

# Legacy Long Distance

## Balance Sheet

2:42 pm

As of: December 31, 2013  
ASSETS

## Current Assets:

Checking 1+ PEB	\$61.78
Checking TAX CLEC PEB	20.74
PEB General Account	(404,132.15)
PEB PAYROLL	(107,454.63)
GTL Account - ATT Tax Reserve	22.90
Accounts recievable 0+/1+	1,615,342.36
BSG TA Reserve	281,196.26
Misc. Deposits	49,915.54

TOTAL Current Assets	\$1,434,972.80
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## Fixed Assets:

LLDI/Prop., plant & equip, net	
LLDI/PP&E - Finance/Corp G&A	\$605,368.32
Accum. Depr. - Fin./Corp. G&A	(555,923.45)
Auto	16,175.01
Accum Depr. Auto	(16,175.01)
Lease Hold Improvement	5,196.00
Accum Depr. Lease Hold Equipment	(5,196.00)

TOTAL LLDI/Prop., plant & equip, net	49,444.87
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## Telecom Equip. Def. Chg., net

Telecom Equipment - Inmate	719,656.95
Accum. Amort. - Telecom Eq. Inmate	(473,656.63)
iCon Software	1,394,335.30
Accum. Amort. - iCon Software	(740,806.86)

TOTAL Telecom Equip. Def. Chg., net	899,528.76
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TOTAL Fixed Assets	948,973.63
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TOTAL ASSETS	\$2,383,946.43
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### LIABILITIES

## Current Liabilities:

Payables Commissions	\$1,557,795.71
Payables Expenses	211,476.83
Loan Payable - BSG	415,693.66
Loan Payable - Pacific Enterprise Bank	354,391.67
Federal Income Tax Payable	3,808.00

TOTAL Current Liabilities	\$2,543,165.87
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## Long-Term Liabilities:

Term Loan - Pacific Enterprise Bank	151,205.10
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# Legacy Long Distance Balance Sheet

As of: December 31, 2013

TOTAL Long-Term Liabilities		151,205.10
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TOTAL LIABILITIES		2,694,370.97
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	CAPITAL	
Common Stock	3,911.56	
Retained earnings (accum def).	(148,097.89)	
Year-to-Date Earnings	(166,238.21)	
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TOTAL CAPITAL		(310,424.54)
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TOTAL LIABILITIES & CAPITAL		\$2,383,946.43
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# Legacy Long Distance Income Statement

2:43 pm

January 1, 2013  
December 31, 2013

## Income

## Long Distance Service Revenues

LD Service Rev. 0+ BSG	\$2,986,663.00	16.2%
LD Service Rev. 0+ INT'L	304,877.23	1.7%
LD Service Rev. 0+ CLEC	161,688.36	0.9%
LD SERVICE REV. 0+ AT&T	280,817.33	1.5%
LD Service Rev. 1+ Direct	308,350.75	1.7%
Dail Tone Direct	535,822.98	2.9%
INMATE	3,946,636.48	21.4%
Inmate Credit Card Sales	3,623,706.79	19.6%
Billing Services	2,571,226.52	13.9%
LD Service Rev. 0+ Ameritech	91,290.60	0.5%
LD Services 0+ Cox Comm	339,645.39	1.8%
Legacy OSP Credit Cards	3,450,161.42	18.7%
Prepay Set Up Fees Billed	401,072.04	2.2%

TOTAL Legacy Service Revenues	19,001,958.89	103.0%
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Rejects - LD Service 0+ INT'L	(27,173.78)	-0.1%
Rejects - Rev. 0+BSG	(375,065.37)	-2.0%
Rejects - LD Service 0+ ATT	(25,247.30)	-0.1%
Rejects - 0+ Credit Cards	(5,615.80)	0.0%
Rejects - LD Service 0+ Cox	(36,509.85)	-0.2%
All Credit Card Charge Backs	(84,853.28)	-0.5%

TOTAL Income	18,447,493.51	100.0%
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NET INCOME	18,447,493.51	100.0%
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## Cost of Goods Sold

## Network operating expenses

Qwest re-sale chgs 0+	76,464.20	0.4%
MCI / Frontier Carrier 0+	495,149.20	2.7%
Private Line MFS / Cox 0+	139,056.12	0.8%
Directory Assitance	2,531.67	0.0%
BC BETI	260,541.21	1.4%

TOTAL Network Operating Expense	973,742.40	5.3%
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## BSG

