Pay Tel Communications Inc
Balance Sheet
For the Twelve Months Ending December 31, 2016
UNAUDITED

ASSETS

Current assets:
  Cash $1,342,201.99
  Net accounts receivable $824,518.43
  Prepaid expenses and other receivables $301,794.15
  Related party notes receivable and advances $209,971.69
  Total current assets $2,678,486.26

Property and equipment, at cost:
  Inmate communications equipment $5,693,652.33
  Office furniture, equipment and software $7,894,091.94
  Leasehold improvements $1,788,224.34
  Vehicles $683,241.82
  Less accumulated depreciation and amortization ($10,115,385.94)
  Net property and equipment $5,943,824.49

Other assets:
  Net deferred contract costs and commissions $386,210.01
  Settlement reserve deposits $76,098.85
  Cash surrender value of stockholder’s life insurance $57,268.75
  Deposits and other non-current assets $1,312.50
  Total other assets $520,890.11

TOTAL ASSETS $9,143,200.86

LIABILITIES AND STOCKHOLDER’S EQUITY

Current Liabilities:
  Working capital LOC and Current portion of equip loan $289,705.20
  Current portion of capitalized lease $140,346.96
  Accounts payable $2,274,756.35
  Accrued expenses and other liabilities $579,590.26
  Unearned revenues $1,118,153.79
  Total current liabilities $4,402,552.57

Long Term Liabilities:
  Long Term Notes Payable $669,406.15
  Long Term Capital Lease Payable $107,463.94
  Due to Stockholder $254,071.63
  Total long term liabilities $1,030,941.72

TOTAL LIABILITIES $5,433,494.29

Stockholders equity:
  Common stock; 100,000 share authorized; 10,000 shares issued and outstanding $22,500.00
  Retained earnings $3,687,206.57
  Total stockholder’s equity $3,709,706.57

TOTAL LIABILITIES AND STOCKHOLDER’S EQUITY $9,143,200.86
Pay Tel Communications Inc  
Income Statement  
For the Twelve Months Ending December 31, 2016  
UNAUDITED

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenues</td>
<td>$27,105,367.48</td>
</tr>
<tr>
<td>Cost of Revenues</td>
<td>(15,380,050.37)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>11,725,317.11</td>
</tr>
</tbody>
</table>

Selling, general and administrative expenses:
- Salaries and related expenses                      5,764,195.56
- Professional services                              1,227,762.57
- Depreciation and amortization                      838,159.36
- Rents, maintenance and utilities                   836,370.04
- Computer supplies and support                      488,598.20
- Travel                                              354,408.27
- Property taxes, licenses and insurance             340,144.82
- Florida sales and use tax                          (199,904.00)
- Telephone and broadband                            182,875.31
- Marketing                                           161,383.36
- Publications, postage and printing                 128,432.92
- Other                                               150,836.14
- Charitable contributions                           140,088.66
Total selling, general and administrative expenses   10,413,351.21

Gain / Loss from operations                          1,311,965.90
Other nonoperating expenses                           129,408.67
Net income (loss)                                     1,182,557.23

Retained earnings at beginning of year                2,697,383.19
Stockholder's distributions                           192,733.85
Retained earnings at end of period                    3,387,206.57