



March 13, 2014  
Via Overnight Delivery

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Maitland, FL  
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Mr. Bill Cook  
Alabama Public Service Commission  
100 North Union, Suite 850  
Montgomery, AL 36104

RE: AL Annual Financial Statements  
Authority Type: OSPR

Dear Mr. Cook:

Enclosed please find financial statements for Network Communications International Corp/OSPR for their fiscal year ended 2013. This information is being supplied to you in compliance with the Alabama Public Service Commission requirement for Annual Report submission.

Please acknowledge receipt of this filing by returning, file stamped, the extra copy of this cover letter in the self-addressed, stamped envelope provided.

Questions pertaining to this filing should be addressed to my attention at 407-740-3035. Thank you for your assistance.

Sincerely,

Phyllis Miller  
Compliance Reporting Specialist

enclosures

cc: Stephanie Jackson, Network Communications International Corp  
file: Network Communications International Corp - Reporting- Alabama

# NETWORK COMMUNICATIONS INT'L CORP

## Balance Sheet

December 31, 2013

### ASSETS

<b>Cash</b>		
Cash - TB&T	\$302,669.08	
Petty Cash	<u>300.00</u>	
<b>TOTAL CASH</b>		<b>\$302,969.08</b>
<b>Current Assets</b>		
Escrow Accounts - TMI	20,836.87	
Accounts Receivable - Revenue	448,636.66	
Billing & Collection Reserve	(113,032.97)	
Accounts Receivable - Direct Billed	251,984.82	
Direct Billed A/R Reserve	(62,360.11)	
Prepaid Expenses	<u>123,184.64</u>	
<b>TOTAL CURRENT ASSETS</b>		<b>669,249.91</b>
<b>Fixed Assets</b>		
Office Equipment	82,172.53	
Furniture & Fixtures	35,104.87	
Computers	133,987.94	
Telephone/Switch Equipment	778,336.80	
Land	59,362.35	
Accumulated Depreciation	<u>(583,323.93)</u>	
<b>TOTAL FIXED ASSETS</b>		<b>505,640.56</b>
<b>Other Assets</b>		
Notes Receivable - Employees	781.92	
Investment in ICS	<u>410,834.90</u>	
<b>TOTAL OTHER ASSETS</b>		<b>411,616.82</b>
<b>TOTAL ASSETS</b>		<b><u>1,889,476.37</u></b>

# NETWORK COMMUNICATIONS INT'L CORP

## Balance Sheet

December 31, 2013

### LIABILITIES AND EQUITY

#### Accounts Payable

Accounts Payable - Commissions	781,744.16	
Accounts Payable - Trade	152,421.38	
Accounts Payable - Origination	15,755.54	
<b>TOTAL ACCOUNTS PAYABLE</b>		<b>949,921.08</b>

#### Current Liabilities

Payroll Taxes Payable	159,767.50	
Accrued Salaries Payable	27,583.84	
Prepaid Revenue	432,514.32	
Accrued Expenses payable	27,250.00	
Sales Tax Payable	79,234.34	
Franchise Tax Payable	22,456.00	
401k payable	5,708.91	
<b>TOTAL CURRENT LIABILITIES</b>		<b>754,514.91</b>

#### Notes Payable - Current

Notes Payable - Current Portion	60,000.00	
<b>TOTAL NOTES PAYABLE-CURRENT</b>		<b>60,000.00</b>

#### Notes Payable Non-Current

Due to ICS	229,060.40	
TB&T - Video Visitation	67,951.24	
<b>TOTAL NOTES PAYABLE</b>		<b>297,011.64</b>

#### Equity

Common Stock	1,000.00	
Owners' Distributions - Bill Pope	(1,577,017.19)	
Owner's Distributions - Jay Walters	(1,577,017.19)	
Additional Paid In Capital	161,993.60	
Retained Earnings	2,819,069.52	
<b>TOTAL EQUITY</b>		<b>(171,971.26)</b>

