CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for the Period Ended June 30, 2014

CIBL, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)
(In Thousands, Except for Share and Per Share Data)

	June 30, 2014				
	CIBL, Inc.	**ICTC Group**	**Combined, Net of Eliminations**	**Dec. 31, 2013**	**Jun. 31, 2013**
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
ASSETS					
Current Assets					
Cash and cash equivalents	$27,565	$2,548	$30,113	$24,918	$2,668
Short-term investments	--	--	--	--	17,421
Accounts receivable	26	370	370	296	277
Funds due from stimulus	--	436	436	--	--
Amounts due from sale of broadcasting interests	13	--	13	11,026	--
Other current assets	8	241	249	329	272
Total Current Assets	27,612	3,595	31,181	36,569	20,638
Telecommunications Plant Equipment					
Cost	--	23,401	23,401	23,382	23,003
Accumulated depreciation	--	(16,897)	(16,897)	(16,585)	(17,251)
	--	6,504	6,504	6,797	5,752
Investments in affiliated entities	4,178	1,734	1,734	1,646	1,615
Other investments	391	245	636	779	1,405
Goodwill	--	1,772	1,772	1,772	1,772
	$32,181	$13,850	$41,827	$47,563	$31,182
LIABILITIES AND STOCKHOLDER'S					
Current Liabilities					
Accounts payable and accrued expenses	$88	$181	$243	$1,233	$263
Income tax payable	1,552	84	1,636	27	88
Deferred income taxes	--	--	--	3,339	--
Other current liabilities	--	274	274	253	246
Current portion of long-term debt	--	18	18	18	--
Total Current Liabilities	1,640	557	2,171	4,870	597
Long-term debt	--	2,546	2,546	2.555	2,277
Cumulative losses in excess of	--	--	--	--	389
Deferred income taxes	172	2,279	2,451	2,401	4,020
Construction deposits	--	63	63	65	43
Deferred Broadband Program Grant	--	--	--	--	340
Total Liabilities	1,812	5,445	7,231	9,891	7,666
Stockholders' Equity					
Common stock, at par value $.01, 30,000 shares authorized, 25,115 shares issued; 19,109; 21,580; and 21,667 outstanding	--	--	--	--	--
Capital contribution	3,862	1,760	3,099	3,100	3,105
Retained earnings	32,917	6,645	32,917	32,958	18,866
Treasury stock 6,006; 3,535; and 3,448 shares, at cost	(6,410)	--	(6,410)	(3,159)	(3,033)
Total CIBL, Inc. Stockholders' Equity	30,369	8,405	29,606	32,899	18,938
Non-controlling interest	--	--	4,990	4,773	4,578
Total Stockholders' Equity	30,369	8,405	34,596	37,672	23,516
Total Liabilities and Stockholders'	$32,181	$13,850	$41,827	$47,563	$31,182

See notes to consolidated financial statements.

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In Thousands, Except for Share and Per Share Data)

	Three Months Ended					
	June 30, 2014			June 30, 2013		
	CIBL Inc.	**ICTC Group Inc.**	**Combined, Net of Eliminations**	**CIBL Inc.**	**ICTC Group**	**Combined, Net of Eliminations**
Revenues	$25	$1,020	$1,020	$42	$874	$916
Costs and expenses:						
Cost of revenue, excluding depreciation	--	480	480	--	385	385
General and administrative costs of operations	--	172	172	--	94	94
Corporate office expenses	171	61	207	107	116	223
Depreciation	--	155	155	--	164	164
Total Expenses	171	868	1,014	107	759	866
Operating Income(Loss)	(146)	152	6	(65)	115	50
Other income (expense):						
Investment income	12	59	71	21	29	50
Interest expense	--	(36)	(36)	--	(28)	(28)
Equity in earnings of affiliated companies	80	115	115	107	97	148
Total Other Income	92	138	150	128	98	170
Net Income before income taxes	(54)	290	156	63	213	220
Income tax expense (benefit)	26	(94)	(68)	(23)	(71)	(95)
Net Income (Loss)	(28)	196	88	40	142	125
Non-controlling interest	--	--	(116)	--	--	(85)
Net Income (Loss) attributable to CIBL, Inc.	($28)	$196	($28)	$40	$142	$40
Weighted average shares outstanding			19,237			22,038
Actual shares outstanding a per close			19,059			21,667
Net income per share			$4.54			$5.67
Net income (loss) per share attributable to CIBL, Inc.			($1.50)			$1.82

See notes to consolidated financial statements.

