



DEPOSIT

ORIGINAL

D 6 2 4

SEP 30 1997

Orlando Telephone Company, Inc.

Orlando Office • 4558 S.W. 35th Street • Suite 100 • Orlando, Florida 32811 • (407) 996-8900 • Fax (407) 996-8901

911265-TI

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Fl. 32399-0850

September 26, 1996

Re: Application for Authority to provide Interexchange Telecommunication Service within the State of Florida by Orlando Telephone Company.

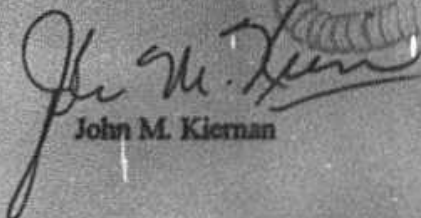
Dear Sir/Madam,

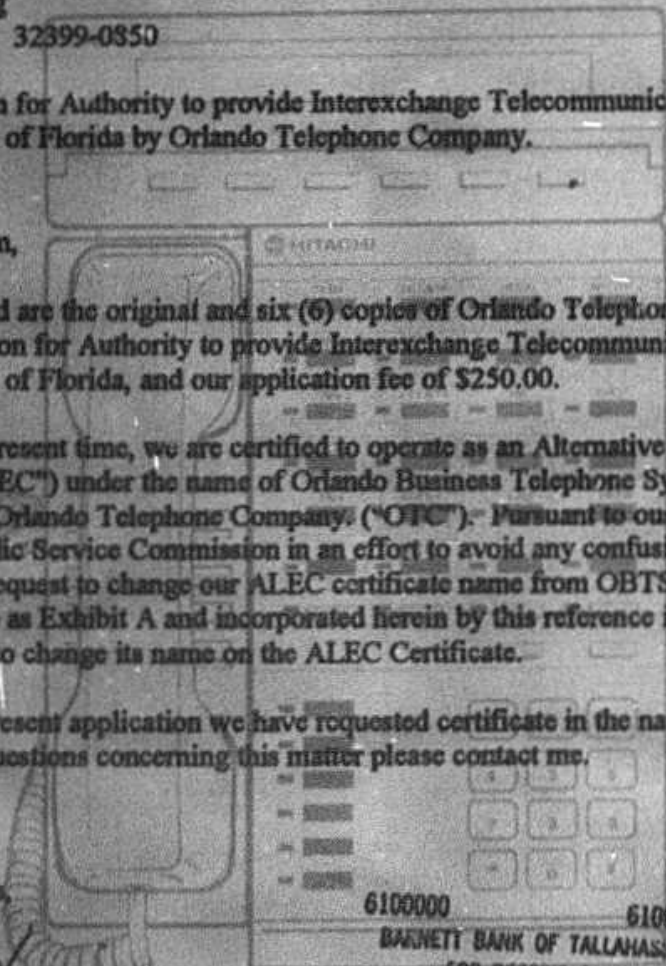
Enclosed are the original and six (6) copies of Orlando Telephone Company, Inc.'s Application for Authority to provide Interexchange Telecommunication Service within the State of Florida, and our application fee of \$250.00.

At the present time, we are certified to operate as an Alternative Local Exchange Company ("ALEC") under the name of Orlando Business Telephone System, Inc. ("OBTS") dba Orlando Telephone Company. ("OTC"). Pursuant to our discussions with the Florida Public Service Commission in an effort to avoid any confusion, we have submitted our request to change our ALEC certificate name from OBTS to OTC. Attached hereto as Exhibit A and incorporated herein by this reference is a copy of OTC's request to change its name on the ALEC Certificate.

In the present application we have requested certificate in the name of OTC. If you have any questions concerning this matter please contact me.

Very truly yours,


John M. Kiernan



97 SEP 30 11:32
MAIL ROOM
PUBLIC SERVICE COMMISSION

6100000 6100000
BARNETT BANK OF TALLAHASSEE
FOR DEPOSIT ONLY
PUBLIC SERVICE COMMISSION #6100000
FLORIDA STATE TREASURY
CONCENTRATION ACCOUNT #1000004448
6100000
DOCUMENT NUMBER-DATE
10037 SEP 30 96
FPSC-RECORDS/REPORTING



Orlando Telephone Company, Inc.

Orlando Office • 4558 S.W. 35th Street • Suite 100 • Orlando, Florida 32811 • (407) 996-8900 • Fax (407) 996-8901

Florida Public Service Commission
Division of Records and Reports
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Name change certificate to operate Alternative Local Exchange Telecommunication Company (ALEC).