#### TOTAL LIABILITIES AND EQUITY

**1,889,476.37**

**NCIC**  
**Income Statement**  
For the Twelve Months Ending December 31, 2013

	December	% Of Revenue	Budget	Variance	YTD	% Of Revenue	YTD Budget	Variance	Last Month	December Last Year
<b>REVENUE</b>										
Gross Sales LEC Billed	\$90,278.89	4.18%	\$0.00	\$90,278.89	\$1,529,425.68	7.07%	\$1,185,800.00	\$343,625.68	\$131,544.63	\$164,921.58
International Sales	42,116.29	1.95%	\$0.00	42,116.29	497,502.91	2.30%	373,500.00	124,002.91	34,036.76	50,350.68
Credit Card Sales	35,023.36	1.62%	\$0.00	35,023.36	842,614.20	3.89%	723,500.00	119,114.20	35,438.05	74,057.69
Customer Service	68,791.13	3.18%	\$0.00	68,791.13	505,265.19	2.33%	309,000.00	196,265.19	62,974.49	26,386.04
Prepaid Sales	1,920,219.74	88.85%	\$0.00	1,920,219.74	18,193,627.12	84.07%	12,721,700.00	5,471,927.12	1,821,902.70	1,101,072.47
One Plus	4,920.19	0.23%	\$0.00	4,920.19	74,448.00	0.34%	56,100.00	18,348.00	7,137.49	9,935.19
Other Operator Services	2,142.23	0.10%	\$0.00	2,142.23	28,729.89	0.13%	22,100.00	6,629.89	2,147.34	2,722.29
Rejects	(2,185.13)	-0.10%	\$0.00	(2,185.13)	(30,519.72)	-0.14%	(22,560.00)	(7,959.72)	(2,409.49)	(4,134.03)
<b>Total Operating Revenue</b>	<b>2,161,306.70</b>	<b>100.00%</b>	<b>0.00</b>	<b>2,161,306.70</b>	<b>21,641,093.27</b>	<b>100.00%</b>	<b>15,369,140.00</b>	<b>6,271,953.27</b>	<b>2,092,771.97</b>	<b>1,425,311.91</b>
<b>COST OF SALES</b>										
Commission Expense	1,092,488.67	50.55%	\$0.00	1,092,488.67	11,027,864.79	50.96%	7,797,000.00	3,230,864.79	1,075,525.86	681,304.81
Sales Commission Expense	48,281.08	2.23%	\$0.00	48,281.08	622,529.65	2.88%	479,100.00	143,429.65	47,991.83	51,402.13
Origination Fees	89,798.82	4.15%	\$0.00	89,798.82	720,433.02	3.33%	503,750.00	216,683.02	72,429.38	52,418.76
Operator Cost	200,224.13	9.26%	\$0.00	200,224.13	1,937,858.54	8.95%	1,384,000.00	553,858.54	181,290.69	146,989.63
Install & Setup Fees	22,160.00	1.03%	\$0.00	22,160.00	262,051.58	1.21%	205,100.00	56,951.58	12,750.77	0.00
Billing & Collection Cost	138,973.87	6.43%	\$0.00	138,973.87	1,226,546.83	5.67%	870,300.00	356,246.83	127,235.82	100,946.56
Refunds	58,572.36	2.71%	\$0.00	58,572.36	439,858.13	2.03%	295,800.00	144,058.13	42,713.27	22,747.86
<b>Total Cost of Sales</b>	<b>1,650,498.93</b>	<b>76.37%</b>	<b>0.00</b>	<b>1,650,498.93</b>	<b>16,237,142.54</b>	<b>75.03%</b>	<b>11,535,050.00</b>	<b>4,702,092.54</b>	<b>1,559,937.62</b>	<b>1,055,809.75</b>
<b>GROSS PROFIT</b>	<b>510,807.77</b>	<b>23.63%</b>	<b>0.00</b>	<b>510,807.77</b>	<b>5,403,950.73</b>	<b>24.97%</b>	<b>3,834,090.00</b>	<b>1,569,860.73</b>	<b>532,834.35</b>	<b>369,502.16</b>
<b>PERSONNEL EXPENSE</b>										
Salaries	292,164.43	13.52%	\$0.00	292,164.43	2,773,793.40	12.82%	1,947,500.00	826,293.40	283,451.60	156,763.59
Payroll Taxes	10,513.11	0.49%	\$0.00	10,513.11	85,850.40	0.40%	65,300.00	20,550.40	6,413.35	4,127.71
Health & Dental Insurance	15,830.00	0.73%	\$0.00	15,830.00	170,290.37	0.79%	131,000.00	39,290.37	15,830.00	11,184.91
Employee Benefits	7,209.02	0.33%	\$0.00	7,209.02	28,179.30	0.13%	18,100.00	10,079.30	2,038.34	913.35
401K Contributions	766.03	0.04%	\$0.00	766.03	9,981.54	0.05%	7,400.00	2,581.54	694.65	1,014.88
Training	0.00	0.00%	\$0.00	0.00	361.95	0.00%	400.00	(38.05)	0.00	0.00
