

AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(850) 224-9115 FAX (850) 222-7560

ORIGINAL

December 11, 2001

**VIA HAND DELIVERY**

Ms. Blanca S. Bayo, Director  
Florida Public Service Commission  
Division of the Commission Clerk  
and Administrative Services  
1540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

011637-TX

Re: Application for ALEC certificate by University Club Communications, L.L.C.

Dear Ms. Bayo:

Enclosed for filing are: (1) the original and six (6) copies of University Club Communications, L.L.C.'s application for an ALEC certificate and (2) a check in the amount of \$250.00.


I have discussed this application with Jackie Gilchrist and am enclosing her a copy of this letter and the application.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

  
J. Jeffrey Wahlen

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.  
Initials of person who forwarded check: 

JJW/jh

Enclosures

cc: Ms. Jackie Gilchrist, (H/D) (w/application)  
Mr. Tom Allen, (H/D) (w/application)

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DOCUMENT NUMBER-DATE

15426 DEC 11 5

FPSC-COMMISSION CLERK

## ALEC Application

This package contains:

1. Application
2. Company Personnel
3. Financial Information
4. Price List

DOCUMENT NUMBER-DATE

15426 DEC 11 2011

FPSC-COMMISSION CLERK

**\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

**DIVISION OF REGULATORY OVERSIGHT**  
**CERTIFICATION SECTION**

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE**  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
**WITHIN THE STATE OF FLORIDA**

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Instructions

This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).

Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.

Use a separate sheet for each answer which will not fit the allotted space.

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 Records and Reporting***  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6770**

If you have questions about completing the form, contact:

**Florida Public Service Commission**  
**Division of Regulatory Oversight**  
**Certification Section**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6480**

## APPLICATION

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

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company: University Club Communications, L.L.C. (UCC, LLC)

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

4. Official mailing address (including street name & number, post office box, city, state, zip code):

University Club Communications, L.L.C  
831 North Monroe Street  
Tallahassee, FL 32303

**5. Florida address (including street name & number, post office box, city, state, zip code):** same

**6. Structure of organization:**

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                                   | <input type="checkbox"/> Corporation         |
| <input type="checkbox"/> Foreign Corporation                          | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership                          | <input type="checkbox"/> Limited Partnership |
| <input checked="" type="checkbox"/> Other (Limited Liability Company) |  |

**7. If individual, provide:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

**8. If incorporated in Florida, provide proof of authority to operate in Florida:**  
**(a) The Florida Secretary of State corporate registration number:**

\_\_\_\_\_

*417*

**9. If foreign corporation, provide proof of authority to operate in Florida:**

(a) The Florida Secretary of State corporate registration number:

\_\_\_\_\_

**10. If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:**

(a) The Florida Secretary of State fictitious name registration number:

\_\_\_\_\_

**11. If a limited liability partnership, provide proof of registration to operate in Florida:**

(a) The Florida Secretary of State registration number:

L00000009034; University Club Communication, is a Florida Limited Liability Company with two Members, Business Communications, Inc. and University Club Development, a Florida Corporation.

**12. If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

**13. If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.**

(a) The Florida registration number: \_\_\_\_\_

**14. Provide F.E.I. Number(if applicable):** \_\_\_\_\_

**15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:**

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

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(b) an 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.

From time to time, LLC Members, have insignificant holdings in Publicly Traded Telephony-related Corporations doing business in Florida. Members Allen and Smith have own Business Communications, Inc. an interconnect company who also holds a ALEC Certificate.

**16. Who will serve as liaison to the Commission with regard to the following?**

(a) The application:

Name: Tom Allen

Title: Managing Member

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: tallen@bcifl.com

Internet Website Address: www.bcifl.com

(b) Official point of contact for the ongoing operations of the company:

Name: Thomas W. Allen

Title: Managing Member

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: tallen@bcifl.com

Internet Website Address: www.bcifl.com

(c) Complaints/Inquiries from customers:

Name: Tom Allen

Title: Managing Member

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: tallen@bcifl.com

Internet Website Address: www.bcifl.com

**17. List the states in which the applicant:**

(a) has operated as an alternative local exchange company. n/a



(b) has applications pending to be certificated as an alternative local exchange company. n/a