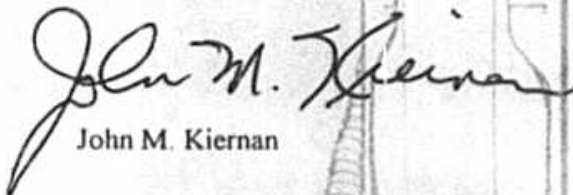
Dear Sirs/Madam,

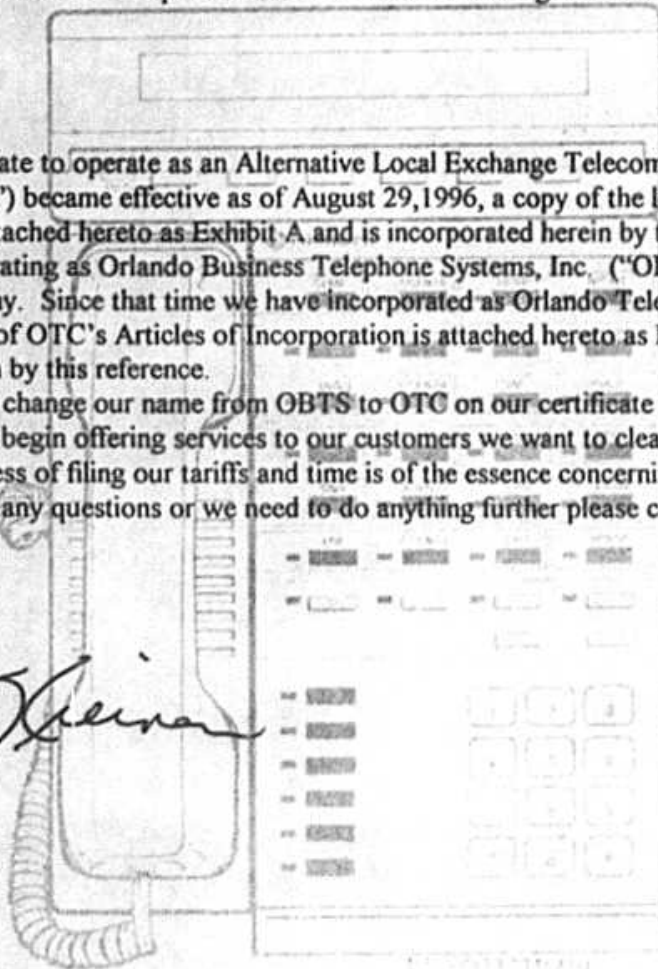
Our certificate to operate as an Alternative Local Exchange Telecommunications Company ("ALEC") became effective as of August 29, 1996, a copy of the letter informing us of our certificate is attached hereto as Exhibit A and is incorporated herein by this reference. At the time, we were operating as Orlando Business Telephone Systems, Inc. ("OBTS") dba Orlando Telephone Company. Since that time we have incorporated as Orlando Telephone Company ("OTC"). A copy of OTC's Articles of Incorporation is attached hereto as Exhibit B and is incorporated herein by this reference.

We wish to change our name from OBTS to OTC on our certificate to operate as an ALEC. Before we begin offering services to our customers we want to clear up any confusion. We are in the process of filing our tariffs and time is of the essence concerning this matter.

If you have any questions or we need to do anything further please contact me.

Very Truly yours,


John M. Kiernan



57 SEP 30 AM 11:32

RECEIVED

State of Florida

Commissioners:

JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
LIANE K. KIESLING



DIVISION OF COMMUNICATIONS
WALTER D'HAESELEER
DIRECTOR
(904) 413-6600

Public Service Commission

April 8, 1997

Mr. Herb Bornack
Orlando Business Telephone Systems, Inc.
4558 S.W. 35th Street, Suite 300
Orlando, FL 32811

RE: Authority Number T-96-440

Dear Mr. Bornack:

Since no protest was received by the close of August 28, 1996, your certificate to operate as an alternative local exchange telecommunications company (ALXC) became effective August 29, 1996, in Docket Number 960635-TX, Order Number PSC-96-1020-FOF-TX.

If you intend to offer basic local service per 364.02 (2), Florida Statutes, a price list must be submitted to the Commission at least one day prior to offering service. If you have any questions, please call Jim Strong at 904/413-6530.

Sincerely,

A handwritten signature in cursive script that reads "Ann Shelfer".

Ann Shelfer
Supervisor
End User Services

cc: AHS/tew

“
EXHIBIT A.
”

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of ORLANDO TELEPHONE COMPANY, a Florida corporation, filed on March 17, 1997, as shown by the records of this office.

The document number of this corporation is P97000025364.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capitol, this the
Twenty-first day of March, 1997



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

"EXHIBIT B"

10037-97
DOCUMENT NUMBER-DATE

DOCUMENT NUMBER-DATE

FPSC-RECORDS/REPORTING

FPSC-RECORDS/REPORTING

**** FLORIDA PUBLIC SERVICE COMMISSION ***

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

- E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

1. Select what type of business your company will be conducting (check all that apply):

- Facilities based carrier - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

2. This is an application for (check one):

- Original Authority (New company).
- Approval of Transfer (To another certificated company).
- Approval of Assignment of existing certificate (To an uncertificated company).
- Approval for transfer of control (To another certificated company).

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

Orlando Telephone Company, Inc.

4. Name under which the applicant will do business (fictitious name, etc.):

Orlando Telephone Company, Inc. Parent Co. Orlando Business Telephone Systems, Inc.

5. National address (including street name & number, post office box, city, state and zip code).

6. Florida address (including street name & number, post office box, city, state and zip code):

4558 S.W. 35th Street, Suite 100
Orlando, FL 32811

7. Structure of organization;

- Individual
- Foreign Corporation
- General Partnership
- Other, _____
- Corporation
- Foreign Partnership
- Limited Partnership

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

(a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169 FS), if applicable.

N/A

(b) Indicate if the individual or any of the partners have previously been:

N/A

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No

9. If incorporated, please give:

(a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida. Copy of Articles of Incorporation attached as Exhibit A.

Corporate charter number: 997000025364

(b) Name and address of the company's Florida registered agent. Herbert H. Bornack
4558 S.W. 35th Street, Suite 100
Orlando, Fl. 32811

(c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: N/A

(c) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

- (a) The application; Herbert H. Bornack
4558 S.W. 35th Street, Suite 100
Orlando, FL 32811
(407)843-9000
- (b) Official Point of Contact for the ongoing operations of the company;
Herbert H. Bornack
4558 S.W. 35th St., Suite 100
Orlando, FL 32811
(407)843-9000
- (c) Tariff;

Steve Argalas

- (d) Complaints/Inquiries from customers;
Herbert H. Bornack or Jerry Locke

11. List the states in which the applicant:

- (a) Has operated as an interexchange carrier.
None
- (b) Has applications pending to be certificated as an interexchange carrier.
N/A
- (c) Is certificated to operate as an interexchange carrier.
N/A
- (d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.
N/A
- (e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.
N/A
- (f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

N/A

12. What services will the applicant offer to other certificated telephone companies:

- Facilities. Operators.
 Billing and Collection. Sales.
 Maintenance.
 Other: None at this time other than interconnection

13. Do you have a marketing program?

Yes in house

14. Will your marketing program:

- Pay commissions?
 Offer sales franchises?
 Offer multi-level sales incentives?
 Offer other sales incentives?