<b>Total Personnel Expense</b>	<b>326,482.59</b>	<b>15.11%</b>	<b>0.00</b>	<b>326,482.59</b>	<b>3,068,456.96</b>	<b>14.18%</b>	<b>2,169,700.00</b>	<b>898,756.96</b>	<b>308,427.94</b>	<b>174,004.44</b>
<b>BUILDING &amp; EQUIPMENT EXPENSE</b>										
Depreciation Expense	16,059.24	0.74%	\$0.00	16,059.24	141,911.50	0.66%	0.00	141,911.50	16,058.99	5,066.86
Insurance	2,569.33	0.12%	\$0.00	2,569.33	34,931.96	0.16%	0.00	34,931.96	2,569.33	2,677.70
Maintenance & Repairs	121.53	0.01%	\$0.00	121.53	1,559.84	0.01%	192,000.00	(190,440.16)	87.29	178.60
Utilities & Telephone	7,240.26	0.33%	\$0.00	7,240.26	92,893.65	0.43%	0.00	92,893.65	10,400.60	8,297.35
Personal Property Taxes	0.00	0.00%	\$0.00	0.00	5,493.98	0.03%	0.00	5,493.98	0.00	47.52
<b>Total Building &amp; Equipment Exp</b>	<b>25,990.36</b>	<b>1.20%</b>	<b>0.00</b>	<b>25,990.36</b>	<b>276,790.93</b>	<b>1.28%</b>	<b>192,000.00</b>	<b>84,790.93</b>	<b>29,116.21</b>	<b>16,268.03</b>
<b>OPERATING EXPENSES</b>										
Advertising	11,780.77	0.55%	\$0.00	11,780.77	101,748.89	0.47%	77,600.00	24,148.89	3,538.57	9,509.56
Selling Exp - Conference	1,212.62	0.06%	\$0.00	1,212.62	66,316.29	0.31%	67,900.00	(1,583.71)	50.00	0.00
Selling Exp - Sales Rep Exp	4,959.26	0.23%	\$0.00	4,959.26	75,088.07	0.35%	55,350.00	19,738.07	5,873.41	0.00
Travel	1,825.85	0.08%	\$0.00	1,825.85	25,269.81	0.12%	29,600.00	(4,330.19)	1,302.37	20,782.81
Meals - Sales	1,598.25	0.07%	\$0.00	1,598.25	16,227.19	0.07%	13,300.00	2,927.19	2,178.88	4,857.17
Postage, Freight & Shipping	911.30	0.04%	\$0.00	911.30	13,350.92	0.06%	12,300.00	1,050.92	1,290.94	1,676.30
Legal Fees	19,552.00	0.90%	\$0.00	19,552.00	278,274.05	1.29%	171,100.00	107,174.05	49,886.73	1,467.05
Professional Fees	2,834.11	0.13%	\$0.00	2,834.11	81,077.08	0.37%	67,600.00	13,477.08	2,255.22	11,891.09
Patent Protection	10,816.61	0.50%	\$0.00	10,816.61	10,816.61	0.05%	0.00	10,816.61	0.00	0.00
Office Supplies	1,381.04	0.06%	\$0.00	1,381.04	48,595.04	0.22%	32,750.00	15,845.04	8,785.58	1,909.78
Taxes	72,741.09	3.37%	\$0.00	72,741.09	739,852.06	3.42%	481,000.00	258,852.06	71,961.12	27,857.40
Tariffs, Penalties & Fees	8,213.11	0.38%	\$0.00	8,213.11	184,045.42	0.85%	154,000.00	30,045.42	(2,545.81)	14,326.52
<b>Total Operating Expenses</b>	<b>137,826.01</b>	<b>6.38%</b>	<b>0.00</b>	<b>137,826.01</b>	<b>1,646,661.43</b>	<b>7.58%</b>	<b>1,162,500.00</b>	<b>478,161.43</b>	<b>144,577.01</b>	<b>94,277.68</b>
<b>OTHER INCOME (EXPENSE)</b>										
Interest/Investment Inc (Exp)	0.00	0.00%	\$0.00	0.00	3,737.38	0.02%	0.00	3,737.38	682.62	201.20
Charitable Contributions	0.00	0.00%	\$0.00	0.00	(950.00)	0.00%	(500.00)	(450.00)	0.00	0.00
Interest Expense	(407.86)	-0.02%	\$0.00	(407.86)	(20,809.01)	-0.10%	(19,600.00)	(1,209.01)	(480.36)	(3,443.68)
Income Tax Expense	0.00	0.00%	\$0.00	0.00	0.00	0.00%	0.00	0.00	0.00	(19,310.00)
<b>Total Non-Operating Revenue</b>	<b>(407.86)</b>	<b>-0.02%</b>	<b>0.00</b>	<b>(407.86)</b>	<b>(18,071.63)</b>	<b>-0.08%</b>	<b>(20,100.00)</b>	<b>2,078.37</b>	<b>202.26</b>	<b>(22,552.48)</b>
<b>NET INCOME</b>	<b>20,100.95</b>	<b>0.93%</b>	<b>0.00</b>	<b>20,100.95</b>	<b>400,019.78</b>	<b>1.85%</b>	<b>289,790.00</b>	<b>110,229.78</b>	<b>50,915.45</b>	<b>62,399.53</b>