(c) is certificated to operate as an alternative local exchange company. n/a

(d) has been denied authority to operate as an alternative local exchange company 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

**18. Submit the following:**

**A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.**

**(See attached Employee Information Spreadsheet)**

**Tom Allen, President –**

March 98 - Present	<b><u>Business Communications, Inc.,</u></b> <b>President:</b> Managed all operations and every aspect of business. Doubled revenue of company during tenure. Created affiliate/subsidiary telecom related businesses (NetworX!, PageNet of Tallahassee).
1981 -1998	During this timeframe Mr. Allen managed over \$70 million in contracts for hazardous waste construction contracts, site investigations, development and implementation of monitoring schemes.
1994 - 1998	<b><u>Levine Fricke, Inc.,</u></b> <b>Principal Hydrologist</b>
1992 - 1994	<b><u>RUST Remedial Services, Inc.,</u></b> <b>Regional Business Manager</b>
1988 - 1992	<b><u>Chemical Waste Management, Inc.,</u></b> <b>Area Business Development Manager</b>
1985 - 1988	<b><u>Woodward-Clyde Consultants,</u></b> <b>Project Hydrogeologist</b>
1983 - 1985	<b><u>Northwest Florida Water Management District,</u></b> <b>Assistant Hydrogeologist</b>
1981 - 1983	<b><u>Department of Natural Resources,</u></b>

**Geological Research Assistant**

**Education:** Florida State University: M.S. Geology, 1987  
Florida State University: B.S. Geology, 1982

**Certifications:** Low Voltage Telecommunications Contractor  
Georgia, LT304987

Professional Geologist  
Florida, No.124, Inactive in several other states

Pollutant Storage Contractor  
Florida, No. PCC048417 (inactive)

General Contractor  
Florida, No. CGC054425

**Publications:** Mr. Allen is credited on 7 hydrogeology related publications.

**Frances Klisiewicz, CFO --**

May 99 - Present **Business Communications, Inc.**, Tallahassee, Fl  
**Controller:** Telecommunications and Service supplier to Commercial and Residential clients. Duties encompass Financial Statements, Budget analysis, Accounts Payable, Accounts Receivable, Human Resources and Administrative Operations management.

Aug. 97 - May 99 **Lewis Property Investors, Inc.**, Miami, FL  
**Controller:** - Residential Real Estate Operations and Management for both the Developer and General Contractor in construction of condominiums and detached homes on Ocean Reef in Key Largo, Florida. Construction project sales values in excess of \$22 million, plus two Commercial Shopping Centers. Duties include Financial Statements, Partners Reports, Budgeting, Analysis, Bank Draw Requisitions, General Contractors AIA preparation, Accounts Receivable, Accounts Payable, Tenant Lease Billings. Supervision of administrative staff and coordination of on-site personnel. Installation of new Budgetrac accounting software, enabling Project Cost accounting, Financial Reporting on both Cash and Accrual basis. Board Member and Treasurer on two Developer controlled Condominium Associations. Served as Signatory and Officer on multiple corporate entities.

Nov. 94 - Dec. 97 **FGK Corporation**, Homestead, FL  
**President / Owner**

Established Accounting and Tax Preparation service for Individuals and Small Businesses. Provide clients with Software assistance, Financial Statements, Reconciliations, Payroll and Reporting requirements.

Feb. 95 - Aug. 97 **Window Professionals**, Homestead, FL

**Accountant**

Assisted the Company's goal to secure Bank and SBA loans for relocation to Jupiter, Fl. Research and installation of new in-house accounting software. Duties included Contract Sales, Accounts Receivable, Budget Projections and Analysis, Financial Statements, Cash Flow Analysis, Payroll, Customer Service, Draw Requests, Notice to Owners, Liens and Waivers. Extensive spreadsheet design.