15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).

16. Who will receive the bills for your service (Check all that apply)?

- Residential customers. Business customers.
 PATS providers. PATS station end-users.
 Hotels & motels. Hotel & motel guests.
 Universities. Univ. dormitory residents.
 Other: (specify) _____

17. Please provide the following (if applicable):

- (a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Yes

- (b) Name and address of the firm who will bill for your service.

Oriando Telephone Company, Inc.
4558 S.W. 35th Street, Suite 100
Orlando, Fl. 32811

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet
2. income statement
3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

Attached are the Financial Statements that were previously approved with our application for certification as an Alternative Local Exchange Carrier ("ALEC").

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability. Herbert H. Bornack 32 years with Bell Operating Company; Early retirement as Business Manager Sandlake District over installation and repair. See Attached #18B.

C. Technical capability.
Cable Splicer, Lineman, Switchman in C.O., wireman, installer-Business and PBK.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

20. The applicant will provide the following interexchange carrier services (Check all that apply):

MTS with distance sensitive per minute rates
 Method of access is FGA
 Method of access is FGB
 Method of access is FGD
 Method of access is 800

MTS with route specific rates per minute
 Method of access is FGA
 Method of access is FGB
 Method of access is FGD
 Method of access is 800

MTS with statewide flat rates per minute (i.e. not distance sensitive)

Method of access is FGA
 Method of access is FGB
 Method of access is FGD
 Method of access is 800

MTS for pay telephone service providers

Block-of-time calling plan (Reach out Florida, Ring America, etc.).

800 Service (Toll free)

WATS type service (Bulk or volume discount)
 Method of access is via dedicated facilities
 Method of access is via switched facilities

Private Line services (Channel Services)
(For ex. 1.544 mbs., DS-3, etc.)

Travel Service
 Method of access is 950
 Method of access is 800

900 service

Operator Services
 Available to presubscribed customers
 Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals.
 Available to inmates

Services included are:

Station assistance
 Person to Person assistance
 Directory assistance
 Operator verify and interrupt
 Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above). 1+ or 0+

22. Other:

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.
Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL:

H. Bomack
Signature

9-26-97
Date

CEO
Title

1-407-843-9000
Telephone No. Ext 100

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

I, (TYPE NAME) _____ NA _____,
(TITLE) _____, of (NAME OF COMPANY)
_____, and current
holder of certificate number _____, have reviewed
this application and join in the petitioner's request for a
transfer of the above-mention certificate.

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL:

H. Bosmark
Signature

9-26-97
Date

CEO

Title

1-407 843-9000 Ext 102
Telephone No.

**** APPENDIX C ****

INTRASTATE NETWORK

1. **POP:** Addresses where located, and indicate if owned or leased.

1) 4558 S.W. 35th Street 2)
Suite 100
Orlando, Fl. 32811
Owned

3) 4)

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

1) 4558 S.W. 35th Street 2)
Suite 100
Orlando, Fl. 32811
Owned

3) 4)

3. **TRANSMISSION FACILITIES:** Pop-to-Pop facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

1) POP-to-POP TYPE OWNERSHIP

2)

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).

407-996

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).

We are providing trunk groups to Southern Bell Access Tandems and Sprint United Access Tandems to handle the originating and terminating of calls within the LATA and for interconnection to all other IXC's. We are also providing trunk groups to E 911 and Local Operator Services.

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has () or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

- a) What services have been provided and when did these services begin?
- b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

H. Boman
Signature

9-26-97
Date

C.B.O.
Title

1-407843-9000 Ext 102
Telephone No.

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate. Orlando

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

**** FLORIDA EAS FOR MAJOR EXCHANGES ****

<u>Extended Service Area</u>	<u>with</u>	<u>These Exchanges</u>
PENSACOLA:		Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:		Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:		Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:		Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg Orange Park, Ponte Vedra and Julington.
GAINESVILLE:		Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:		Belleview, Citra, Dunnellon,

Forest Lady Lake (B21),
McIntosh, Oklawaha,
Orange Springs, Salt Springs and
Silver Springs Shores.

DAYTONA BEACH:

New Smyrna Beach.

TAMPA:

Central	None
East	Plant City
North	Zephyrhills
South	Palmetto
West	Clearwater

CLEARWATER:

St. Petersburg, Tampa-West and
Tarpon Springs.

ST. PETERSBURG:

Clearwater.

LAKELAND:

Bartow, Mulberry, Plant City,
Polk City and Winter Haven.

ORLANDO:

Apopka, East Orange, Lake Buena
Vista, Oviedo, Windermere,
Winter Garden,
Winter Park, Montverde, Reedy
Creek, and Oviedo-Winter
Springs.

WINTER PARK: Apopka, East Orange, Lake Buena Vista,
Orlando, Oviedo, Sanford, Windermere,
Winter Garden, Oviedo-Winter Springs
Reedy Creek, Geneva and Montverde.

TITUSVILLE:

Cocoa and Cocoa Beach.

COCOA:

Cocoa Beach, Eau Gallie,
Melbourne and Titusville.

MELBOURNE:

Cocoa, Cocoa Beach, Eau Gallie
and Sebastian.

