

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
AND INTERNATIONAL CALLING SERVICES CORPORATION
COMBINED BALANCE SHEETS
December 31**

Assets		
	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 400,527	\$ 389,868
Marketable securities	-0-	17,482
Trade accounts receivable, (net of allowance of \$64,400 in 2016 and \$69,121 in 2015)	709,341	653,103
Prepaid expenses and other current assets	330,627	122,459
Deferred income taxes	<u>3,748</u>	<u>10,393</u>
Total Current Assets	<u>1,444,243</u>	<u>1,193,305</u>
Property, Plant, and Equipment:		
Plant in service	3,750,955	3,646,503
Less: Accumulated depreciation	<u>(2,919,922)</u>	<u>(2,689,677)</u>
Net Property, Plant, and Equipment	<u>831,033</u>	<u>956,826</u>
Noncurrent Assets:		
Net intangibles - RTU agreement	800,020	866,680
Other noncurrent assets	<u>1,428,350</u>	<u>555,793</u>
Total Noncurrent Assets	<u>2,228,370</u>	<u>1,422,473</u>
Total Assets	<u>\$ 4,503,646</u>	<u>\$ 3,572,604</u>

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
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COMBINED BALANCE SHEETS
December 31**

Liabilities and Stockholders' Equity

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
Income taxes accrued	\$ 60,000	\$ 46,284
Current maturities of RTU obligations	90,498	85,642
Accounts payable	1,264,979	760,762
Accrued expenses	605,513	607,472
Deferred revenue	<u>523,884</u>	<u>573,817</u>
Total Current Liabilities	<u>2,544,874</u>	<u>2,073,977</u>
Noncurrent Liabilities:		
Deferred income taxes	24,052	29,186
Obligation under RTU agreement	<u>660,641</u>	<u>751,534</u>
Total Noncurrent Liabilities	<u>684,693</u>	<u>780,720</u>
Stockholders' Equity:		
Common stock	11,800	11,800
Additional paid-in capital	414,754	424,474
Accumulated earnings	<u>847,525</u>	<u>281,633</u>
Total Stockholders' Equity	<u>1,274,079</u>	<u>717,907</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,503,646</u>	<u>\$ 3,572,604</u>

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
AND INTERNATIONAL CALLING SERVICES CORPORATION
COMBINED STATEMENTS OF OPERATIONS
For the Years Ended December 31**

	<u>2016</u>	<u>2015</u>
Revenues:		
Telecommunication services	\$ 27,878,982	\$ 26,725,034
Other	11,891	16,165
Total Revenues	<u>27,890,873</u>	<u>26,741,199</u>
Expenses:		
Commissions expense	14,074,831	14,892,272
Origination fees	749,492	675,561
Billing and collection costs	837,009	984,173
Operator costs	1,091,940	1,074,003
Administrative salaries and benefits	6,700,613	5,749,288
Depreciation and amortization	247,853	290,913
Selling, general and administrative expenses	3,200,922	2,286,437
Total Expenses	<u>26,902,660</u>	<u>25,952,647</u>
Operating Income	<u>988,213</u>	<u>788,552</u>
Other Income (Expense):		
Interest expense	(44,115)	(53,365)
Other income (expense)	20,069	(1,395)
Total Other Expense	<u>(24,046)</u>	<u>(54,760)</u>
Income Before Income Taxes	964,167	733,792
Income Taxes	<u>(58,053)</u>	<u>(60,348)</u>
Net Income	<u>\$ 906,114</u>	<u>\$ 673,444</u>