



151 Southhall Lane
Maitland, FL
32751
P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

March 10, 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 Legacy Long Distance International, Inc. d/b/a Legacy Inmate Communications 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: Rafael Quinto, Legacy Long Distance International, Inc. d/b/a Legacy Inmate Communications
file: Legacy Long Distance International, Inc. - Reporting- Alabama

Legacy Long Distance Balance Sheet

As of: December 31, 2016

ASSETS

Current Assets

Checking 1+ PEB	490,647.82	
Checking TAX CLEC PEB	62.83	
PEB PAYROLL	(107,466.97)	
PEB Alternate Checking	35,353.65	
Wells Fargo Checking	3,197.23	
Wells Fargo Savings	577.18	
PEB General New	(267,886.27)	
Accounts recievable 0+/1+	765,625.18	
Cash advances	1,100.00	
BSG TA Reserve	107,215.94	
Prepaid Rent	28,000.00	
Misc. Deposits	50,935.64	
TMI Regulatory Escrow Account	4,143.14	

TOTAL Current Assets		1,111,505.37
----------------------	--	--------------

Fixed Assets

LLDI/Prop., plant & equip, net		
LLDI/PP&E - Finance/Corp G&A	742,179.14	
Accum. Depr. - Fin./Corp. G&A	(335,193.89)	
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	406,985.25	
Telecom Equip. Def. Chg., net		
Telecom Equipment - Inmate	1,123,298.66	
Accum. Amort. - Telecom Eq. Inmate	(577,691.22)	
iCon Software	1,527,645.00	
Accum. Amort. - iCon Software	(1,489,453.29)	
TOTAL Telecom Equip. Def. Chg., net	583,799.15	

TOTAL Fixed Assets		990,784.40
--------------------	--	------------

TOTAL ASSETS		2,102,289.77
--------------	--	--------------

LIABILITIES

Current Liabilities

Payables Commissions	737,217.96	
Payables Expenses	443,253.80	
Regulatory Fees - accrued	237,000.00	
Accrued Vacation	54,290.06	
Sales Tax Payable	8,559.00	
Loan Payable - BSG	242,596.09	
Federal Income Tax Payable	66,000.00	
State Income Tax Payable	19,000.00	

TOTAL Current Liabilities		1,807,916.91
---------------------------	--	--------------

TOTAL LIABILITIES			<u>1,807,916.91</u>
	CAPITAL		
Common Stock		3,911.56	
Retained earnings (accum def).		(88,169.69)	
Year-to-Date Earnings		378,630.99	
		<u> </u>	
TOTAL CAPITAL			<u>294,372.86</u>
TOTAL LIABILITIES & CAPITAL			<u><u>2,102,289.77</u></u>

Legacy Long Distance
Income Statement
01/01/2016 to 12/31/2016

January 01, 2016
December 31, 2016

	<u>January 01, 2016</u>	<u>December 31, 2016</u>
Income		
Service Revenues		
OSP - BSG LEC Billed	1,536,376.96	8.7 %
LD Service Rev. Canadian Billed Collect	12,370.65	0.1 %
OSP - Direct Billed Collect	14,283.55	0.1 %
OSP - Long Distance Services	88,113.52	0.5 %
OSP - CLEC Dial Tone	220,373.40	1.3 %
Inmate - BSG Lec Billed	7,167,648.09	40.8 %
Inmate - Credit Card Collect	2,756,250.02	15.7 %
Billing Services	1,091,278.12	6.2 %
OSP - Cox Lec Billed	94,251.49	0.5 %
OSP Credit Card Collect	1,891,746.74	10.8 %
Inmate - Fees Billed	1,963,038.10	11.2 %
Inmate - Payment Kiosk	1,264,547.15	7.2 %
TOTAL Service Revenues	<u>18,100,277.79</u>	103.0 %
Rejects - LD Service Canadian	(249.64)	0.0 %
Rejects - Rev. 0+BSG	(255,251.39)	-1.5 %
Rejects - LD Service 0+ Cox	(15,340.58)	-0.1 %
All Credit Card Charge Backs	<u>(255,877.22)</u>	-1.5 %
TOTAL Income	<u>17,573,558.96</u>	100.0 %
 NET INCOME	 <u>17,573,558.96</u>	 100.0 %
 Cost of Goods Sold		
Network operating expenses		
Level 3 - CIC Origination	45,452.03	0.3 %
AT&T - COPT Dial Tone Expense	206,108.87	1.2 %
Century Link-SIP Origination Termination	404,982.24	2.3 %
Sprint - Toll Free Origination	4,677.95	0.0 %
Network and Switch Expense	1,234.37	0.0 %
Directory Assitance	427.25	0.0 %
BC BET1 - Validation	186,471.84	1.1 %
Inmate Facilities Technicians	169,680.05	1.0 %
Inmate Facilities Bandwidth	314,734.62	1.8 %
Impact (Excel) - Termination	70,034.61	0.4 %
Mobile Tablet Edovo Peering Connection	3,000.00	0.0 %
Bad Debt Expense	53,503.77	0.3 %
SMS / 800	0.99	0.0 %
TOTAL Network Operating Expense	<u>1,460,308.59</u>	8.3 %