SARASOTA:

Bradenton, Myakka and Venice.

FT. MYERS:

Cape Coral, Ft. Myers Beach, North Cape
Coral, North Ft. Myers, Pine Island, Lehigh
Acres and Sanibel-Captiva Islands.

NAPLES:

Marco Island and North Naples.

WEST PALM BEACH:

Boynton Beach and Jupiter.

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-
24.480(2).

#18B. In 1982, started Orlando BusinessTelephone Systems, Inc. In 1995, grossed \$13 million. OBTS has 85 employees. In 1996 started Orlando Telephone Company, Inc.

FILED
27 MAR 17 11:12:01
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
ORLANDO TELEPHONE COMPANY

The undersigned incorporator, for the purpose of forming a corporation under the Florida Business Corporation Act, hereby adopts the following Articles of Incorporation:

ARTICLE I -- NAME

The name of the corporation shall be ORLANDO TELEPHONE COMPANY.

ARTICLE II -- NATURE OF BUSINESS

1. The general nature of the business of the corporation shall be telecommunication service and supplies and any other lawful business.
2. This corporation may engage in any activity or business permitted under the laws of the United States and of the State of Florida.

ARTICLE III -- PRINCIPAL OFFICE AND MAILING ADDRESS

1. The principal place of business shall be 4558 S.W. 35TH STREET, SUITE 100, ORLANDO FL 32811.
2. The mailing address of this corporation shall be 4558 S.W. 35TH STREET, SUITE 100, ORLANDO FL 32811.

ARTICLE IV -- SHARES

The number of shares of stock that this corporation is authorized to have outstanding at any one time is 1000 with a par value of \$1.00.

ARTICLE V -- INITIAL REGISTERED AGENT AND ADDRESS

The name and address of the initial registered agent is HERBERT H. BORNACK, 4558 S.W. 35TH STREET, SUITE 100, ORLANDO FL 32811.

ARTICLE VI -- DIRECTORS

The business of the corporation shall be conducted by a Board of Directors consisting of not less than one (1) director. The name and address of the director is:

HERBERT H. BORNACK
4558 S.W. 35TH STREET, SUITE 100
ORLANDO FL 32811

11
EXHIBIT A

ARTICLE VII -- INCORPORATORS

The name and address of the incorporator is:

HERBERT H. BORNACK
4558 S.W. 35TH STREET, SUITE 100
ORLANDO FL 32811

ARTICLE VIII -- SHAREHOLDERS

The shareholders of this corporation shall have a pre-emptive right to acquire unissued or treasury shares of the corporate convertible into or carrying a right to subscribe to or acquire shares as issued by the corporation.

The undersigned have executed these Articles of Incorporation this 14 day of MARCH, 1997.


HERBERT H. BORNACK

CERTIFICATE OF DESIGNATION OF REGISTERED AGENT/REGISTERED OFFICE

Pursuant to the provisions of Section 607.0501, Florida Statutes, the undersigned corporation, organized under the laws of the State of Florida, submits the following statement in designating the registered office/registered agent, in the State of Florida.

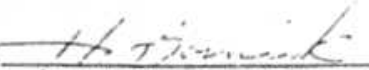
1. The name of the corporation is ORLANDO TELEPHONE COMPANY.
2. The name and address of the registered agent and office is:

HERBERT H. BORNACK
4558 S.W. 35TH STREET, SUITE 100
ORLANDO FL 32811

FILED
MAR 17 11:12:01
TALLAHASSEE, FLORIDA

HAVING BEEN NAMED AS REGISTERED AGENT AND TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY ACCEPT THE APPOINTMENT AS REGISTERED AGENT AND AGREE TO ACT IN THIS CAPACITY. I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATING TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES, AND I AM FAMILIAR WITH AND ACCEPT THE OBLIGATIONS OF MY POSITION AS REGISTERED AGENT.

DATE: 3/14/97, 1997

By 
HERBERT H. BORNACK
Registered Agent

ORLANDO BUSINESS
TELEPHONE SYSTEMS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1993

Brewer, Beemer, Kuehnhackl & Koon, P.A.
Certified Public Accountants

Kenneth E. Brewer, Jr.
Bradford S. Beemer
Kurt R. Kuehnhackl
David A. Koon

14 E. Washington Street
Suite 400
Orlando, FL 32801
Telephone: 407/649-7923
FAX: 407/649-7928

To the Stockholder of
Orlando Business Telephone Systems, Inc.

We have reviewed the accompanying balance sheets of Orlando Business Telephone Systems, Inc. as of December 31, 1994 and 1993, and the related statements of income, stockholder's equity and cash flows for the year ended December 31, 1994 and eight months ended December 31, 1993, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Orlando Business Telephone Systems, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for income taxes effective May 1, 1993.

Brewer, Beemer, Kuehnhackl & Koon

April 19, 1995

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

BALANCE SHEETS

	<u>December 31,</u>	
	<u>1994</u>	<u>1993</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 4,609	\$ 69,733
Accounts receivable	2,122,381	1,000,720
Costs and estimated earnings in excess of billings on uncompleted contracts	982,355	266,400
Materials and equipment inventory	40,951	52,123
Current portion of net investment in sales-type leases	189,980	177,368
Due from affiliated company	-	41,110
Other current assets	9,896	45,306
Total current assets	3,350,172	1,652,760
Property and equipment, net	176,977	165,369
Net investment in sales-type leases, less current portion	36,625	168,599
Other assets	6,300	11,300
Total assets	\$ 3,570,074	\$ 1,998,028
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,305,846	\$ 845,425
Current portion of notes payable	42,436	36,160
Bank line of credit payable	420,000	-
Income taxes payable	123,618	-
Due to affiliated company	46,175	-
Deferred income taxes	-	155,314
Total current liabilities	1,938,075	1,036,899
Advances from stockholder	271,791	271,791
Notes payable, less current portion	58,473	47,997
Total liabilities	2,268,339	1,356,687
Stockholder's equity:		
Common stock, \$.10 par value, 10,000 shares authorized, issued and outstanding	1,000	1,000
Retained earnings	1,300,735	640,341
Total stockholder's equity	1,301,735	641,341
	\$ 3,570,074	\$ 1,998,028

