

Legacy Inmate Communications

Balance Sheet

December 2017

ASSETS

Current Assets		
PEB Savings	701,522.38	
PEB PAYROLL	(124,366.57)	
PEB Alternate Checking	166,339.33	
Wells Fargo Checking	2,856.96	
Wells Fargo Savings	877.40	
PEB General New	(188,006.91)	
Tax Compliance Account	50,444.48	
Infinity Advance	65,687.63	
Accounts Receivable	703,168.81	
BSG TA Reserve	77,434.65	
Prepaid Rent	20,802.75	
Equipment Financing Deposit	15,100.00	
Misc. Deposits	49,915.54	
TMI Regulatory Escrow Account	1,619.96	
TOTAL Current Assets		1,543,396.41
Fixed Assets		
LLDI/Prop., plant & equip, net		
LLDI/PP&E - Finance/Corp G&A	794,543.37	
Accum. Depr. - Fin./Corp. G&A	(394,741.26)	
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		399,802.11
Telecom Equip. Def. Chg., net		
Telecom Equipment - Inmate	1,400,843.92	
Accum. Amort. - Telecom Eq. Inmate	(709,772.79)	
iCon Software	1,527,645.00	
Accum. Amort. - iCon Software	(1,527,645.00)	
TOTAL Telecom Equip. Def. Chg., net		691,071.13
TOTAL Fixed Assets		1,090,873.24
TOTAL ASSETS		2,634,269.65

LIABILITIES

Current Liabilities		
Payables Commissions	665,291.05	
Payables Expenses	474,641.27	
Accrued Vacation	37,134.44	
Sales Tax Payable	93,572.00	
Loan Payable - BSG	110,111.64	
Federal Income Tax Payable	100,000.00	
TOTAL Current Liabilities		1,480,750.40

Long-Term Liabilities		
Deferred Rent	55,371.59	
TOTAL Long-Term Liabilities		55,371.59
TOTAL LIABILITIES		1,536,121.99
	CAPITAL	
Common Stock	3,911.56	
Retained earnings (accum def).	222,748.07	
Year-to-Date Earnings	871,488.03	
TOTAL CAPITAL		1,098,147.66
TOTAL LIABILITIES & CAPITAL		2,634,269.65

Legacy Inmate Communications
Income Statement
01/01/2017 to 12/31/2017

January 01, 2017
December 31, 2017

Income		
Service Revenues		
OSP - BSG LEC Billed	1,119,324.15	6.0 %
OSP - Long Distance Services	50,528.95	0.3 %
OSP - CLEC Dial Tone	136,812.92	0.7 %
Inmate - BSG Lec Billed	379,302.12	2.0 %
Inmate - Credit Card Collect	1,926,554.26	10.3 %
Billing Services	1,036,438.98	5.5 %
OSP - Cox Lec Billed	50,714.69	0.3 %
OSP Credit Card Collect	2,637,631.90	14.1 %
Inmate - Fees Billed	1,871,976.93	10.0 %
Inmate - Payment Kiosk	1,486,252.36	7.9 %
Inmate - Prepaid	5,113,242.38	27.3 %
Inmate - Debit	3,235,907.44	17.3 %
TOTAL Service Revenues	19,044,687.08	101.7 %
Rejects - Rev. 0+BSG	(160,497.03)	-0.9 %
Rejects - LD Service 0+ Cox	(7,342.52)	0.0 %
All Credit Card Charge Backs	(151,178.15)	-0.8 %
TOTAL Income	18,725,669.38	100.0 %
NET INCOME	18,725,669.38	100.0 %
Cost of Goods Sold		
Network operating expenses		
Level 3 - CIC Origination	19,052.81	0.1 %
AT&T - COPT Dial Tone Expense	134,361.73	0.7 %
Century Link-SIP Origination Termination	504,187.71	2.7 %
Network and Switch Expense	908.55	0.0 %
Directory Assitance	310.00	0.0 %
BC BETI - Validation	186,182.44	1.0 %
Inmate Facilities Technicians	331,949.21	1.8 %
Inmate Facilities Bandwidth	382,574.85	2.0 %
Impact (Excel) - Termination	57,189.14	0.3 %
Mobile Tablet Edovo Peering Connection	3,000.00	0.0 %
JMS Interface Cost	36,938.00	0.2 %
Bad Debt Expense	7,120.80	0.0 %
SMS / 800	1,435.44	0.0 %
TOTAL Network Operating Expense	1,665,210.68	8.9 %
BSG		