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In Thousands, Except for Share and Per Share Data)

	Six Months Ended					
	June 30, 2014			June 30, 2013		
	CIBL Inc.	**ICTC Group Inc.**	**Combined, Net of Eliminations**	**CIBL Inc.**	**ICTC Group**	**Combined, Net of Eliminations**
Revenues	$50	$1,950	$1,950	$85	$873	$958
Costs and expenses:						
Cost of revenue, excluding depreciation	--	906	906	--	385	385
General and administrative costs of operations	--	320	320	--	94	94
Corporate office expenses	306	127	383	227	115	342
Depreciation	--	312	312	--	164	164
Total Expenses	306	1,665	1,921	227	758	985
Operating Income(Loss)	(256)	285	29	(142)	115	(27)
Other income (expense):						
Investment income	18	122	140	32	28	60
Interest expense	--	(70)	(70)	--	(28)	(28)
Equity in earnings of affiliated companies	156	227	227	187	97	228
Total Other Income	174	279	297	219	97	260
Net Income before income taxes	(82)	564	326	77	212	233
Income tax expense (benefit)	41	(180)	(139)	(27)	(71)	(98)
Net Income (Loss)	(41)	384	187	50	141	135
Non-controlling interest	--	--	(228)	--	--	(85)
Net Income (Loss) attributable to CIBL, Inc.	($41)	$384	($41)	$50	$141	$50
Weighted average shares outstanding			19,455			22,063
Actual shares outstanding a per close			19,059			21,667
Net income per share			$9.56			$6.12
Net income (loss) per share attributable to CIBL, Inc.			($2.15)			$2.27

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statement of Changes in Stockholder's Equity
(Unaudited)
(In Thousands, Except Per Share Data)

	CIBL, Inc. Stockholders' Equity						
	Common Stock	Contributed Capital	Retained Earnings	Treasury Shares	Total	Non-Controlling Interests	Total Equity
Balance at January 1, 2014	$0	$3,100	$32,958	($3,159)	$32,899	$4,773	$37,672
Net loss for the six months ended June 30, 2014	--	--	(41)	--	(41)	228	187
Purchase of ICTC Group Inc. shares		(1)			(1)	(11)	(12)
Purchase of treasury stock	--	--	--	(3,251)	(3,251)	--	(3,251)
Balance at June 30, 2014	$0	$3,099	$32,917	($6,410)	$29,606	$4,990	$34,596

See notes to consolidated financial statements.

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
(Unaudited)
(In Thousands)

	Six Months Ended June 30, 2014			
	CIBL, Inc.	**ICTC Group**	**Combined, Net of Eliminations**	**June 30, 2013**
OPERATING ACTIVITIES				
Net income (loss) attributable to CIBL, Inc.	($41)	$384	($41)	$51
Non-controlling interest	--	--	228	85
Net Income	(41)	384	187	136
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Depreciation	--	312	312	164
Equity in earnings of affiliated companies	(156)	(227)	(227)	(228)
Distributions from affiliates	--	138	138	--
Deferred income taxes	(3,282)	(12)	(3,294)	--
Change in Note Receivable from LICT Corporation	142	--	142	58
Changes in operating assets and liabilities				
Accounts receivable	--	(74)	(74)	(47)
Other current assets	15	(22)	(7)	(10)
Income taxes receivable/payable	1,598	103	1,701	(695)
Due from and to affiliated entities	(26)	26	--	--
Accounts payable, accrued expenses	(41)	(73)	(114)	(207)
Other	--	22	22	128
Net Cash Provided By (Used) in Operating	(1,791)	577	(1,214)	(701)
INVESTING ACTIVITIES				
Capital spending	--	(294)	(294)	(216)
Grant Spending/Recoveries – Net	--	(225)	(225)	
Proceeds from Sale of Capital Communications Inc.	8,171	--	8,171	--
Distributions from Coronet Communications Co.	2,029	--	2,029	--
Acquisition of interest in ICTC Group Inc.	(12)	--	(12)	--
Purchase of short-term investments – net	--	--	--	(15,422)
Cash as a result of the ICTC Group consolidation				2,577
Other				157
Net Cash Provided by (Used In) Investing Activities	10,188	(519)	9,669	(12,904)
FINANCING ACTIVITIES				
Payment on long-term debt	--	(9)	(9)	--
Purchase of treasury stock	(3,251)	--	(3,251)	(403)
Cash distributed to non-controlling partner	--	--	--	--
Net Cash Used in Financing Activities	(3,251)	(9)	(3,260)	(403)
Net Change in Cash and Cash Equivalents	5,146	49	5,195	(14,008)
CASH AND CASH EQUIVALENTS				
Beginning of period	22,419	2,499	24,918	16,676
End of period	$27,565	$2,548	$30,113	$2,668
Cash income taxes paid	$1,643	$85	$1,728	$753
Cash interest paid	$--	$70	$70	$32
Non-cash investing activity: Account payable – purchase of pro	$--	$81	$81	$--