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF INCOME

	<u>Year Ended December 31, 1994</u>	<u>Eight Months Ended December 31, 1993</u>
Revenues earned:		
Equipment sales and installation	\$ 7,982,496	\$ 1,858,755
Service income	903,039	513,951
Maintenance contract income	433,581	405,683
Interest income	28,917	24,426
Other income	26,033	17,109
	<u>9,374,066</u>	<u>2,819,924</u>
Costs and expenses:		
Cost of equipment sold	5,037,824	1,517,683
Payroll, related taxes and employee benefits	2,767,547	708,549
Office supplies and operating costs	219,591	102,265
Depreciation and amortization	83,586	95,173
Rent	78,068	57,350
Vehicle operating costs	82,127	33,202
Sales commissions	50,161	21,347
Other	263,908	129,069
	<u>8,582,812</u>	<u>2,664,638</u>
Income before cumulative effect of change in accounting principle	791,254	155,286
Cumulative effect of change in accounting principle	-	(15,883)
Net income	<u>\$ 791,254</u>	<u>\$ 139,403</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1994
AND EIGHT MONTHS ENDED DECEMBER 31, 1993

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, April 30, 1993	\$ 1,000	\$ 500,938	\$ 501,938
Net income	<u>-</u>	<u>139,403</u>	<u>139,403</u>
Balance, December 31, 1993	1,000	640,341	641,341
Dividends paid	-	(130,860)	(130,860)
Net income	<u>-</u>	<u>791,254</u>	<u>791,254</u>
Balance, December 31, 1994	<u>\$ 1,000</u>	<u>\$ 1,300,735</u>	<u>\$ 1,301,735</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31, 1994</u>	<u>Eight Months Ended December 31, 1993</u>
Cash flows from operating activities:		
Net income	\$ 791,254	\$ 139,403
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	83,586	95,173
Changes in assets and liabilities:		
Increase in accounts receivable	(1,121,661)	(689,673)
Increase in costs and estimated earnings in excess of billings	(715,955)	(266,400)
Decrease (increase) in inventory	11,172	(766)
Decrease in net investment in sales-type leases	119,362	67,849
Decrease (increase) in other current assets	35,410	(43,993)
Increase in other assets	-	(100)
Increase in accounts payable and accrued liabilities	460,421	524,355
Decrease in sales taxes payable	-	(23,617)
Decrease in deferred income tax liabilities	(155,314)	(52,223)
Increase (decrease) in income taxes payable	<u>123,618</u>	<u>(1,792)</u>
Net cash used for operating activities	<u>(368,107)</u>	<u>(251,784)</u>
Cash flows from investing activities:		
Capital expenditures, net of minor retirements	(90,194)	(46,179)
Net repayments from affiliated company	<u>41,110</u>	<u>23,024</u>
Net cash used for investing activities	<u>(49,084)</u>	<u>(23,155)</u>
Cash flows from financing activities:		
Proceeds from notes payable	73,380	40,604
Repayment of principal on notes payable	(56,628)	(20,590)
Net advances from affiliated company	46,175	-
Proceeds of stockholder advances	-	271,791
Borrowings under line of credit arrangement	420,000	-
Dividends paid	<u>(130,860)</u>	<u>-</u>
Net cash provided by financing activities	<u>352,067</u>	<u>291,805</u>
Net (decrease) increase in cash	(65,124)	16,865
Cash at beginning of period	<u>69,733</u>	<u>52,867</u>
Cash at end of period	<u>\$ 4,609</u>	<u>\$ 69,733</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1994
AND EIGHT MONTHS ENDED DECEMBER 31, 1993

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Orlando Business Telephone Systems, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business activity and fiscal year end

The Company engages in the sale or lease of telephone equipment to certain governmental entities and commercial customers. The Company also performs installation, maintenance and repair service on such equipment.

During the eight months ended December 31, 1993, the Company entered into three contracts with the United States Department of Veteran's Affairs ("V.A."). Under these long-term contracts, the Company will sell and install telephone systems in various V.A. hospitals located in the states of Pennsylvania, Michigan and New York.

A substantial portion of the Company's commercial customers are businesses located in the state of Florida.

In connection with the income tax election discussed below, the Company changed its fiscal year end from April 30 to December 31.

Revenue and cost recognition

The Company accounts for its long-term V.A. contracts using the percentage of completion method. Percentage of completion is determined monthly and calculated as total contract costs incurred to date divided by current estimates of total contract costs. The resulting percentage is applied to the total contract price to determine the amount of earned revenue.

See accountants' review report.

Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements that result in revisions to contract price or costs, are recognized in the period in which the changes occur.

Inventories

Inventories consist of telephone equipment and related materials and are stated at the lower of cost (determined on a first-in, first-out basis) or market value.

Leasing arrangements

The Company leases telephone equipment under sales-type lease agreements that expire over the next four years.

Property and equipment

Property and equipment are carried at cost and are depreciated using accelerated methods over their useful lives which range from five to fifteen years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Amortization of goodwill

Goodwill (included in other assets) arising from the excess cost over fair value of net assets acquired is being amortized over a ten-year period on a straight-line basis.