January 01, 2017
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BSG Short-term Dilution	304,785.25	1.6 %
BSG True-up	16,029.19	0.1 %
BSG Bill Fees	47,098.58	0.3 %
BSG Inquiry Fees	3,067.53	0.0 %
BSG LEC Fees	302,637.84	1.6 %
BSG Bad Debt	41,038.42	0.2 %
BSG Finance Chg	14,903.65	0.1 %
BSG Customer Credits	29,078.90	0.2 %
TOTAL BSG Billing Expenses	758,639.36	4.1 %
Credit Card Fees - OSP	384,663.68	2.1 %
Credit Card Fees - Inmate	537,644.91	2.9 %
Credit Card Chargeback Fine	30,800.00	0.2 %
Lec Fees - Cox	5,605.50	0.0 %
Trinity Commissary Processing Fee	37,727.77	0.2 %
Fresno Technology Grant	42,411.60	0.2 %
JMS Integration	6,937.50	0.0 %
Edovo Mobile Tablets	93,243.18	0.5 %
OSP Commission Expense	2,585,699.20	13.8 %
Inmate Facility Commissions	6,201,159.91	33.1 %
Patent Royalty Expense	96,939.30	0.5 %
Customer Operations Expenses		
Salaries Client Relations	130,124.88	0.7 %
Medical Insurance Client Relations	16,181.37	0.1 %
Employ. Incent./Bonuses Client Relatio	100.00	0.0 %
Employ. Incent./Bonuses Client Relations	1,950.00	0.0 %
Other facilities/office Client Relations	1,406.89	0.0 %
Other Facilities/Office Client Relations	740.90	0.0 %
Postage / Shipping Client Relations	(160.00)	0.0 %
Travel / Lodging Client Relations	2,893.42	0.0 %
Meals and entertainment Client Relations	47.53	0.0 %
Meals and Entertainment Client Relations	617.56	0.0 %
Regulatory Fees	175,586.59	0.9 %
Dues and Subscriptions	55.00	0.0 %
TOTAL Operations Expenses	329,544.14	1.8 %
TOTAL Cost of Goods Sold	12,776,226.73	68.2 %
GROSS PROFIT	5,949,442.65	31.8 %
Expenses		
Operations expenses		
Salaries - Operations	168,344.61	0.9 %
Salaries Operator Center	512,994.30	2.7 %
Salaries Customer Service	142,227.08	0.8 %
Medical Insurance Operations	18,898.28	0.1 %
Medical Insurance Op Center	17,996.74	0.1 %

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Medical Insurance Customer Service	16,493.14	0.1 %
Employ. Incent. / Bonus Operations	6,225.00	0.0 %
Employ. Incent. / Bonus OP Center	10,375.00	0.1 %
Employ. Incent. / Bonus Customer Service	1,550.00	0.0 %
Other facilities/office Op Center	1,242.57	0.0 %
Equipment Operations	2,395.65	0.0 %
Express Shipping Operations	405.15	0.0 %
Express Shipping Op Center	52.48	0.0 %
Express Shipping Customer Service	17.49	0.0 %
Travel / lodging Op Center	3,927.90	0.0 %
Meals and Entertainment Op Center	3,713.67	0.0 %
Dues and subscriptions Op Center	90.00	0.0 %
TOTAL Operations expenses	906,949.06	4.8 %
Business Development/Services Expenses		
Salaries Business Services	197,645.94	1.1 %
Salaries Business Development	271,103.51	1.4 %
Medical Insurance Business Services	24,092.81	0.1 %
Medical Insurance Business Development	24,317.21	0.1 %
Employ. Incent. / Bonuses Business Serv.	64,721.63	0.3 %
Employ. Incent. / Bonuses Business Dev.	4,050.00	0.0 %
Severance / Business Services	62,000.00	0.3 %
Telephone/utilities Business Development	1,772.47	0.0 %
Other facilities/office Business Service	11,867.19	0.1 %
Other facilities/office Business Dev.	17,684.25	0.1 %
Equipment Business Services	9,902.42	0.1 %
Postage/shipping Business Development	1,156.25	0.0 %
Express Shipping Business Services	5,622.18	0.0 %
Express Shipping Business Development	5,802.13	0.0 %
Travel / lodging Business Services	59,852.61	0.3 %
Travel / lodging Business Development	8,709.39	0.0 %
Meals and entertainment Business Service	8,483.65	0.0 %
Meals and entertainment Business Dev.	5,437.84	0.0 %
Advertising Business Services	300.00	0.0 %
Dues and subscriptions Business Services	9,168.08	0.0 %
Dues and subscriptions Business Dev.	15,227.21	0.1 %
Trade Shows Business Development	7,419.22	0.0 %
TOTAL Business Services/Development Expenses	816,335.99	4.4 %
IT Expenses		
Salaries IT	465,000.00	2.5 %
Medical Insurance IT	40,923.02	0.2 %
Employ. Incent. / Bonus IT	10,325.00	0.1 %
Other facilities/office IT	73,669.50	0.4 %
Express Shipping IT	856.00	0.0 %
Travel / lodging IT	1,333.53	0.0 %
Meals and entertainment IT	215.51	0.0 %

