

NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
INTERNATIONAL CALLING SERVICES CORPORATION AND
POPE AND WALTERS, LLC
COMBINED BALANCE SHEETS
 December 31

Assets		
	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 245,267	\$ 411,148
Trade accounts receivable, (net of allowance of \$62,991 in 2017 and \$64,400 in 2016)	984,036	709,341
Prepaid expenses and other current assets	309,391	330,627
Deferred income taxes	<u>1,566</u>	<u>3,748</u>
Total Current Assets	<u>1,540,260</u>	<u>1,454,864</u>
Property, Plant, and Equipment:		
Plant in service	4,716,859	4,916,260
Less: Accumulated depreciation	<u>(2,491,001)</u>	<u>(2,964,064)</u>
Net Property, Plant, and Equipment	<u>2,225,858</u>	<u>1,952,196</u>
Noncurrent Assets:		
Intangibles, net of accumulated amortization	2,617,860	800,020
Other noncurrent assets	<u>27,333</u>	<u>1,024,470</u>
Total Noncurrent Assets	<u>2,645,193</u>	<u>1,824,490</u>
Total Assets	<u>\$ 6,411,311</u>	<u>\$ 5,231,550</u>

(The accompanying notes are an integral part of these combined financial statements.)

**NETWORK COMMUNICATIONS INTERNATIONAL CORPORATION
INTERNATIONAL CALLING SERVICES CORPORATION AND
POPE AND WALTERS, LLC
COMBINED BALANCE SHEETS
December 31**

Liabilities and Stockholders' and Members' Equity		
	<u>2017</u>	<u>2016</u>
Current Liabilities:		
Income taxes accrued	\$ 44,993	\$ 60,000
Current maturities of long-term debt	47,845	46,310
Current maturities under intangible agreements	510,516	90,498
Accounts payable	1,562,397	1,264,970
Accrued expenses	679,260	605,513
Deferred revenue	<u>644,195</u>	<u>523,884</u>
Total Current Liabilities	<u>3,489,206</u>	<u>2,591,175</u>
Noncurrent Liabilities:		
Deferred income taxes	11,634	24,052
Long-term debt	606,491	653,984
Obligations under intangible agreements	<u>979,447</u>	<u>660,641</u>
Total Noncurrent Liabilities	<u>1,597,572</u>	<u>1,338,677</u>
Stockholders' and Members' Equity:		
Common stock	11,800	11,800
Additional paid-in capital	414,754	414,754
Retained earnings/Members' equity	<u>897,979</u>	<u>875,144</u>
Total Stockholders' and Members' Equity	<u>1,324,533</u>	<u>1,301,698</u>
Total Liabilities and Stockholders' and Members' Equity	<u>\$ 6,411,311</u>	<u>\$ 5,231,550</u>

(The accompanying notes are an integral part of these combined financial statements.)

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

	<u>2017</u>	<u>2016</u>
Revenues:		
Telecommunication services	\$ 32,049,279	\$ 27,878,982
Other	8,045	11,891
Total Revenues	<u>32,057,324</u>	<u>27,890,873</u>
Expenses:		
Commissions expense	15,677,841	14,074,831
Origination fees	1,025,873	873,484
Operator costs	1,307,800	1,091,940
Facility costs	2,332,967	792,988
Billing and collection costs	845,789	837,009
Administrative salaries and benefits	7,082,886	6,700,813
Depreciation and amortization	633,660	283,167
Selling, general and administrative expenses	2,540,008	2,091,004
Total Expenses	<u>31,446,824</u>	<u>26,745,036</u>
Operating Income	<u>610,500</u>	<u>1,145,837</u>
Other Income (Expense):		
Interest expense	(66,076)	(74,541)
Other (expense) income	(4,296)	1,428
Total Other Expense	<u>(70,372)</u>	<u>(73,113)</u>
Income Before Income Taxes	540,128	1,072,724
Income Taxes	<u>(34,756)</u>	<u>(58,054)</u>
Net Income	<u>\$ 505,372</u>	<u>\$ 1,014,670</u>

(The accompanying notes are an integral part of these combined financial statements.)