Income taxes

Effective May 1, 1993, the Company elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no expense or benefit for federal income taxes has been included in the accompanying December 31, 1994 and 1993 financial statements.

Effective May 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"), which requires the use of the liability method of accounting for deferred income taxes. The primary temporary difference which gives rise to taxes payable and the deferred tax liability relates to the built-in gain associated with the change from the cash to accrual method for tax reporting purposes.

The cumulative effect of adoption of SFAS 109 was a \$15,000 increase in net deferred tax liabilities at May 1, 1993.

NOTE 2 - COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON UNCOMPLETED CONTRACTS:

Costs and estimated earnings in excess of billings on uncompleted contracts with the V.A. consist of the following:

	<u>December 31,</u>	
	<u>1994</u>	<u>1993</u>
Costs incurred on uncompleted contracts	\$ 5,150,650	\$ 887,666
Estimated profit	<u>497,360</u>	<u>105,467</u>
	5,648,010	993,133
Less amounts billed	<u>(4,665,655)</u>	<u>(726,733)</u>
	<u>\$ 982,355</u>	<u>\$ 266,400</u>

NOTE 3 - NET INVESTMENT IN SALES-TYPE LEASES:

The components of the Company's net investment in sales-type leases are as follows:

	<u>December 31,</u>	
	<u>1994</u>	<u>1993</u>
Total minimum lease payments to be received	\$ 254,655	\$ 402,173
Less amounts representing interest	<u>(28,050)</u>	<u>(56,206)</u>
	<u>\$ 226,605</u>	<u>\$ 345,967</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	<u>December 31,</u>	
	<u>1994</u>	<u>1993</u>
Vehicles	\$ 399,368	\$ 325,986
Furniture and equipment	154,369	137,557
Leasehold improvements	60,000	60,000
	<u>613,737</u>	<u>523,543</u>
Less accumulated depreciation	<u>(436,760)</u>	<u>(358,174)</u>
	<u>\$ 176,977</u>	<u>\$ 165,369</u>

Depreciation expense related to property and equipment totalled \$78,586 and \$90,173 for the year ended December 31, 1994, and eight months ended December 31, 1993, respectively.

NOTE 5 - NOTES PAYABLE:

The Company is indebted under various installment notes which are collateralized by vehicles. The notes require monthly payments including interest at rates ranging from 7.25% to 10.7% and mature at various dates through 1998.

Scheduled repayments of these notes are as follows:

<u>Fiscal year</u> <u>ending December 31,</u>	<u>Amount</u>
1995	\$ 42,436
1996	31,821
1997	20,586
1998	6,066
	<u>\$ 100,909</u>

The Company has a line-of-credit arrangement with a bank which expires May 31, 1995. Under the arrangement, the Company may borrow up to \$500,000. Amounts drawn under the agreement bear interest at the bank's prime rate plus 3/4% and are collateralized by accounts and lease receivables and inventory. At December 31, 1994, borrowings outstanding totalled \$420,000. There were no borrowings outstanding at December 31, 1993.

ORLANDO BUSINESS
TELEPHONE SYSTEMS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995



**Brewer, Beemer, Kuehnhackl
& Koon, P.A.**
Certified Public Accountants

Kenneth E. Brewer, Jr.
Bradford S. Beemer

Kurt R. Kuehnhackl
David A. Koon

To the Stockholder of
Orlando Business Telephone Systems, Inc.

We have reviewed the accompanying balance sheets of Orlando Business Telephone Systems, Inc. as of December 31, 1996 and 1995, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Orlando Business Telephone Systems, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Brewer, Beemer, Kuehnhackl & Koon

April 11, 1997

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

BALANCE SHEETS

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 269,932	\$ 23,613
Accounts receivable	1,253,017	623,374
Costs and estimated earnings in excess of billings on uncompleted contracts	-	391,838
Materials and equipment inventory	22,544	25,690
Current portion of net investment in sales-type leases	127,881	110,937
Due from affiliated company	78,694	102,740
Other current assets	21,381	6,978
Total current assets	<u>1,773,449</u>	<u>1,285,170</u>
Property and equipment, net	288,439	220,164
Net investment in sales-type leases, less current portion	212,540	209,383
Other assets	1,300	1,300
Total assets	<u>\$ 2,275,728</u>	<u>\$ 1,716,017</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 728,724	\$ 370,628
Current portion of notes payable	50,361	51,304
Advances from stockholder	50,144	50,144
Income taxes payable	-	14,975
Total current liabilities	<u>829,229</u>	<u>487,051</u>
Notes payable, less current portion	43,001	60,352
Total liabilities	<u>872,230</u>	<u>547,403</u>
Stockholder's equity:		
Common stock, \$.10 par value, 10,000 shares authorized, issued and outstanding	1,000	1,000
Retained earnings	1,402,498	1,167,614
Total stockholder's equity	<u>1,403,498</u>	<u>1,168,614</u>
	<u>\$ 2,275,728</u>	<u>\$ 1,716,017</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF INCOME

