

Fowler, Maxwell & Company, P.C.

CONFIDENTIAL
Preliminary

William S. Fowler, C.P.A.
Certified Public Accountant

F M & Co
Certified Public Accountants

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Saint Marys, GA 31558

William R. Maxwell, C.P.A.
Certified Public Accountant

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To the Board of Directors:
ATN, INC
913 DILWORTH ST
ST MARYS, GA 31558

Management is responsible for the accompanying financial statements of ATN, INC (a corporation), which comprise the statement of assets, liabilities and equity - tax basis as of December 31, 2017 and the related statement of revenues and expenses tax basis for the twelve months then ended, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The tax basis of accounting requires that the Company record a federal income tax provision. Management has informed us that the Company has not recorded such a provision. Management has not determined the effect of this departure on the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to ATN, INC.

Fowler, Maxwell & Company, P.C.

Fowler, Maxwell & Company, P. C.
March 13, 2018

MEMBERS

American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants

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ATN, INC
Statement of Assets, Liabilities, and Equity
Tax Basis
As of December 31, 2017

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Preliminary

ASSETS

CURRENT ASSETS

Cash in Bank - SE Bank-Savings	\$ 42,033.22
Cash in Bank - SE Checking 3186	37,792.87
Petty Cash	237.78
Acct Rec Debit Cards	35,865.72
Acc Rec Prepay Receipts CSA	221,243.59
Employee Advance	705.00
Prepaid Taxes	<u>17,315.00</u>

Total Current Assets 355,193.18

PROPERTY AND EQUIPMENT

Signs	1,165.46
Automobiles & Trucks	199,116.38
Machinery & Equipment	552,388.14
Machinery & Equipment- Kiosk	339,134.89
Furniture & Fixtures	26,789.84
Accumulated Depreciation	(1,015,439.97)
Accumulated Depreciation- Kiosk	<u>(85,283.00)</u>

Net Property and Equipment 17,871.74

OTHER ASSETS

Note Receivable- Customer Svc of America	292,127.54
Organizational Cost	1,000.00
Investment-CSA	<u>120,000.00</u>

Net Other Assets 413,127.54

TOTAL ASSETS \$ 786,192.46

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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 256,787.30
FICA W/H Payable	2,803.74
State W/H Payable	2,026.61
FUTA Payable	22.98
SUTA Payable	1.04
Insurance	3,079.08
SC- USF Contribution Collected	15,411.18
AL-Utility Gross Receipt Tax	1,707.67
Sales Tax Payable	7,496.00
Note Payable-Credit Cards	6,485.74
Note Payable- Wyman Westberry	59,230.77
Note Payable- SE Bank LOC	<u>53,072.15</u>
Total Current Liabilities	<u><u>408,124.26</u></u>

STOCKHOLDERS' EQUITY

Common Stock	500.00
Add'l Paid in Capital	500.00
Retained Earnings	1,102,421.24
Treasury Stock	(815,900.00)
Current Net Income(Loss)	<u>90,546.96</u>
Total Stockholders' Equity	<u><u>378,068.20</u></u>

**TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY**

\$ 786,192.46

ATN, INC
Statement of Revenues and Expenses
Tax Basis

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	12 Months Ended December 31, 2017	%
Revenues		
Fees	\$ 4,753,233.47	99.10 %
Commissions	15,321.29	0.32
Commissions- Kiosk	27,925.26	0.58
Inmate Commissary Calls	1,158.88	0.02
Discounts	(1,360.00)	(0.03)
Other Income	125.00	0.00
Total Revenues	4,796,403.90	100.00
Cost of Goods Sold		
Supplies	19,228.31	0.40
Commissions	2,756,738.20	57.48
Commissions- Kiosk	32,777.52	0.68
Independent Contractors	6,876.16	0.14
Telephone	337,834.98	7.04
Telephone- Kiosk	7,595.00	0.16
Platform Fees	661,497.68	13.79
Total Cost of Goods Sold	3,822,547.85	79.70
Total Gross Profit	973,856.05	20.30
Operating Expenses		
Advertising	22,322.75	0.47
Auto and Truck Expense	18,977.02	0.40
Contributions	1,200.00	0.03
Depreciation	8,031.00	0.17
Depreciation - Kiosk	4,161.00	0.09
Dues & Subscriptions	309.87	0.01
Entertainment & Meals	4,892.84	0.10
Equipment Rental	5,123.16	0.11
Insurance	59,086.09	1.23
Health Insurance	16,529.26	0.34
Interest	2,547.33	0.05
Interest- Kiosk	6.86	0.00
Contracted Professional Svc	3,522.50	0.07
Janitorial Expense	4,196.46	0.09
Legal & Accounting	60,308.43	1.26
Licenses & Fees	11,916.39	0.25
Employee Relations	1,368.78	0.03
Office Expense	24,351.97	0.51
Freight	4,438.92	0.09
Freight- Kiosk	22.50	0.00
Postage	(1.58)	0.00
Rent	13,800.00	0.29

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ATN, INC
Statement of Revenues and Expenses
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	12 Months Ended	%
	December 31, 2017	
Repairs & Maintenance	4,679.00	0.10
Penalties	35.60	0.00
Salaries & Wages	281,706.65	5.87
Salaries-Officer	166,289.58	3.47
Salaries - Officer Bonus	2,500.00	0.05
Supplies	645.76	0.01
Taxes - Property	1,190.79	0.02
Taxes - Payroll	33,212.37	0.69
Taxes - Other	83,957.78	1.75
Telephone	11,277.22	0.24
Travel	7,440.61	0.16
Utilities	23,142.90	0.48
Uniforms	478.89	0.01
Total Operating Expenses	883,668.70	18.42
Operating Income (Loss)	90,187.35	1.88
Other Income (Expense)		
Collection Tax Allowance	99.06	0.00
Interest Income	185.56	0.00
Miscellaneous	74.99	0.00
Total Other Income (Expense)	359.61	0.01
Net Income (Loss)	\$ 90,546.96	1.89 %

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