



May 14, 2014

Doug Dillard
Utility Services Division
Alabama Public Service Commission

Dear Sirs:

I have prepared the accompanying balance sheet of City Tele Coin Company, Inc., as of December 31, 2013 and the related statement of income for the twelve months then ended in my capacity as CFO/Controller of City Tele Coin Company, Inc. I have not prepared the statements in my capacity as a CPA in the practice of public accounting.

A handwritten signature in blue ink that reads 'Victor Bruce'.

Victor W. Bruce CPA
CFO/Controller
City Tele Coin Company, Inc.

City Tele Coin Company Inc
Balance Sheet
As of December 31, 2013

| | Dec 31, 13 |
|--|----------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1120 · Cash & Equivalents | 362,983.25 |
| 1130 · Cash in Drawer | 3,645.39 |
| Total Checking/Savings | 366,628.64 |
| Accounts Receivable | |
| 1180 · Accounts Receivable | 31,261.03 |
| Total Accounts Receivable | 31,261.03 |
| Other Current Assets | |
| PC Clearing | (0.20) |
| 1209 · A/R - J&R Juneau LLC | 1,557,330.31 |
| 12100 · Inventory Asset | 236,377.44 |
| 1221 · A/R - TTC | 100.00 |
| 1222 · A/R - Five Star Comm. | 1,765,243.38 |
| 1224 · A/R - Juneau Louisiana Investme | 500.00 |
| 1228 · A/R - J&R Aviation | 1,071,386.65 |
| 1300 · A/R - J & R Juneau, LLC | 5,878.74 |
| 1510 · Employee Advances | 27,985.75 |
| 1520 · Employee Advances-LS | 4,960.57 |
| 1540 · Prepaid Income Tax | 430.00 |
| Total Other Current Assets | 4,670,192.64 |
| Total Current Assets | 5,068,082.31 |
| Fixed Assets | |
| FIXED ASSETS | 3,930,782.92 |
| 2119 · FIXED ASSETS - STATE | 1,033,536.27 |
| 2125 · Building & Improvements | 64,305.19 |
| 3300 · Accumulated Depreciation | (3,913,072.88) |
| Total Fixed Assets | 1,115,551.50 |
| Other Assets | |
| Debit Letter Clearing | (592.50) |
| 1402 · Fresh Start Investment | 39,282.16 |
| 1600 · Note Receivable - Vernon Parish | 9,840.31 |
| 1650 · Note Receivable - Five Star | 55,758.97 |
| Total Other Assets | 104,288.94 |
| TOTAL ASSETS | 6,287,922.75 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 4010 · Accounts Payable | 1,828,418.40 |
| Total Accounts Payable | 1,828,418.40 |
| Credit Cards | |
| 4100 · Credit Cards | 25,862.39 |
| Total Credit Cards | 25,862.39 |
| Other Current Liabilities | |
| Refund Remitted | (740.03) |
| Sales Tax Pay'able | 71,202.33 |
| 2113 · Direct Deposit Liabilities | (32,544.60) |
| 2200 · Sales Tax Payable | 2,822.60 |
| 2225 · Inspection Fee Payable | 39,606.82 |
| 2250 · Unearned Revenue | 411,689.72 |
| 2270 · Decimal Reserve | 15,000.00 |
| 26900 · Unbilled Purchases | 7,769.23 |
| 2700 · Louisiana PSC Liability | 1,371,841.86 |
| 4020 · Notes Payable (ST) | 110,708.56 |
| 4120 · Payroll Liabilities | 18,417.64 |

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Accrual Basis

City Tele Coin Company Inc
Balance Sheet
As of December 31, 2013

| | <u>Dec 31, 13</u> |
|--|----------------------------|
| Total Other Current Liabilities | <u>2,015,774.13</u> |
| Total Current Liabilities | <u>3,870,054.92</u> |
| Long Term Liabilities | |
| Notes Payable (LT) | <u>518,489.08</u> |
| Total Long Term Liabilities | <u>518,489.08</u> |
| Total Liabilities | <u>4,388,544.00</u> |
| Equity | |
| 4510 - Capital Stock | 10,000.00 |
| 4540 - Other Capital or Draws | (1,021,947.41) |
| 4550 - Retained Earnings | 1,860,282.85 |
| Net Income | 1,051,043.31 |
| Total Equity | <u>1,899,378.75</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>6,287,922.75</u></u> |