	For the years ended December 31,	
	1996	1995
Revenues earned:		
Equipment sales and installation	\$ 6,626,978	\$ 4,767,043
Service income	1,357,530	2,584,793
Maintenance contract income	610,348	490,009
Interest income	50,081	28,841
Other income	12,848	21,563
Management fee income	35,080	63,459
	<u>8,692,865</u>	<u>7,955,708</u>
Costs and expenses:		
Cost of equipment sold	4,086,279	4,422,739
Payroll, related taxes and employee benefits	2,887,189	2,497,859
Office supplies and operating costs	153,747	220,735
Depreciation and amortization	49,782	73,662
Rent	96,621	82,758
Vehicle operating costs	103,033	76,793
Sales commissions	314,036	205,451
Other	211,600	222,051
	<u>7,902,287</u>	<u>7,802,048</u>
Income before income tax expense	790,578	153,660
Income tax expense	2,926	33,783
Net income	<u>\$ 787,652</u>	<u>\$ 119,877</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, December 31, 1994	\$ 1,000	\$ 1,300,735	\$ 1,301,735
Dividends paid	-	(252,998)	(252,998)
Net income	<u>-</u>	<u>119,877</u>	<u>119,877</u>
Balance, December 31, 1995	1,000	1,167,614	1,168,614
Dividends paid	-	(552,768)	(552,768)
Net income	<u>-</u>	<u>787,652</u>	<u>787,652</u>
Balance, December 31, 1996	<u>\$ 1,000</u>	<u>\$ 1,402,498</u>	<u>\$ 1,403,498</u>

See accountants' review report and
accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Net income	\$ 787,652	\$ 119,877
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,782	73,662
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(629,643)	1,499,007
Decrease in costs and estimated earnings in excess of billings	391,838	590,517
Decrease in inventory	3,146	15,261
Increase in net investment in sales-type leases	(20,101)	(93,715)
(Increase) decrease in other current assets	(14,403)	2,918
Increase (decrease) in accounts payable and accrued liabilities	358,096	(935,218)
Decrease in income taxes payable	(14,975)	(108,643)
Net cash provided by operating activities	<u>911,392</u>	<u>1,163,666</u>
Cash flows from investing activities:		
Capital expenditures, net of minor retirements	(118,057)	(111,849)
Net repayments from (advances to) affiliated company	24,046	(102,740)
Net cash used for investing activities	<u>(94,011)</u>	<u>(214,589)</u>
Cash flows from financing activities:		
Proceeds from notes payable	45,176	61,114
Repayment of principal on notes payable	(63,470)	(50,367)
Net repayments to affiliated company	-	(46,175)
Repayments of stockholder advances	-	(221,647)
Repayments under line of credit arrangement	-	(420,000)
Dividends paid	(552,768)	(252,998)
Net cash used for financing activities	<u>(571,062)</u>	<u>(930,073)</u>
Net increase in cash	246,319	19,004
Cash at beginning of year	23,613	4,609
Cash at end of year	<u>\$ 269,932</u>	<u>\$ 23,613</u>

See accountants' review report and accompanying notes to financial statements.

ORLANDO BUSINESS TELEPHONE SYSTEMS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Orlando Business Telephone Systems, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business activity and fiscal year end

The Company engages in the sale or lease of telephone equipment to certain governmental entities and commercial customers. The Company also performs installation, maintenance and repair service on such equipment.

During 1993, the Company entered into three contracts with the United States Department of Veteran's Affairs ("V.A."). Under these long-term contracts, the Company sold and installed telephone systems in various V.A. hospitals located in the states of Pennsylvania, Michigan and New York during 1994 and 1995.

A substantial portion of the Company's commercial customers are businesses located in the state of Florida.

In connection with the income tax election discussed below, the Company changed its fiscal year end from April 30 to December 31.

Revenue and cost recognition

The Company accounts for its long-term contracts using the percentage of completion method. Percentage of completion is determined monthly and calculated as total contract costs incurred to date divided by current estimates of total contract costs. The resulting percentage is applied to the total contract price to determine the amount of earned revenue.

See accountants' review report.

Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements that result in revisions to contract price or costs, are recognized in the period in which the changes occur.

Inventories

Inventories consist of telephone equipment and related materials and are stated at the lower of cost (determined on a first-in, first-out basis) or market value.

Leasing arrangements

The Company leases telephone equipment under sales-type lease agreements that expire over the next five years.

Property and equipment

Property and equipment are carried at cost and are depreciated using accelerated methods over their useful lives which range from five to fifteen years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Amortization of goodwill

Goodwill (included in other assets) arising from the excess cost over fair value of net assets acquired is being amortized over a ten-year period on a straight-line basis.

Income taxes

Effective May 1, 1993, the Company elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no expense or benefit for federal income taxes has been included in the accompanying financial statements.

In certain states, the Company has not filed for S corporation status. Consequently, income tax expense results from amounts paid or owed to those states.

The Company has adopted Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* ("SFAS 109"), which requires the use of the liability method of accounting for deferred income taxes. The primary temporary difference which gives rise to taxes payable and the deferred tax liability relates to the built-in gain associated with the change from the cash to accrual method for tax reporting purposes.

Reclassifications

Management of the Company periodically revises its classification of certain items within the financial statements in order to provide a more meaningful presentation of the Company's financial position, results of operations and cash flows. In those cases where revised presentation has been adopted in the 1996 financial statements, the corresponding 1995 balances have also been reclassified to enhance comparability between periods.

NOTE 2 - COSTS AND ESTIMATED EARNINGS IN EXCESS OF BILLINGS ON UNCOMPLETED CONTRACTS:

Costs and estimated earnings in excess of billings on uncompleted contracts consist of the following:

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
Costs incurred on uncompleted contracts	\$ -	\$ 1,298,427
Estimated (loss) profit	-	(301,126)
	-	997,301
Less amounts billed	-	(605,463)
	<u>\$ -</u>	<u>\$ 391,838</u>

The Company's V.A. contracts were completed during 1995.