January 01, 2016

December 31, 2016

BSG		
BSG Short-term Dilution	392,757.57	2.2 %
BSG True-up	(18,409.05)	-0.1 %
BSG Bill Fees	23,176.61	0.1 %
BSG Inquiry Fees	4,127.01	0.0 %
BSG LEC Fees	357,610.17	2.0 %
BSG Bad Debt	52,828.51	0.3 %
BSG Finance Chg	20,993.59	0.1 %
BSG Customer Credits	30,142.73	0.2 %
TOTAL BSG Billing Expenses	863,227.14	4.9 %
Credit Card Fees - OSP	421,579.44	2.4 %
Credit Card Fees - Inmate	441,100.77	2.5 %
Canadian Billing Fees	5,990.04	0.0 %
Lec Fees - Cox	13,407.75	0.1 %
Trinity Commissary Processing Fee	49,646.53	0.3 %
Fresno Technology Grant	42,411.60	0.2 %
Edovo Implementation	3,500.00	0.0 %
OSP Commission Expense	3,277,982.72	18.7 %
Inmate Facility Commissions	5,720,803.67	32.6 %
Patent Royalty Expense	98,121.00	0.6 %
Customer Operations Expenses		
Salaries Client Relations	127,001.73	0.7 %
Medical Insurance Client Relations	14,111.09	0.1 %
Employ. Incent./Bonuses Client Relations	1,400.00	0.0 %
Other Facilities/Office Client Relations	85.29	0.0 %
Express Shipping Client Relations	4,738.87	0.0 %
Meals and Entertainment Client Relations	203.83	0.0 %
Regulatory Fees	366,270.14	2.1 %
TOTAL Operations Expenses	513,810.95	2.9 %
TOTAL Cost of Goods Sold	12,911,890.20	73.5 %
GROSS PROFIT	4,661,668.76	26.5 %
Expenses		
Operations expenses		
Salaries - Operations	166,522.19	0.9 %
Salaries Operator Center	466,320.70	2.7 %
Salaries Customer Service	114,844.44	0.7 %
Medical Insurance Operations	14,773.75	0.1 %
Medical Insurance Op Center	17,855.60	0.1 %
Medical Insurance Customer Service	14,001.70	0.1 %
Employ. Incent. / Bonus Operations	3,125.00	0.0 %
Employ. Incent. / Bonus OP Center	21,375.00	0.1 %
Employ. Incent. / Bonus Customer Service	2,475.00	0.0 %
Telephone/utilities Operations	671.24	0.0 %

	<i>January 01, 2016</i>	
	<i>December 31, 2016</i>	
Telephone/utilities Op Center	547.34	0.0 %
Other facilities/office Operations	303.10	0.0 %
Other facilities/office Op Center	1,208.99	0.0 %
Equipment Operations	1,521.08	0.0 %
Postage/Shipping Operations	489.42	0.0 %
Express Shipping Op Center	46.60	0.0 %
Travel / lodging Op Center	787.87	0.0 %
Meals and Entertainment Op Center	3,012.13	0.0 %
TOTAL Operations expenses	829,881.15	4.7 %
Business Development/Services Expenses		
Salaries Business Services	212,361.68	1.2 %
Salaries Business Development	232,482.00	1.3 %
Medical Insurance Business Services	23,369.03	0.1 %
Medical Insurance Business Development	28,127.41	0.2 %
Misc. Ded. Business Services	98.62	0.0 %
Employ. Incent. / Bonuses Business Serv.	41,758.33	0.2 %
Employ. Incent. / Bonuses Business Dev.	6,175.00	0.0 %
Telephone/utilities Business Services	1,011.88	0.0 %
Telephone/utilities Business Development	2,170.44	0.0 %
Other facilities/office Business Service	20,108.36	0.1 %
Other facilities/office Business Dev.	3,331.30	0.0 %
Equipment Business Services	5,955.22	0.0 %
Express Shipping Business Services	5,061.11	0.0 %
Travel / lodging Business Services	43,381.15	0.2 %
Meals and entertainment Business Service	6,055.87	0.0 %
Marketing & Promotions Business Dev.	25,387.73	0.1 %
Dues and subscriptions Business Services	11,305.64	0.1 %
Dues and subscriptions Business Dev.	7,559.83	0.0 %
Trade Shows Business Development	10,675.33	0.1 %
TOTAL Business Services/Development Expenses	686,375.93	3.9 %
IT Expenses		
Salaries IT	458,469.23	2.6 %
Medical Insurance IT	35,453.71	0.2 %
Employ. Incent. / Bonus IT	10,500.00	0.1 %
Telephone/utilities IT	1,984.40	0.0 %
Other facilities/office IT	29,990.68	0.2 %
Equipment IT	375.00	0.0 %
Travel / lodging IT	2,119.15	0.0 %
Dues and subscriptions IT	4,000.00	0.0 %
Test Calls IT	1,531.54	0.0 %
TOTAL IT Expenses	544,423.71	3.1 %
Network Maintenance		
Salaries Network Maintenance	395,286.67	2.2 %
Medical Insurance Network Maintenance	41,909.62	0.2 %
Employ. Incent. / Bonus Network Maintena	8,475.00	0.0 %