City Tele Coin Company Inc
Profit & Loss by Class
 January through December 2013

| | Alabama | TOTAL |
|--|-------------------------|-------------------------|
| Ordinary Income/Expense | | |
| Income | | |
| INCOME | | |
| 5220 · Direct Pay | 13,639.53 | 13,639.53 |
| 5221 · Refund Direct Pay | (252.33) | (252.33) |
| 5250 · Admin Fees | 7,606.50 | 7,606.50 |
| 8082 · Switched Access Revenue | | |
| 8082.30 · ILD Telecommunications | 678.64 | 678.64 |
| 8082.50 · Calling Cards | 4,680.00 | 4,680.00 |
| Total 8082 · Switched Access Revenue | <u>5,358.64</u> | <u>5,358.64</u> |
| Total INCOME | 26,352.34 | 26,352.34 |
| 48600 · Inactivity Service Fee | 1,811.31 | 1,811.31 |
| Total Income | <u>28,163.65</u> | <u>28,163.65</u> |
| Cost of Goods Sold | | |
| 6512 · PROVISIONING EXPENSE (COGS) | | |
| 6512.08 · POTS Lines & DSL | 2,899.40 | 2,899.40 |
| 6512.98 · Direct Pay Commission | 5,930.80 | 5,930.80 |
| 6512.99 · ILD Commissions | 1,282.28 | 1,282.28 |
| Total 6512 · PROVISIONING EXPENSE (COGS) | <u>10,112.48</u> | <u>10,112.48</u> |
| Total COGS | <u>10,112.48</u> | <u>10,112.48</u> |
| Gross Profit | 18,051.17 | 18,051.17 |
| Expense | | |
| 6610 · Marketing/Advertising | 945.08 | 945.08 |
| 6720 · GENERAL & ADMINISTRATIVE | | |
| 6720.02 · Automobile Expense | 124.50 | 124.50 |
| 6720.27 · Travel & Ent | | |
| 6370 · Meals | 705.36 | 705.36 |
| Total 6720.27 · Travel & Ent | <u>705.36</u> | <u>705.36</u> |
| Total 6720 · GENERAL & ADMINISTRATIVE | 829.86 | 829.86 |
| 6723 · HUMAN RESOURCES | | |
| 6723.01 · Payroll Expenses | | |
| 23.02 · Taxes - Payroll | 25.00 | 25.00 |
| Total 6723.01 · Payroll Expenses | <u>25.00</u> | <u>25.00</u> |
| Total 6723 · HUMAN RESOURCES | 25.00 | 25.00 |
| 7200 · Taxes | | |
| 7200.05 · Inspection & Supervision Fee | 67.97 | 67.97 |
| Total 7200 · Taxes | <u>67.97</u> | <u>67.97</u> |
| 7505 · Penalties | 50.00 | 50.00 |
| Total Expense | <u>1,917.91</u> | <u>1,917.91</u> |
| Net Ordinary Income | 16,133.26 | 16,133.26 |
| Other Income/Expense | | |
| Other Income | | |
| 7100 · Other Income/Expense | | |
| 7130 · Vendor Compensation | 44.00 | 44.00 |
| 7140 · Other Income (Misc) | 110.00 | 110.00 |
| Total 7100 · Other Income/Expense | <u>154.00</u> | <u>154.00</u> |
| Total Other Income | <u>154.00</u> | <u>154.00</u> |
| Net Other Income | 154.00 | 154.00 |
| Net Income | <u><u>16,287.26</u></u> | <u><u>16,287.26</u></u> |