**NOV. 85 - JUNE 94 BERL ENTITIES**

Oct. 90 - June 94 **Eyete Optics, Inc.**, Miami, FL

**Vice President/ Director of Operations / Controller**

Began National Wholesale Distribution of eyeglass frames, sunglasses and related products. Imported European product for distribution in the US, Canada, Mexico and South American markets. Developed and administered Financial Management. In charge of the Daily Operations, Quality Control, Customer Service Operations, Computerized Order Fulfillment and Sales functions, provided Sales Representatives with client/product Sales Data and Commission Reports. Management of Human Resources, Administrative Operations, Accounting Department, Warehouse Shipping, Receiving and Inventory Control, Monthly Reconciliation, Financial Statements, Cash Management, Budget Forecast and Analysis, Banking, Foreign Exchange purchases and product valuations, Insurance and Business relations, management in-house multi-user PC systems. Utilized "Systematic" software for perpetual inventory, sales and financial accounting information.

Aug. 89 - Oct. 90 **Concept Optics International, Inc.**, Miami, FL

**Director of Operations / Controller**

This position was primarily the same as with Eyete Optics, noted above.

Nov. 85 - Oct. 90 **Berl Management Corp.**, Miami, FL

**Controller**

Commercial and Residential Property Management, Construction and Sales of single family homes, town homes and condominiums. Financial Statements for 27 entities, Joint Venture Partnerships, Netherlands Antilles entities and Florida Corporations. Seller's Agent at closing, Developers Board Representative on the Association's Board of Directors. Extensive knowledge of Florida State Statute 718, governing Condominium Associations. Duties included Management of Office Personnel and Maintenance Staff, Banking Relations, and Signatory on 30+ business accounts.

Financial Statements, Budgeting Forecasts and Sales Analysis. Partnership litigation support for attorneys and outside C.P.A. firm in lengthy and successful effort.

May 81 - Nov. 85 **B.J.F. Development, Inc., Miami, FL**

Jun. 85 - Nov. 85 **Assistant Controller**

May 81 - June 85 **Senior In-Charge Accountant**

Real Estate Developer, Conversion operation of existing Apartment Rental property and Condominium Management. Duties as Assistant Controller included involvement in feasibility studies for new property acquisition. Set up of accounting requirements between On-Site Personnel, Computer Service Bureaus, Regional and Home Office. Scheduling of departmental deadlines and coordination of reports to executive management and lenders. Annual Budget Projections and Analysis. Banking relations, Signatory of numerous accounts, Financial Audit assistance, Developers' Representative on various Association Boards of Directors, as well as on staff personnel changes and reviews.

**Education:**

Kennedy Western University - current student in the Masters program

College for Financial Planning 1/87-89

Tax Preparation for Individuals 8/95-11/95

Tax Preparation for Corporations 8/96-11/96

Miami-Dade Community College 83-84 Accounting

University of Miami Leadership Training - 83

**Computer Skills:** Windows 98, 95, 3.1 and Windows NT MS Word, Word Perfect 6.1, Excel, Quattro Pro, Lotus, Systematic Accounting Software, Quick Books Pro, Check Book Solutions, MyInvoice, MS Works, Tax Cut, Turbo Tax, Peachtree, PC Anywhere. Budgetrac, MRI and CMS Software for Real Estate and Construction Accounting.

**Chuck Mims, CTO -**

**MANAGERIAL EMPLOYMENT HISTORY:**

**February 1989 to Present: Business Communications Incorporated**

**Operations Manager (Jan. 1999 to Present; Installation Manager 1994-1999)**

Duties: Supervising all installation projects, managing and updating information regarding customers' maintenance and warranty applications, responsible for assuring customers' satisfaction with end product, assisting salespersons in presentations to customers, conducting training classes for customers on new telephone/voice mail systems, attending sales meetings as well as managers meetings, coordinating activities with Service Manager, coordinating ordering necessary supplies with Inventory Manager, coding and preparing for billing all new installation work orders, responsible for solving on-going

problems that technicians are unable to resolve, researching current technology and acquiring certification of same, coordinating with leading manufacturers on technicians' certification training courses, responsible for negotiating best prices for various technology, providing limited support on computer network within office, as well as continuing duties listed below.