	<i>January 01, 2016</i>	
	<i>December 31, 2016</i>	
Legacy Cell Phones	12,476.32	0.1 %
Other facilities/office Network Maintena	105,078.34	0.6 %
Equipment Maint. Network Maintenance	2,100.38	0.0 %
Travel Network Maintenance	48,337.67	0.3 %
Telephone/Utilities Network Maintenance	24,263.17	0.1 %
Express Shipping Network Maintenance	32,736.09	0.2 %
Meals and Entertainment Network	7,661.20	0.0 %
TOTAL Network Maintenance	<u>678,324.46</u>	3.9 %
General and Administrative		
Salaries - Executive Operations	197,800.08	1.1 %
Salaries - Finance	204,552.98	1.2 %
Medical Insurance Executive Operations	10,651.30	0.1 %
Medical Insurance Finance	18,070.62	0.1 %
Bonuses - Executive Operations	17,800.00	0.1 %
Bonuses - Finance	3,450.00	0.0 %
Life ins. - Executive Operations	1,025.10	0.0 %
Employer payroll taxes - ALL	205,889.84	1.2 %
Workmans Comp. - exec. ops.	15,976.00	0.1 %
Accrued Vacation Expenses	54,290.06	0.3 %
401K Expense	21,089.61	0.1 %
Rent - Corp. G&A	245,423.10	1.4 %
Tele. / utilities - Executive Operations	4,017.41	0.0 %
Tele. / utilities - Finance	19,738.15	0.1 %
Other facilities/office - Executive Oper	13,881.49	0.1 %
Other facilities/office - Finance	27,177.80	0.2 %
Equipment Corp G&A	6,733.07	0.0 %
Postage / shipping - Finance	7,947.65	0.0 %
Express Shipping Executive Operations	2,274.64	0.0 %
Express Shipping Finance	11,870.47	0.1 %
Travel / lodging - Executive Operations	29,833.71	0.2 %
Meals and entertain Executive Operations	3,938.84	0.0 %
Meals and entertain. - Finance	843.68	0.0 %
Insurance - Bonds	30,772.47	0.2 %
Corporate Legal Services	14,476.43	0.1 %
Accounting and auditing	16,750.00	0.1 %
Other professional services	55.00	0.0 %
Bank/ADP expense	20,154.88	0.1 %
Loan Fees	950.00	0.0 %
TMI - Regulatory Compliance	47,784.12	0.3 %
Business License & Registration	2,315.98	0.0 %
Property Taxes	9,455.78	0.1 %
Sales Taxes	8,539.00	0.0 %
Misc. exp. - Executive Operations	623.00	0.0 %
Misc. exp. - Finance	651.43	0.0 %
TOTAL General and Admin	<u>1,276,803.69</u>	7.3 %

	<i>January 01, 2016</i>	
	<i>December 31, 2016</i>	
Depreciation and Amortization	170,444.33	1.0 %
TOTAL Expenses	4,186,253.27	23.8 %
OPERATING PROFIT	475,415.49	2.7 %
Other Income & Expenses		
Interest expense	(1,884.85)	0.0 %
Interest income	510.69	0.0 %
TOTAL Other Income & Expenses	(1,374.16)	0.0 %
PROFIT BEFORE TAXES	474,041.33	2.7 %
Provisions for Taxes		
Federal income tax provision	73,791.62	0.4 %
State income tax provision	19,000.00	0.1 %
State Taxes Excise/Gross Rcpt	2,618.72	0.0 %
TOTAL Provisions for Taxes	95,410.34	0.5 %
NET PROFIT	378,630.99	2.2 %