BSG Short-term Dilution	831,037.02	4.5%
BSG True-up	(65,407.23)	-0.4%
BSG Bill Fees	122,740.58	0.7%
BSG Inquiry Fees	11,908.20	0.1%
BSG LEC Fees	901,101.17	4.9%

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# Legacy Long Distance

## Income Statement

	January 1, 2013	
	December 31, 2013	
BSG Bad Debt	231,459.93	1.3%
BSG Finance Chg	40,048.29	0.2%
BSG Customer Credits	83,981.33	0.5%
BSG Credit Card Fees	40,594.30	0.2%
<b>TOTAL BSG</b>	<b>2,197,463.59</b>	<b>11.9%</b>
ATT BAD DEBT RESERVE	32,101.43	0.2%
Credit Card Fees - 0+	175,291.29	1.0%
Credit Card Fees - Inmate	552,500.58	3.0%
Triton - Fees	37,831.23	0.2%
AT&T Fees	130,774.50	0.7%
Lec Fees - Cox	54,611.25	0.3%
Open Market Bill To Cell Implementation	2,000.00	0.0%
0+ Commission expense	5,525,272.12	30.0%
Inmate Facility Commissions	3,301,071.56	17.9%
Royalty Expense - Inmate	78,270.00	0.4%
Customer operations expenses		
Salaries NAMS	206,633.74	1.1%
Medical Insurance 0+	4,415.44	0.0%
Medical Insurance NAMS	16,452.38	0.1%
Employ. Incent. / Bonuses NAMS	1,700.00	0.0%
Telephone/utilities 1+	4,381.34	0.0%
Other Facilities/Office NAMS	297.42	0.0%
Postage / Shipping 1+	1,250.00	0.0%
Express Shipping NAMS	52.89	0.0%
Travel / Lodging NAMS	152.46	0.0%
Travel / Lodging - IS	336.48	0.0%
Meals and Entertainment NAMS	534.14	0.0%
Meals And Entertainment - IS	31.85	0.0%
Regulatory Fees	112,985.19	0.6%
Dues and Subscriptions NAMS	135.00	0.0%
<b>TOTAL Operations Expenses</b>	<b>349,358.33</b>	<b>1.9%</b>
<b>TOTAL Cost of Goods Sold</b>	<b>13,410,288.28</b>	<b>72.7%</b>
<b>GROSS PROFIT</b>	<b>5,037,205.23</b>	<b>27.3%</b>
<b>Expenses</b>		
Operations expenses		
Salaries 1+	186,080.07	1.0%
Salaries 0+	564,471.35	3.1%
Salaries CLEC	104,153.49	0.6%
Medical Insurance Operations	36,727.78	0.2%
Medical Insurance 0+ Op Center	21,844.55	0.1%

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## Income Statement

January 1, 2013  
December 31, 2013

Medical Insurance CLEC	13,716.24	0.1%
health Insurance	1,600.00	0.0%
Employ. Incent. / Bonus 1+	1,620.00	0.0%
Employ. Incent. / Bonus 0+	22,600.00	0.1%
Employ. Incent. / Bonus CLEC	2,200.00	0.0%
Telephone/utilities 1+	1,715.21	0.0%
Telephone/utilities 0+	1,361.15	0.0%
Telephone/Utilities	56,245.65	0.3%
Other facilities/office 1+	2,565.92	0.0%
Other facilities/office 0+	5,407.47	0.0%
Equipment 1+	3,299.28	0.0%
Postage/Shipping CLEC	4,000.00	0.0%
Travel / lodging 1+	205.64	0.0%
Travel / lodging 0+	8,868.01	0.0%
Meals and entertainment 0+	405.39	0.0%
Advertising 0+	3,500.00	0.0%
Dues and subscriptions Ops 0+	75.00	0.0%
<b>TOTAL Operations expenses</b>	<b>1,042,662.20</b>	<b>5.7%</b>
 <b>Sales Expenses</b>		
Salaries 1+	293,699.16	1.6%
Medical Insurance Sales	14,068.49	0.1%
Employ. Incent. / Bonuses 1+	30,605.69	0.2%
Telephone/utilities 1+	4,168.66	0.0%
Other facilities/office 1+	22,616.94	0.1%
Equipment 1+	2,692.44	0.0%
Express Shipping	946.21	0.0%
Travel / lodging 1+	34,398.72	0.2%
Meals and entertainment 1+	4,404.25	0.0%
Marketing & Promotions 1+	10.35	0.0%
Marketing & Promotions 0+	1,160.00	0.0%
Dues and subscriptions S&M 1+	10,312.25	0.1%
Dues and subscriptions S&M 0+	200.00	0.0%
Miscellaneous expenses 1+	24.40	0.0%
Miscellaneous expenses 0+	3.00	0.0%
Trade Shows	3,010.00	0.0%
<b>TOTAL Sales Expenses</b>	<b>422,320.56</b>	<b>2.3%</b>
 Trade Show	 525.00	 0.0%
Trasde Show	500.00	0.0%
 <b>MIS Expenses</b>		
Salaries	136,018.99	0.7%
Medical Insurance IT	34,318.26	0.2%
Employ. Incent. / Bonus	7,350.00	0.0%
Telephone/utilities	3,087.84	0.0%
Other facilities/office	25,577.92	0.1%