See notes to consolidated financial statements.

1. Organization and Basis of Presentation

Basis of Presentation

CIBL, Inc. (the "Company" or "CIBL") holds, or has held, certain investments in broadband data transport/communications, television broadcasting, and wireless communications.

The Company holds a 40.63% interest in the ICTC Group, Inc. ("ICTC"), a holding company which owns Inter-Community Telephone Company, LLC ("Inter-Community"), a rural local exchange carrier ("RLEC") operating in southeastern North Dakota, and Valley Communications, Inc. ("Valley"), a competitive local exchange carrier operating in the same area. ICTC is deemed to be under common control with the Company (see Note 3). Effective April 11, 2013, a Voting Rights Agreement brought the Company's voting interest in ICTC to 51.3% and it began reporting ICTC results on a combined basis. Accordingly, CIBL's Income Statement and Balance Sheet will now reflect 100% of operating activities, from April 11, 2013, and the percent of ICTC not owned by CIBL will be shown as non-controlling interests. Financial statements and financial information for periods prior to April 11, 2013 have not been restated as if the Voting Rights Agreement had been signed as of those earlier dates.

ICTC owns a 3.4% interest in Dakota Carrier Network, LLC, ("DCN") a limited liability company that provides broadband data transport and other telecommunications services throughout North Dakota. Because ICTC has the ability to significantly influence management decisions through its interest in DCN, its share of DCN's results are accounted for in accordance with the equity method.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2013. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying financial statements include the operations of the Company and its majority owned or controlled subsidiaries, including as noted above, from April 11, 2013 the operations of ICTC. All inter-company transactions and balances have been eliminated in consolidation.

Regulatory Accounting

ICTC's public utility activities are regulated by the Federal Communications Commission ("FCC"). The North Dakota Public Service Commission does not regulate Rural Local Exchange Carriers ("RLECs") with fewer than 7,000 access lines, such as Inter-Community. The Company follows the FCC's Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

Where applicable, this regulated accounting recognizes the economic effects of rate regulation by recording costs and a return on investment; as such, amounts are recovered through rates authorized by regulatory authorities. Criteria that would give rise to the discontinuance of regulatory accounting practices include (1) increasing competition restricting ICTC's wireline business' ability to establish prices to recover specific costs, and (2) significant changes in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. The Company periodically reviews the applicability of regulatory accounting guidelines based on the developments in its current regulatory and competitive environments.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Business and Credit Risk

ICTC's subsidiaries provide telephone, Internet and other non-regulated services on account to their customers located in southeastern North Dakota. The Company also provides access service on account to various long distance companies, which provide toll service to the Company's customers.

The FCC has proposed significant changes to the rules affecting the revenues of RLECs. The Company serves high cost rural areas and receives a significant portion of its revenues from federal support mechanisms and access revenues from long distance carriers. ICTC's revenues are substantially dependent on the continuation and level of such support mechanisms.