**Tech Services Supervisor/Coordinator (Jan. 1993 to Jan. 1994)**

Duties: Supervised company technicians, coordinated daily activities of technicians, performed yearly evaluation of technicians, implemented and conducted monthly technician training classes, conducted job quotes and estimates, coordinated technician on-call schedule, scheduled and coordinated technician leave times, and continued duties listed below.

**Chapin Frazee, Director of Business Development –**

- Current -**Chief Operating Officer, NetworX!**, - Coordinating all aspects of Information Technology Consultancy including client acquisition, management of production staff, accounts receivable, and business planning.
- Current -**Director of Business Development, BCI.** (as needed) - Strategizing, planning, and implementing new business opportunities and special projects.
- 1999-2000 **General Manager, PageNet of Tallahassee** - managed all aspects of wireless-data sales and service operation.
- 1996-1999 **Marketing Director, Illuminative Multimedia, Incorporated** - developed marketing plan, generated sales and sector defining contracts.

**Education** -Hampden-Sydney College: B.A. ,1992

**B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.**

One of the Members of the LLC, BCI currently employs a full time staff of over 12 fully trained and skilled, on-call service technicians. Below are highlighted the qualifications of some of the key staff.

**Chuck Mims, CTO –**

**Technical Employment/Education –**

May 1985 to February 1989: **Hinkles & McCoy  
Tallahassee, FL**

**Technician**

Duties: Provided customer service, troubleshooting, programming and installation of telephone systems and communication of service trouble to local telephone company. Attended certification courses as requested.

**CERTIFICATIONS:**

**Comdial**

FXS/FXT (March 1999)  
QuickQue ACD (Jan. 1999)  
DXP (June 1994)

**Samsung**

Prostar DCS (Jan. 1995)  
Prostar 56/120 (May 1993)  
Prostar 816 (Feb. 1991)

**Intertel**

IMX 2460 (Feb. 1990)

**EDUCATION: MicroSoft Certified System Engineer Courses**

(Sept. 1998-Jan. 1999)

Attended Networking Essentials, Supporting Windows '95, Administering Windows NT, and Windows NT 4.0 Server

**Management Seminar (April 1997)**

Florida State University  
Tallahassee, FL

**Tallahassee Community College (Sept. 1989-Dec. 1989)**

Tallahassee, FL  
Finite Mathematics  
Sociology

**Jefferson County High School (May 1985)**

Monticello, FL  
Received High School Diploma

**Scott Avery, Service Manager –**

- Georgia Low Voltage License
- DXP Certified
- DXP Plus Certified
- EXT certified EXS certified
- Key voice Voicemail Certified
- Leviton Cat 5 Certified
- 12 years Telecommunication Experience

**Mark George, Lead Technician –**

- Experience in most every aspect of the telephone industry from construction to repair, including buried, aerial, and underground

cabling

- Extensive experience in troubleshooting the outside plant and structured cabling of both business and residential sites
- Certification in the following areas:
  - cable fault location
  - basic telephony
  - pole climbing
  - work zone safety (DOT approved)
  - Smith driving course
  - Dynatel 965 loop analysis
  - Dynatel 573/573a earth fault locations
  - Raychem heat shrink splice closures
  - 3m better buried splice closures
  - preformed splice closures
  - 3M Module splice
  - Basic and Advanced Splicing

### **Cameron Trickey, Help Desk**

Certifications include:

- Samsung/Prostar
- 8/16 KSU
- DCS Products
- 56/120 KSU
- Starmail
- Comdial FX/DXP
- Lucent Legend

### **C. Financial capability.**

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

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

**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.*

Further, the following (which includes supporting documentation) should be provided:

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

**(See Attached Financials)**

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**APPLICANT ACKNOWLEDGMENT 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 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.

5. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

**Thomas W. Allen**  
Print Name

  
\_\_\_\_\_  
Signature

**Managing Member** \_\_\_\_\_

Title \_\_\_\_\_

Date *12/5/01*

**850-205-8500**  
Telephone No.

**850-205-8508**  
Fax No.

**Address:** **University Club Communications, L.L.C.**  
**831 North Monroe Street**  
**Tallahasee, FL 32303**


**THIS PAGE MUST BE COMPLETED AND SIGNED**

**AFFIDAVIT**

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

**UTILITY OFFICIAL:**

**Thomas W. Allen**  
Print Name

  
Signature

**Managing Memeber**

Title \_\_\_\_\_

Date *12/5/01*

**850-205-8500**  
Telephone No.

**850-205-8508**  
Fax No.

**Address:**

**University Club Communications, L.L.C.  
831 North Monroe Street  
Tallahasee, FL 32303**

**INTRASTATE NETWORK (if available)**

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

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

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

4) \_\_\_\_\_

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

1) \_\_\_\_\_ 2) \_\_\_\_\_

3) \_\_\_\_\_ 4) \_\_\_\_\_

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

POP-to-POP

OWNERSHIP

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

4) \_\_\_\_\_

**CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT**

I, (Name) \_\_\_\_\_  
(Title) \_\_\_\_\_ of (Name of Company) \_\_\_\_\_  
and current holder of Florida Public Service Commission Certificate Number # \_\_\_\_\_,  
have reviewed this application and join in the petitioner's  
request for a:

- ( ) sale
- ( ) transfer
- ( ) assignment

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Telephone No.**

\_\_\_\_\_  
**Fax No.**

**Address:**

**University Club Communications, L.L.C.  
831 North Monroe Street  
Tallahassee, FL 32303**

*Handwritten mark*

No.	Last Name	First Name	Hire Date	Education	Licenses	Remarks
<b>Administrative</b>						
1	Abbott	John				Accounting and Support
2	Allen	Tom	3/23/1998	BS/MS	General Contractor; Low Voltage Contractor GA; BICSI Member	PSC Point of Contact; Managing Member UCC
3	Holland	Brandy				Customer Service, AP assistance and other office assignments
4	Kirkland	Keith				Inventory Support
5	Klisiewicz	Frances			BS - Business Pending	Controller and Office Manager
6	Manderfield	Mariah				Dispatch and other office functions
7	Miller	Kim				Accounts Receivable
8	Moran	Craig		BS		Inventory and General Office
<b>Technical</b>						
9	Avery	Scott	3/23/1993		Low Voltage Contractor GA., Comdial, Siemens, Samsung Certified	Service Manager
10	Carter	Don	8/1/1999		Comdial, Siemens, Iwatsu Certified	Telephony Technician
11	George	Mark			Comdial, Siemens, ESI, Certified	Pensacola Branch Manager/Telephony Technician
12	Harris	Gary Jon			Comdial Certified	Telephony Technician
13	Mims	Chuck			Comdial, Siemens, ESI, Samsung, IP	Operations Manager
14	Roberts	Bill			Comdial, Siemens, ESI	Telephony Technician
15	Smith	Louie			Comdial, Siemens, ESI	Telephony Technician
16	Swichard	John			Comdial Certified	Telephony Technician
17	Trickey	Cameron			Comdial, Samsung, Siemens Certified	Help Desk and Telephony Technician
18	White	Robert			Comdial, Siemens Certified	Telephony Technician
19	Wickam	Mark			Comdial, ESI Certified	Telephony Technician
20	Zacher	Mark			Comdial, ESI Certified	Telephony Technician
<b>Technical Sales</b>						
21	Moor	Corrie		BS	Professional Technical Sales Training	Technical Sales Professional
22	Wilcox	Rich		BS	Professional Technical Sales Training	Technical Sales Professional
23	Bartoszewicz	John		BS	Professional Technical Sales Training	Technical Sales Professional
<b>LAN/WAN Affiliated Company</b>						
24	Franklin	Jacob		BS	Management Information Systems	Lan/Wan Professional
25	Frazee	Chapin		BA		NetworkX! COO and BCI Business Development Manager
26	Richardson	Mark		BS	Business	Lan/Wan Professional
27	Walker	Will				Lan/Wan Professional
28	Thornberry	Nathan		BS	Management Information Systems	Lan/Wan Professional

For calendar year 2000, or tax year beginning 2000, and ending

Header section containing: A Effective date of election as an S corporation (02/19/1997), B Business code no (513300), C Employer identification number (59-2740313), D Date incorporated (12/01/1986), E Total assets (1,243,068), Name (BUSINESS COMMUNICATIONS INC), and address (831 NORTH MONROE STREET, TALLAHASSEE, FL 32303).