NOTE 3 - NET INVESTMENT IN SALES-TYPE LEASES:

The components of the Company's net investment in sales-type leases are as follows:

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
Total minimum lease payments to be received	\$ 417,288	\$ 396,926
Less amounts representing interest	(76,867)	(76,606)
	<u>\$ 340,421</u>	<u>\$ 320,320</u>

Aggregate remaining lease payments to be received as of December 31, 1996 are summarized as follows:

<u>Fiscal year ending December 31,</u>	<u>Amount</u>
1997	\$ 162,608
1998	100,667
1999	74,735
2000	55,848
2001	23,430
	<u>\$ 417,288</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
Vehicles	\$ 619,237	\$ 509,651
Furniture and equipment	162,967	154,496
Leasehold improvements	60,000	60,000
	<u>842,204</u>	<u>724,147</u>
Less accumulated depreciation	(553,765)	(503,983)
	<u>\$ 288,439</u>	<u>\$ 220,164</u>

Depreciation expense related to property and equipment totalled \$49,782 and \$68,662 for the years ended December 31, 1996 and 1995, respectively.

NOTE 5 - NOTES PAYABLE:

The Company is indebted under various installment notes which are collateralized by vehicles. The notes require monthly payments including interest at rates ranging from 7.25% to 9.0% and mature at various dates through 1999.

Scheduled repayments of these notes are as follows:

<u>Fiscal year ending December 31,</u>	<u>Amount</u>
1997	\$ 50,361
1998	33,577
1999	9,424
	<u>\$ 93,362</u>

The Company has a line-of-credit arrangement with a bank which expires May 31, 1997. Under the arrangement, the Company may borrow up to \$500,000. Amounts drawn under the agreement bear interest at the bank's prime rate plus 3/4% and are collateralized by accounts and lease receivables and inventory. There were no borrowings outstanding at December 31, 1996 and 1995.

Interest expense totalled approximately \$13,000 and \$21,000 for the years ended December 31, 1996 and 1995, respectively.

NOTE 6 - INCOME TAXES:

As discussed in Note 1, the Company has adopted the provisions of SFAS 109 related to accounting for income taxes.

The components of income tax expense included in the accompanying statements of income consist of the following:

	<u>Years ended December 31,</u>	
	<u>1996</u>	<u>1995</u>
Current:		
Federal	\$ -	\$ -
State	2,926	33,783
Deferred	-	-
Net income tax expense	<u>\$ 2,926</u>	<u>\$ 33,783</u>

There were no deferred tax assets or liabilities as of December 31, 1996 or 1995.

Income taxes paid totalled approximately \$3,000 and \$122,000 for the years ended December 31, 1996 and 1995, respectively.

As discussed in Note 1, the Company elected S corporation status for federal income tax purposes, effective May 1, 1993.

NOTE 7 - MAJOR CUSTOMERS:

For the year ended December 31, 1995, approximately \$1,546,000 of the Company's equipment sales and installation revenue resulted from contract agreements with the United States Department of Veteran's Affairs.

NOTE 8 - RELATED PARTY TRANSACTIONS:

As of December 31, 1996 and 1995, the Company had noninterest bearing advances of \$78,694 and \$102,740, respectively, due from a company affiliated through common ownership. These advances are due upon demand.

The Company leases its present office space from its stockholder/President under a noncancelable operating lease. Annual remaining minimum rentals required by this lease prior to its expiration in 2000 are as follows:

	<u>Amount</u>
1997	\$ 76,730
1998	76,730
1999	76,730
2000	57,547
	<u>\$ 287,737</u>

Rental expense under this lease approximated \$81,000 and \$80,000 for the years ended December 31, 1996 and 1995, respectively.

During 1994, the Company received advances totalling \$271,791 from its shareholder. These advances are noninterest bearing and are due on demand. During 1995, \$221,647 of these advances were repaid.

NOTE 9 - PROFIT SHARING PLAN:

The Company has a profit sharing plan which covers substantially all employees who have attained the age of eighteen and have completed one year of service. Contributions made by the Company to the plan during the years ended December 31, 1996 and 1995, approximated \$41,000 and \$35,000, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Concentration of credit risk

The Company extends credit, in the normal course of business, to a variety of governmental and corporate entities located throughout the continental United States. Although the Company's trade receivables are typically not collateralized, historically, no significant credit related losses have been incurred.



DEPOSIT DATE
 D 6 2 4 SEP 30 1997

Orlando Telephone Company, inc.

Orlando Office • 4558 S.W. 35th Street • Suite 100 • Orlando, Florida 32811 • (407) 996-8900 • Fax (407) 996-8901

Florida Public Service Commission
 Division of Administration
 2540 Shumard Oak Blvd.
 Gunter Building
 Tallahassee, FL 32399-0850

September 26, 1996

Re: Application for Authority to provide Interexchange Telecommunication Service within the State of Florida by Orlando Telephone Company.

Dear Sir/Madam,

Enclosed are the original and six (6) copies of Orlando Telephone Company, Inc.'s Application for Authority to provide Interexchange Telecommunication Service within the State of Florida, and our application fee of \$250.00.

At the present time, we are certified to operate as an Alternative Local Exchange Company ("ALEC") under the name of Orlando Business Telephone System, Inc. ("OBTS") dba Orlando Telephone Company ("OTC"). Pursuant to our discussions with the Florida Public Service Commission in an effort to avoid any confusion, we have submitted our request to change our ALEC certificate name from OBTS to OTC. Attached hereto as Exhibit A and incorporated herein by this reference is a copy of OTC's request to change its name on the ALEC Certificate.

In the present application we have requested certificate in the name of OTC. If



97 SEP 30 11:11 AM

Dependable Service

ORLANDO TELEPHONE COMPANY, INC.
 4558 S.W. 35th Street, Suite 100
 Orlando, FL 32811

634

PAY TO THE ORDER OF Public Service Commission 9-26 1997 \$ 250.00

Two hundred fifty +00

DOLLARS Amount in Words

SUNTRUST
 SunTrust Bank, Central Florida, N.A.
 Or. Phillips Office (407) 838-4738
 Orlando, FL

FOR OTC Application

H. Borneck