

# Fowler, Maxwell & Company, P.C.

**CONFIDENTIAL**

William S. Fowler, C.P.A.  
Certified Public Accountant

**F M & Co**  
Certified Public Accountants

24 Andrews Way  
Saint Marys, GA 31558

William R. Maxwell, C.P.A.  
Certified Public Accountant

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**Preliminary**

To the Board of Directors:  
ATN, INC  
913 DILWORTH ST  
Saint Marys, GA 31558

Management is responsible for the accompanying financial statements of ATN, INC (a corporation), which comprise the statement of assets, liabilities and equity - tax basis as of December 31, 2016 and the related statement of revenues and expenses tax basis for the twelve months then ended, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The tax basis of accounting requires that the Company record a federal income tax provision. Management has informed us that the Company has not recorded such a provision. Management has not determined the effect of this departure on the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to ATN, INC.

*Fowler, Maxwell & Company, PC*  
Fowler, Maxwell & Company, P. C.  
February 08, 2017

#### MEMBERS

American Institute of Certified Public Accountants  
Georgia Society of Certified Public Accountants

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**ATN, INC**  
**Statement of Assets, Liabilities, and Equity**  
**Tax Basis**  
**As of December 31, 2016**

**CONFIDENTIAL**

**ASSETS**

**Preliminary**

**CURRENT ASSETS**

Cash in Bank - SE Bank-Savings	\$ 35,092.02
Cash in Bank - SE Checking 3186	11,386.17
Petty Cash	202.40
Acct Rec Debit Cards	60,010.62
Acc Rec Prepay Receipts CSA	221,164.38
Employee Advance	425.00
Prepaid Expenses	16,913.86
Prepaid Taxes	<u>21,541.00</u>

**Total Current Assets** 366,735.45

**PROPERTY AND EQUIPMENT**

Signs	1,165.46
Automobiles & Trucks	237,232.41
Machinery & Equipment	676,193.27
Machinery & Equipment- Kiosk	215,329.76
Furniture & Fixtures	26,789.84
Accumulated Depreciation	(1,077,600.47)
Accumulated Depreciation- Kiosk	<u>(50,432.00)</u>

**Net Property and Equipment** 28,678.27

**OTHER ASSETS**

Note Receivable- Customer Svc of America	253,196.23
Organizational Cost	1,000.00
Investment-CSA	<u>120,000.00</u>

**Total Other Assets** 374,196.23

**TOTAL ASSETS** \$ 769,609.95

**ATN, INC**  
**Statement of Assets, Liabilities, and Equity**  
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**As of December 31, 2016**

**CONFIDENTIAL**

**Preliminary**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$ 323,460.20
FICA W/H Payable	2,052.38
State W/H Payable	2,108.99
FUTA Payable	15.30
SUTA Payable	15.30
Insurance	2,447.89
SC- USF Contribution Collected	16,321.94
AL-Utility Gross Receipt Tax	2,098.54
Sales Tax Payable	2,888.17
Note Payable-Credit Cards	3,118.81
Note Payable- Wyman Westberry	62,230.77
Note Payable- SE Bank LOC	64,660.26
Note Payable- SE Bank 902342	<u>2,055.63</u>
<b>Total Current Liabilities</b>	<u><b>483,474.18</b></u>

**STOCKHOLDERS' EQUITY**

Common Stock	500.00
Add'l Paid in Capital	500.00
Retained Earnings	965,823.56
Treasury Stock	(815,900.00)
Current Net Income(Loss)	<u>135,212.21</u>
<b>Total Stockholders' Equity</b>	<u><b>286,135.77</b></u>

**TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY**

**\$ 769,609.95**

**ATN, INC**  
**Statement of Revenues and Expenses**  
**Tax Basis**

**CONFIDENTIAL**

**Preliminary**

	12 Months Ended December 31, 2016	%
<b>Revenues</b>		
Fees	\$ 5,751,592.67	98.70 %
Commissions	19,825.83	0.34
Commissions- Kiosk	56,309.22	0.97
Inmate Commissary Calls	990.82	0.02
Discounts	(1,692.20)	(0.03)
Other Income	350.00	0.01
<b>Total Revenues</b>	<b>5,827,376.34</b>	<b>100.00</b>
<b>Cost of Goods Sold</b>		
Supplies	65.68	0.00
Commissions	3,479,862.36	59.72
Commissions- Kiosk	68,351.32	1.17
Independent Contractors	20,237.57	0.35
Telephone	375,532.82	6.44
Telephone- Kiosk	12,600.00	0.22
Platform Fees	669,153.45	11.48
<b>Total Cost of Goods Sold</b>	<b>4,625,803.20</b>	<b>79.38</b>
<b>Total Gross Profit</b>	<b>1,201,573.14</b>	<b>20.62</b>
<b>Operating Expenses</b>		
Advertising	19,589.33	0.34
Auto and Truck Expense	17,971.69	0.31
Contributions	1,700.00	0.03
Political Contributions	3,500.00	0.06
Depreciation	34,036.67	0.58
Section 179 Expense	63,986.00	1.10
Depreciation - Kiosk	18,433.00	0.32
Dues & Subscriptions	1,212.80	0.02
Education	300.00	0.01
Entertainment & Meals	8,150.39	0.14
Equipment Rental	6,544.09	0.11
Insurance	48,169.65	0.83
Health Insurance	7,350.30	0.13
Interest	4,021.07	0.07
Interest- Kiosk	3,978.19	0.07
Contracted Professional Svc	1,120.00	0.02
Janitorial Expense	637.42	0.01
Legal & Accounting	80,912.24	1.39
Licenses & Fees	17,279.05	0.30
Employee Relations	1,830.29	0.03
Office Expense	30,246.02	0.52
Freight	4,749.32	0.08
Freight- Kiosk	20.00	0.00

See Accountants' Compilation Report

**ATN, INC**  
**Statement of Revenues and Expenses**  
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**Preliminary**

	<u>12 Months Ended</u> <u>December 31, 2016</u>	<u>%</u>
Postage	12.40	0.00
Rent	12,000.00	0.21
Repairs & Maintenance	1,308.00	0.02
Penalties	71.22	0.00
Salaries & Wages	345,156.54	5.92
Salaries-Officer	172,810.75	2.97
Salaries - Officer Bonus	15,250.00	0.26
Taxes - Payroll	41,220.87	0.71
Taxes - Other	73,185.70	1.26
Telephone	6,017.67	0.10
Travel	16,499.97	0.28
Utilities	23,743.01	0.41
<b>Total Operating Expenses</b>	<u>1,083,013.65</u>	<u>18.58</u>
<b>Operating Income (Loss)</b>	<u>118,559.49</u>	<u>2.03</u>
<b>Other Income (Expense)</b>		
Collection Tax Allowance	62.14	0.00
Interest Income	479.38	0.01
Miscellaneous	15,000.00	0.26
Gain/Loss on Sale of Assets	1,111.20	0.02
<b>Total Other Income (Expense)</b>	<u>16,652.72</u>	<u>0.29</u>
<b>Net Income (Loss)</b>	<u>\$ 135,212.21</u>	<u>2.32 %</u>