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return. G Enter number of shareholders in the corporation at end of the tax year: 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 11 of the instructions for more information.

Main table with columns for Income, Deductions, and Tax and Payments. Rows include: 1a Gross receipts or sales (2,954,953), 2 Cost of goods sold (1,169,875), 3 Gross profit (1,785,078), 4 Net gain (loss) from Form 4797, Part II, line 18 (SEE STATEMENT 1), 5 Other income (loss) (SEE STATEMENT 1), 6 Total income (loss) (1,954,877), 7 Compensation of officers (147,695), 8 Salaries and wages (1,001,865), 9 Repairs and maintenance (7,886), 10 Bad debts (15,162), 11 Rents (1,594), 12 Taxes and licenses (SEE STATEMENT 1), 13 Interest (84,561), 14a Depreciation (88,813), 14b Depreciation claimed on Schedule A and elsewhere on return, 14c Subtract line 14b from line 14a (88,813), 15 Depletion (Do not deduct oil and gas depletion.), 16 Advertising (34,977), 17 Pension, profit-sharing, etc., plans (7,077), 18 Employee benefit programs (56,070), 19 Other deductions (SEE STATEMENT 1), 19 Total deductions (1,826,108), 21 Ordinary income (loss) from trade or business activities (128,769), 22 Tax: a Excess net passive income tax, b Tax from Schedule D (Form 1120S), c Add lines 22a and 22b, 23 Payments: a 2000 estimated tax payments and amount applied from 1999 return, b Tax deposited with Form 7004, c Credit for Federal tax paid on fuels (attach Form 4136), d Add lines 23a through 23c, 24 Estimated tax penalty, 25 Tax due, 26 Overpayment, 27 Enter amount of line 26 you want: Credited to 2001 estimated tax, Refunded.

Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer: [Signature], Date: 4/10/01, Title: President.

Paid Preparer's Use Only: Preparer's signature: [Signature], Date: 4/9/01, Check if self-employed: [ ], Preparer's SSN or PTIN: P00216333, Firm's name for your use (if self-employed): THOMAS HOWELL FERGUSON P.A., EIN: 59-3186310, address, and ZIP code: 2120 KILLARNEY WAY, TALLAHASSEE, FL 32308, Phone no: 850-668-8100.

**Schedule A Cost of Goods Sold** (see page 16 of the instructions)

1	Inventory at beginning of year	1	178,444.
2	Purchases	2	1,035,608.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) SEE. STATEMENT. 2.	5	87,019.
6	Total. Add lines 1 through 5	6	1,301,071.
7	Inventory at end of year	7	131,196.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,169,875.

- 9a Check all methods used for valuing closing inventory:
- (i)  Cost as described in Regulations section 1.471-3
  - (ii)  Lower of cost or market as described in Regulations section 1.471-4
  - (iii)  Other (specify method used and attach explanation) \_\_\_\_\_
- b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO
- e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No
- If "Yes," attach explanation.

**Schedule B Other Information**

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity <u>RETAIL</u> (b) Product or service <u>COMMUN. SERVICES</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?	X	
5 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter <input type="checkbox"/>		
6 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
7 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 17 of the instructions) . . . . \$ _____		
8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) <input type="checkbox"/>		

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

**Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.**

(a) Pro rata share items		(b) Total amount	
1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	128,769.
2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
3a	Gross income from other rental activities <input type="text" value="3a"/>		
b	Expenses from other rental activities (attach schedule) <input type="text" value="3b"/>		
c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
4	Portfolio income (loss):		
a	Interest income STMT. 2.	4a	2,052.
b	Ordinary dividends	4b	
c	Royalty income	4c	
d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):		
(1)	28% rate gain (loss) <input type="text" value="28% rate gain (loss)"/>		
(2)	Total for year <input type="text" value="28% rate gain (loss)"/>	4e(2)	
f	Other portfolio income (loss) (attach schedule)	4f	
5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	5	
6	Other income (loss) (attach schedule)	6	