The Company's cash balances are maintained in bank depositories and periodically exceed federally insured limits.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash deposits with an original maturity of three months or less to be cash and cash equivalents.

Short-term Investments

The Company considers all highly liquid investments with maturities in excess of three months, and no greater than six months at the date of purchase, to be short term investments.

Fair Value of Financial Instruments

The Company follows Accounting Standards Codification (ASC) guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets, which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of June 30, 2014, December 31, 2013 and June 30, 2013 cash equivalents and short-term investments include $29,462, $24,315 and $1,919 of money market mutual funds valued using

Level 1 inputs.

Accounts Receivable

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

Materials and Supplies

Inventories are stated at the lower of average cost or market.

Investments

Investments in companies in which CIBL does not have a majority voting control, but has the ability to significantly influence management decisions, and limited liability companies are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost, then reduced by the dividends and increased or decreased by the investor's proportionate share of the investee's net earnings or loss. All other investments are stated at cost.

Goodwill

Goodwill is tested annually for impairment, or more frequently, if deemed necessary. The Company tests goodwill for impairment using a two-step process. The first step is a screen for potential impairment in which the Company determines its fair value based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach, market approach and comparable company approach), (b) estimates of our future cost structure, (c) discount rates for estimated cash flows, (d) selection of peer group companies for our market approach, (e) required level of working capital, (f) assumed terminal value, and (g) time horizon of cash flow forecasts. The Company estimates the fair value using Level 3 inputs as defined in the fair value hierarchy.

If such tests indicate potential impairment due to the carrying value of the reporting unit exceeding its fair value, then a second step measures the amount of impairment, if any. The Company performed the required annual tests as of December 31, 2013, and determined that there was no impairment at that time. There were no impairment losses recorded during the periods ending June 30, 2014 and 2013.

Telecommunications Plant and Equipment

Additions to plant and equipment are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. When units of plant and equipment are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of plant and equipment are charged to expense.

Depreciation

The majority of ICTC's plant and equipment is plant used for the wireline telephone business. Depreciation is based on the composite group remaining life method and straight-line composite rates. This methodology provides for the recognition of the cost of the remaining investment in telephone plant and equipment less anticipated positive net salvage value, over the remaining asset lives. When depreciable telephone plant is replaced or retired, the carrying amount of such plant is deducted from the respective accounts and charged to accumulated depreciation, and no gain or loss is recognized. Use of this methodology requires the periodic revision of depreciation rates. In the evaluation of asset lives, multiple factors are considered, including expected future retirements, technology changes and the adequacy of depreciation reserves.

Impairment of Long-Lived Assets

Long-lived assets, such as telecommunications plant, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the periods ended June 30, 2014 and 2013.

2. Acquisition of Interest in ICTC Group, Inc.

CIBL acquired 80,000 authorized, but previously unissued shares of Class A Common Stock of ICTC Group, Inc. for $22 per share in November 2012. On December 26, 2012, the Company completed a tender offer to ICTC shareholders in which it acquired an additional 81,552 shares for $22.25 per share, bringing its ownership interest to 39.95% at December 31, 2012. CIBL accounted for this investment in accordance with the equity method until April 10, 2013. Effective April 11, 2013, a Voting Rights Agreement brought the Company’s voting interest in ICTC to 51.3% and it began reporting ICTC results on a consolidated basis. Due to common ownership of both CIBL and ICTC, the acquired assets and liabilities were accounted for at their net book values and the difference between the acquisition price and the book value of the net assets was charged to contributed capital. Since December 26, 2012, CIBL has purchased an additional 2,755 shares of ICTC at an average price of $22.14 per share, of which 555 were purchased in 2014.

4. Sale of Broadcasting Interests

On September 16, 2013, Lynch Entertainment Corporation II (“LENCO II’, a wholly-owned subsidiary of CIBL), along with the other shareholders agreed to sell all of its interest in Capital Communications, Inc. (“Capital”) for $17,750, subject to adjustment. Capital is the owner and operator of Station WOI-TV in the Des Moines/Ames, Iowa market. At that date, LENCO II owned (a) 10,000 shares of Capital Series B Preferred Stock, which are convertible into 10 shares of Capital’s Common Stock, and (b) 490 shares of Capital’s Common Stock, representing 49% of Capital’s common share outstanding. The Preferred Shares were converted to Common Shares prior to the closing of the transaction, giving LENCO II a 50% ownership in Capital.

