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March 30, 2017
Via Overnight Delivery

Mr. Mac McArthur
Alabama Public Service Commission
100 North Union, Suite 950
Montgomery, AL 36104

RE: AL Annual Financial Statements - INMATE

Dear Mr. McArthur:

Enclosed please find financial statements for Lattice Incorporated for their fiscal year ended 2016. This information is being supplied to you in compliance with the Alabama Public Service Commission requirement for Annual Report submission.

A copy of this report has been emailed to Tom.Jones@psc.alabama.gov and Darrell.Baker@psc.alabama.gov.

Questions pertaining to this filing should be addressed to my attention at 407-740-8575. Thank you for your assistance.

Sincerely,

Carly Fiola
Compliance Reporting Specialist

enclosures

cc: , Lattice Incorporated
file: Lattice Incorporated - Reporting- Alabama

LATTICE INC.		
INCOME STATEMENTS		
		FYE 016
		Prelim.
Recurring revenue		\$ 3,813,533
Technology sales		1,468,546
Total Revenue		\$ 5,282,079
Cost of Revenue		\$ 3,179,049
Gross Profit		2,103,030
%		39.8%
Operating expenses		4,367,776
Income (loss) from operations		(2,264,746)
Other income (expense):		67,385
Interest expense		(1,151,524)
Income (Loss) PreTax		(3,348,886)
Income taxes		-
Net income (loss)		(3,348,886)

LATTICE INC		
		31-Dec-16
		ACT
		Prelim.
BALANCE SHEETS:		
ASSETS:		
Current assets:		
Cash and cash equivalents	\$	5,866
Accounts receivable, net		837,954
Accrued receivables	\$	92,501
Inventories		48,322
Costs and gross profit in excess of billings		140,261
Other current assets		47,543
Total current assets		1,172,448
Property and equipmen, net		256,993
Other intangibles, net		390,015
Other assetes		60,012
Total assets	\$	1,879,468
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade_ payables	\$	2,527,705
Accrued expenses	\$	1,022,142
Accrued interest	\$	449,890
Customer advances	\$	598,622
Debt discount	\$	(391,636)
Interco payables		
Notes payable	\$	6,809,493
Deferred revenue	\$	103,078
Capital lease payable	\$	7,192
Derivative liability	\$	45,183
Total current liabilities		11,171,670
Long term liabilities:		
Total long term liabilities		-
Total liabilities		11,171,670
Shareholders' equity		
Paid-in capital		39,884,062
Accumulated deficit		(48,618,168)
Accumulated other comprehensive income		-
		(8,734,107)
Stock held in treasury, at cost		(558,096)
Equity Attributable to shareowners of Lattice Incorporated		(9,292,202)
Equity Attributable to noncontrolling interest		-
Total liabilities and shareholders' equity	\$	1,879,468