**NCIC**  
**Statement of Cash Flows**  
**For the Twelve Months Ending December 31, 2013**

	December	Year to Date
<b><u>Net Cash Flows From Operating Activities</u></b>		
Net Income	\$20,100.95	\$400,019.78
<b><u>Adjustments for differences between income flows and cash flows from operating activities:</u></b>		
Depreciation expense	\$16,059.24	\$141,911.50
Decrease (increase) in prepaid items	\$31,906.32	\$52,163.22
Decrease (increase) in Accounts Receivable	\$111,059.55	\$52,252.19
Decrease (increase) in Employee Accounts Receivable	\$237,731.18	\$53,165.52
Increase (decrease) in Accounts Payable	(\$60,852.20)	\$125,926.52
Increase (decrease) in Accrued Expenses	(\$375,034.13)	\$179,199.13
Increase (decrease) in Employee Payables	\$123,518.23	\$142,758.45
Increase (decrease) in Taxes Payable	\$1,903.05	\$28,146.00
<b><u>Net Cash Provided by Operating Activities:</u></b>	<b><u>\$106,392.19</u></b>	<b><u>\$1,175,542.31</u></b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of equipment & furniture	(\$13,993.15)	(\$457,880.10)
Owners' Distributions	(\$99.99)	(\$7,599.99)
<b><u>Net Cash Used for Investing Activities</u></b>	<b><u>(\$14,093.14)</u></b>	<b><u>(\$465,480.09)</u></b>
Change in Due to ICS	(\$50,430.62)	(\$66,522.38)
Change in Debt	(\$4,935.52)	(\$402,048.76)
<b><u>Net Cash Provided (Used) by Financing Activities</u></b>	<b><u>(\$55,366.14)</u></b>	<b><u>(\$468,571.14)</u></b>
Net Increase (Decrease) in Cash	<u>\$36,932.91</u>	<u>\$241,491.08</u>
Cash at beginning of period	\$266,036.17	\$61,478.00
<b><u>Cash at end of current period</u></b>	<b><u>\$302,969.08</u></b>	<b><u>\$302,969.08</u></b>