Effective September 16, 2013, the buyer assumed the operations of Station WOI-TV, and under a Time Brokerage Agreement is entitled to all the economic benefits of owning and operating the Station.

In September 2013, the buyer in this transaction funded $10,500 of the Purchase Price, of which $2,027 was contributed to Capital to repay LENCO II's share of Capital's debt outstanding at that time. On March 13, 2014, after approval from the FCC was obtained, the transaction closed and the remainder on the Purchase Price of $7,500 was paid, which included an additional $250 adjustment based reallocation of proceeds between the sellers of Capital. An additional $28 working capital adjustment was also received.

In addition to the sale proceeds noted above, certain other assets, net of liabilities, of Capital, not included in the transaction were liquidated and distributed to the previous shareholders of Capital, including LENCO II. A total of $1,456 was received as a result of this liquidation.

A total of $813 of expenses associated with the sale were paid in 2014. These expenses were included in accounts payable and accrued expenses at December 31, 2013.

Due to the contractual obligations of the buyer to fund the remaining purchase price even without FCC approval, CIBL recorded the gain on the sale of Capital in its financial statements in September 2013. The pre-tax gain was $16,604, net of sale expenses of $870.

Prior to the sale, CIBL recorded its share of the earnings of Capital under the equity basis of accounting. During the three and six months ended June 30, 2013, CIBL recorded $37 in earnings from its ownership in Capital. In addition, during these periods CIBL received $18 and $35, respectively, in management fees from Capital.

Coronet Communications Company

Coronet Communications Company, a partnership in which Lynch Entertainment LLC ("LENCO", a wholly owned subsidiary of CIBL) owned a 20% partnership interest, was the owner and operator of Station WHBF-TV in the Quad Cities of Iowa/Illinois market. In addition to its 20% ownership, LENCO is entitled to a 5% share of the Capital Proceeds, as defined in the partnership documentation, from the sale of Station WHBF-TV, prior to the allocation of the partnership assets.

On September 16, 2013, Coronet agreed to sell substantially all of the assets, primarily fixed equipment and other physical assets, and the FCC license associated with Station WHBF-TV for $28,700, plus or minus working capital adjustments. On that date, certain tangible personal property assets of Station WHBF-TV were transferred from Coronet to the buyer. Also effective September 16, 2013, the buyer assumed operation of Station WHBF-TV, and under a Time Brokerage Agreement is entitled to all of the economic benefits of owning and operating the Station.

In September 2013, the buyer funded $24,500 of the Purchase Price, of which $7,720 was used to repay Coronet's debt. After the repayment of debt and an additional amount retained to pay the estimated expenses of sale, Coronet distributed $3,016 to LENCO. On March 13, 2014, after approval from the FCC was obtained the transaction closed and the remainder of the Purchase Price of $4,200 was paid, from which $6 working capital adjustment was deducted.

(In Thousands, Except for Share and Per Share Data)

In addition to the sale proceeds noted above, certain other assets, net of liabilities, of Coronet, not included in the transaction are being liquidated and distributed to the partners of Capital, including LENCO. In March 2014, $1,232 was received as a result of this liquidation, which includes LENCO's 5% share of the Capital Proceeds.

Accordingly, in March 2014, CIBL received from Capital $2,030 representing its share of the proceeds of sale and liquidation of assets, net of Capital's expense associated with the sale.

Due to the contractual obligations of the buyer to fund the remaining purchase price even without FCC approval, CIBL recorded the gain on the sale of the assets of WHBF-TV in its financial statement for the year ended December 31, 2013. LENCO's allocated share of the gain was $4,674.

In addition, after recording this gain, which is included in equity in earnings of affiliates, and recognizing the remaining cash distributions to be received from Capital, LENCO will have a negative $790 investment in Coronet, when ultimately liquidated. Accordingly, this negative investment was recorded as a gain in the consolidated statement of income for the year ended December 31, 2013.