**Schedule K** Shareholders' Shares of Income, Credits, Deductions, etc. (continued)

	(a) Pro rata share items		(b) Total amount	
Deductions	7	Charitable contributions (attach schedule) . . . . . STMT. 3.	7	2,736.
	8	Section 179 expense deduction (attach Form 4562) . . . . .	8	
	9	Deductions related to portfolio income (loss) (itemize) . . . . .	9	
	10	Other deductions (attach schedule) . . . . .	10	
Investment Interest	11a	Interest expense on investment debts . . . . .	11a	
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above . . . . . (2) Investment expenses included on line 9 above . . . . .	11b(1) 11b(2)	2,052.
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478) . . . . .	12a	
	b	Low-income housing credit:		
	(1)	From partnerships to which section 42(j)(5) applies for property placed in service before 1990 . . . . .	12b(1)	
	(2)	Other than on line 12b(1) for property placed in service before 1990 . . . . .	12b(2)	
	(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989 . . . . .	12b(3)	
	(4)	Other than on line 12b(3) for property placed in service after 1989 . . . . .	12b(4)	
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) . . . . .	12c	
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities . . . . .	12d		
e	Credits related to other rental activities . . . . .	12e		
13	Other credits . . . . .	13		
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986 . . . . .	14a	351.
	b	Adjusted gain or loss . . . . .	14b	
	c	Depletion (other than oil and gas) . . . . .	14c	
	d	(1) Gross income from oil, gas, or geothermal properties . . . . . (2) Deductions allocable to oil, gas, or geothermal properties . . . . .	14d(1) 14d(2)	
	e	Other adjustments and tax preference items (attach schedule) . . . . .	14e	
Foreign Taxes	15a	Name of foreign country or U.S. possession ▶ -----		
	b	Gross income sourced at shareholder level . . . . .	15b	
	c	Foreign gross income sourced at corporate level:		
	(1)	Passive . . . . .	15c(1)	
	(2)	Listed categories (attach schedule) . . . . .	15c(2)	
	(3)	General limitation . . . . .	15c(3)	
	d	Deductions allocated and apportioned at shareholder level:		
	(1)	Interest expense . . . . .	15d(1)	
	(2)	Other . . . . .	15d(2)	
	e	Deductions allocated and apportioned at corporate level to foreign source income:		
(1)	Passive . . . . .	15e(1)		
(2)	Listed categories (attach schedule) . . . . .	15e(2)		
(3)	General limitation . . . . .	15e(3)		
f	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	15f		
g	Reduction in taxes available for credit and gross income from all sources (attach schedule) . . . . .	15g		
Other	16	Section 59(e)(2) expenditures: a Type ▶ ----- b Amount ▶ -----	16b	
	17	Tax-exempt interest income . . . . .	17	
	18	Other tax-exempt income . . . . .	18	
	19	Nondeductible expenses . . . . . STMT. 3.	19	289
	20	Total property distributions (including cash) other than dividends reported on line 22 below . . . . .	20	500
	21	Other items and amounts required to be reported separately to shareholders (attach schedule) . . . . .		
	22	Total dividend distributions paid from accumulated earnings and profits . . . . .	22	
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15f, and 16b . . . . .	23		



Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash		140.		140.
2 a	Trade notes and accounts receivable	244,051.		323,795.	
b	Less allowance for bad debts		244,051.		323,795.
3	Inventories		178,444.		131,196.
4	U S Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)	STMT 4	13,798.		21,017.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)	STMT 4	7,530.		-11,722.
10 a	Buildings and other depreciable assets	845,383.		963,883.	
b	Less accumulated depreciation	246,653.	598,730.	335,466.	628,417.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13 a	Intangible assets (amortizable only)	9,014.		9,014.	
b	Less accumulated amortization	5,952.	3,062.	7,760.	1,254.
14	Other assets (attach schedule)	STMT 4	121,192.		148,971.
15	Total assets		1,166,947.		1,243,068.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		124,368.		82,659.
17	Mortgages, notes, bonds payable in less than 1 year		19,790.		NONE
18	Other current liabilities (attach schedule)	STMT 4	108,450.		184,315.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		896,446.		938,483.
21	Other liabilities (attach schedule)	STMT 4	311,390.		355,035.
22	Capital stock		1,000.		1,000.
23	Additional paid-in capital		19,481.		19,481.
24	Retained earnings		48,248.		24,321.
25	Adjustments to shareholders' equity (attach schedule)				
26	Less cost of treasury stock		(362,226.)		(362,226.)
27	Total liabilities and shareholders' equity		1,166,947.		1,243,068.