# Legacy Long Distance

## Income Statement

	January 1, 2013	
	December 31, 2013	
Equipment	16,430.38	0.1%
Express Shipping	1,490.88	0.0%
Dues and subscriptions MIS	6,000.00	0.0%
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TOTAL MIS Expenses	230,274.27	1.2%
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Network Maintance		
Salaries	309,003.14	1.7%
Medical Insurance Network	43,685.75	0.2%
Employ. Incent. / Bonus	7,500.00	0.0%
Rent	83,279.15	0.5%
Telephone/utilities	1,244,987.98	6.7%
Other facilities/office	72,558.64	0.4%
Equipment Maint.	129,150.82	0.7%
Travel Network	5,853.08	0.0%
Express Shipping	12,127.02	0.1%
Travel / Lodging	7,515.11	0.0%
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TOTAL Network Maintanance	1,915,660.69	10.4%
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General and Administrative		
Salaries - exec. ops.	197,800.08	1.1%
Salaries - Fin./Corp G&A	199,624.78	1.1%
Medical Insurance Exec. Ops.	13,105.01	0.1%
Medical Insurance Fin. / Corp G&A	17,289.86	0.1%
Misc. Ded. - Corp G&A	229.00	0.0%
Bonuses - exec. ops.	15,000.00	0.1%
Bonuses - Fin. / Corp G&A	5,650.00	0.0%
Life ins. - exec. ops.	3,137.90	0.0%
Employer payroll taxes - ALL	205,170.95	1.1%
401K expense	15,909.29	0.1%
Rent - Fin. / Corp. G&A	117,896.10	0.6%
Tele. / utilities - exec. ops	1,944.15	0.0%
Tele. / utilities - Fin. / Cor	18,576.53	0.1%
Other facilities/office - exec	38,190.96	0.2%
Other facilities/office - Fin.	36,150.18	0.2%
Equipment Corp G&A	13,928.19	0.1%
Postage / shipping - Fin./Corp	5,000.00	0.0%
Express Shipping	7,086.29	0.0%
Express Shipping	11,833.53	0.1%
Travel / lodging - exec. ops.	8,198.09	0.0%
Travel / lodging - Fin. /Corp.	30.00	0.0%
Meals and entertain. - exec.	5,135.65	0.0%
Meals and entertain. - Fin./Co	108.78	0.0%
Insurance	48,599.33	0.3%
Legal services	25,627.66	0.1%
Accounting and auditing	8,000.00	0.0%

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# Legacy Long Distance Income Statement

	January 1, 2013	December 31, 2013
Other professional services	98.00	0.0%
Bank/ADP expense	21,833.97	0.1%
Loan Fees	950.00	0.0%
Technologies Tariffs	28,059.32	0.2%
Dues and subscriptions - exec.	625.83	0.0%
Dues and subscrip. - Fin./Corp	45.00	0.0%
Business License & Registration	350.00	0.0%
Misc. exp. - exec. ops.	740.00	0.0%
Misc. exp. - Fin./Corp G&A	1,129.45	0.0%
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TOTAL General and Admin	1,073,053.88	5.8%
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Depreciation and amortization	474,854.91	2.6%
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TOTAL Expenses	5,159,851.51	28.0%
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OPERATING PROFIT	(122,646.28)	-0.7%
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Other Income & Expenses		
Interest expense	(34,527.69)	-0.2%
Interest income	16.64	0.0%
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TOTAL Other Income & Expenses	(34,511.05)	-0.2%
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PROFIT BEFORE TAXES	(157,157.33)	-0.9%
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Provisions for Taxes		
Federal income tax provision	8,746.34	0.0%
State Taxes Excise/Gross Rcpt	334.54	0.0%
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TOTAL Provisions for Taxes	9,080.88	0.0%
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NET PROFIT	(\$166,238.21)	-0.9%
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