16,914.60	39,765.80
Taxes			
Income tax expense	3,882.00	10,510.00	14,392.00
Taxes - Other	1,117.22	0.00	1,117.22
Total Taxes	4,999.22	10,510.00	15,509.22
Telephone	1,354.43	5,358.69	6,723.12
Travel	4,840.01	3,081.37	7,921.38
Total Expense	177,518.20	474,126.41	651,644.61
Net Ordinary Income	(84,477.58)	214,808.72	130,331.14
Other Income/Expense			
Other Income			
Interest Income	340.27	21.73	362.00
Other Income	1,046.06	152.00	1,198.06
Total Other Income	1,386.33	173.73	1,560.06
Other Expense			
Penalties	0.00	10.04	10.04
Total Other Expense	0.00	10.04	10.04
Net Other Income	1,386.33	163.69	1,550.02
Net Income	(83,091.25)	214,972.41	131,881.16

(See Accountant's Compilation Report)