Prior to the sale, CIBL record its share of the earnings of Coronet under the equity basis of accounting. During the three and months ended June 30, 2013, CIBL recorded $6 and $17, respectively, in earnings from its ownership in Coronet. In addition during this period CIBL received $25 and $50, respectively, in management fees from Coronet.

Disputed Amount

The Company believes that in addition to the above amounts, it is entitled to an additional $385 distribution from Coronet, representing less than 2% of the proceeds for the combined transactions. Coronet's other partner is disputing this amount and it has not been recorded in the Company's consolidated financial statements.

5. Equity Method Investments

Investment in DCN

Summarized financial information for the investment in DCN as of and for the three and six months ended June 30, 2014 and 2013, is as follows:

	June 30,	
	2014	2013
Current assets	$6,984	$5,525
Property, plant and equipment, intangibles and other	44,062	40,870
Total Assets	$51,046	$46,395
Current liabilities	$525	$421
Equity	50,521	45,974
Total Liabilities and Equity	$51,046	$46,395

(In Thousands, Except for Share and Per Share Data)

Three Months Ended		
Revenues	$11,484	$11,236
Gross profit	$5,363	$4,889
Net income	$3,358	$3,211
Six Months Ended		
Revenues	$22,788	$22,290
Gross Profit	$10,554	9,889
Net Income	$6,612	$6,550

6. Long-term Debt

ICTC has subordinated notes with former shareholders of Inter-Community for $2,072 as of June 30, 2013. The interest rate on the notes is 6% and the maturity date is December 31, 2022. Interest on the notes is paid quarterly. The notes may be prepaid at any time without penalty.

ICTC received an advance of $501 on the Broadband Initiatives Program ("BIP") Loan (see Note 7). The loan is due in monthly payments of principal and interest over 23 years at an interest rate of 3.27%. The loan/grant agreement also includes certain financial and other covenant requirements.

Principal repayments on ICTC's BIP Loan are approximately $20,000 per year for the next five years.

7. Broadband Initiatives Program

ICTC was awarded a stimulus loan and grant pursuant to the American Recovery and Reinvestment Act of 2009 to finance the construction of a broadband infrastructure project in its rural area. The $2,339 project is expected to be completed during 2014. The project is being funded through a broadband loan from the Rural Utilities Service (RUS) of $713 and a grant through Broadband Initiatives Program, administered by RUS, of $1,625. Construction costs related to the project through June 30, 2014 were $2,274. To date, ICTC has received $502 in advances on the broadband loan and $1,144 in grant funds relating to the project. Un-advanced funds available on the broadband loan were $211 as of June 30, 2014. At June 30, 2014, and December 31, 2013, ICTC has incurred $413 and $436, respectively, of costs that are expected to be reimbursed under the RUS BIP program. At December 31, 2013, the costs were recorded in telecommunications plant and equipment.

8. Treasury Stock

On July 16, 2013, CIBL's Board of Directors authorized the purchase of up to 2,000 shares of its common stock. Through June 30, 2014, 236 shares of this authorization have been acquired.

Since CIBL was spun off by LICT Corporation, on November 19, 2007, the Company has acquired, in two Dutch Auctions and open market purchases, a total of 6006 shares of its common stock, at an average price of $1,067, or a total investment of $6,410. In December 2012, the Company completed a modified "Dutch Auction" tender offer in which 2,460 shares were purchased at $860 per share. In January 2014, the Company completed another modified "Dutch Auction" tender offer in which 2,286 shares were purchased at $1,300 per share. The remaining shares were acquired in open market purchases totaling 1,260 shares at an average price

$943 per share. Included in the open market purchases were 185 shares purchased in the first six months of 2014 at an average price of $1,387 per share.

Since June 30, 2014, the Company has acquired, in open market purchases, 988 shares of its common stock at an average price of $1,335.

9. Related Party Transaction

CIBL has a Transitional Administrative and Management Services Agreement with LICT Corporation, its former parent, with a fee for such services at a rate of $200 per year for the year ended December 31, 2013 and $300 per year for the year ended December 31, 2014.

10. Subsequent Events

The Company has evaluated subsequent events, including the repurchase of its common shares, through August 27, 2014.