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Dues and subscriptions IT	10,649.77	0.1 %
Test Calls IT	2,373.87	0.0 %
TOTAL IT Expenses	605,346.20	3.2 %
Network Maintenance		
Salaries Network Maintenance	531,632.21	2.8 %
Medical Insurance Network Maintenance	51,350.29	0.3 %
Employ. Incent. / Bonus Network Maintena	10,950.00	0.1 %
Legacy Cell Phones	19,452.95	0.1 %
Other facilities/office Network Maintena	236,293.49	1.3 %
Equipment Maint. Network Maintenance	284.09	0.0 %
Travel Network Maintenance	53,756.94	0.3 %
Telephone/Utilities Network Maintenance	27,076.20	0.1 %
Postage/shipping Network Maintenance	98.78	0.0 %
Express Shipping Network Maintenance	54,367.44	0.3 %
Travel / Lodging Network Maintenance	6,267.81	0.0 %
Meals and Entertainment Network	8,124.31	0.0 %
TOTAL Network Maintenance	999,654.51	5.3 %
General and Administrative		
Salaries - Executive Operations	197,800.08	1.1 %
Salaries - Finance	227,255.78	1.2 %
Medical Insurance Executive Operations	9,561.93	0.1 %
Medical Insurance Finance	19,043.48	0.1 %
Bonuses - Executive Operations	11,000.00	0.1 %
Bonuses - Finance	3,700.00	0.0 %
Employer payroll taxes - ALL	243,686.73	1.3 %
Accrued Vacation Expenses	(8,586.67)	0.0 %
401K Expense	25,215.31	0.1 %
Charitable Contributions	1,100.00	0.0 %
Rent - Corp. G&A	237,604.24	1.3 %
Tele. / utilities - Finance	22,341.83	0.1 %
Other facilities/office - Executive Oper	9,719.20	0.1 %
Other facilities/office - Finance	27,534.43	0.1 %
Equipment Corp G&A	3,377.99	0.0 %
Postage / shipping - Finance	4,052.74	0.0 %
Express Shipping Executive Operations	358.52	0.0 %
Express Shipping Finance	5,879.24	0.0 %
Travel / lodging - Executive Operations	17,503.80	0.1 %
Meals and entertain Executive Operations	5,567.85	0.0 %
Meals and entertain. - Finance	1,768.91	0.0 %
Insurance - Bonds	49,968.43	0.3 %
Corporate Legal Services	28,442.23	0.2 %
Accounting and auditing	14,000.00	0.1 %
Bank/ADP expense	16,261.03	0.1 %
TMI - Regulatory Compliance	143,346.99	0.8 %
Annual Regulatory Membership	8,000.00	0.0 %

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Dues and subscriptions Executive	1,600.00	0.0 %
Dues and subscrip. - Finance	3,574.45	0.0 %
Business License & Registration	283.50	0.0 %
Property Taxes	10,251.16	0.1 %
Sales Taxes	93,572.00	0.5 %
Misc. exp. - Finance	648.56	0.0 %
TOTAL General and Admin	1,435,433.74	7.7 %
Depreciation and Amortization	211,475.71	1.1 %
TOTAL Expenses	4,975,195.21	26.6 %
OPERATING PROFIT	974,247.44	5.2 %
Other Income & Expenses		
Interest expense	(3,874.09)	0.0 %
Interest income	1,114.68	0.0 %
TOTAL Other Income & Expenses	(2,759.41)	0.0 %
PROFIT BEFORE TAXES	971,488.03	5.2 %
Provisions for Taxes		
Federal income tax provision	100,000.00	0.5 %
TOTAL Provisions for Taxes	100,000.00	0.5 %
NET PROFIT	871,488.03	4.7 %