**Schedule M-1**

**Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	129,573.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize)		a	Tax-exempt interest	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15f, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15f, and 16b, not charged against book income this year (itemize):	
a	Depreciation		a	Depreciation	6,777.
b	Travel and entertainment	218.		SEE STATEMENT 6	
	SEE STATEMENT 6	5,071.	7	Add lines 5 and 6	6,777.
4	Add lines 1 through 3	134,862.	8	Income (loss) (Schedule K, line 23)	
				Line 4 less line 7	128,085.

**Schedule M-2**

**Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see page 27 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	54,358.	-6,110.
2	Ordinary income from page 1, line 21	128,769.	
3	Other additions	8,829.	
4	Loss from page 1, line 21	( )	
5	Other reductions	(6,030.)	(1,995.)
6	Combine lines 1 through 5	185,926.	-8,105.
7	Distributions other than dividend distributions	153,500.	
8	Balance at end of tax year Subtract line 7 from line 6	32,426.	-8,105.

**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)  
Name(s) shown on return

▶ See separate instructions.

▶ Attach this form to your return.

Attachment  
Sequence No. **67**  
Identifying number  
**59-2740313**

**BUSINESS COMMUNICATIONS INC**

Business or activity to which this form relates

**GENERAL DEPRECIATION AND AMORTIZATION**

**Part I Election To Expense Certain Tangible Property (Section 179)**

Note: If you have any "listed property," complete Part V before you complete Part I.

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions . . . . .	1	
2	Total cost of section 179 property placed in service. See page 2 of the instructions . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation . . . . .	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions . . . . .	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27 . . . . .	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	9	
10	Carryover of disallowed deduction from 1999. See page 3 of the instructions . . . . .	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	12	
13	Carryover of disallowed deduction to 2001. Add lines 9 and 10, less line 12 . . . . .	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II MACRS Depreciation for Assets Placed in Service Only During Your 2000 Tax Year (Do not include listed property.)**

**Section A - General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions . . . . .

**Section B - General Depreciation System (GDS) (See page 3 of the instructions.)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		93,202.	5.000	HY	200DB	18,640.
c 7-year property		3,724.	7.000	HT	200DB	532.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

**Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)**

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part III Other Depreciation (Do not include listed property.) (See page 5 of the instructions.)**

17	GDS and ADS deductions for assets placed in service in tax years beginning before 2000 . . . . .	17	66,884.
18	Property subject to section 168(f)(1) election . . . . .	18	
19	ACRS and other depreciation . . . . .	19	2,757.

**Part IV Summary (See page 6 of the instructions.)**

20	Listed property. Enter amount from line 26 . . . . .	20	
21	Total. Add deductions from line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions . . . . .	21	88,813.
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	22	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

Table with columns for property type, date placed in service, business/investment use percentage, cost or other basis, basis for depreciation, recovery period, method/convention, depreciation deduction, and elected section 179 cost. Includes rows 24 and 25 for business use percentages.

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns for Vehicle 1 through Vehicle 6 and rows for total business/investment miles, commuting miles, other personal miles, and availability for personal use.

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons. See page 8 of the instructions.

Table with columns for Yes/No and rows 35-39 regarding policy statements and requirements for vehicle use by employees.

Part VI Amortization

Table for Section C with columns for description of costs, date amortization begins, amortizable amount, code section, amortization period or percentage, and amortization for this year. Includes rows 40-42.

## Election to Catch-up Depreciation Using Correct Mid-Quarter Convention

Business Communications, Inc.  
 831 North Monroe Street  
 Tallahassee, FL 32303

Identification Number: 59-2740313

Tax Year End: 12/31/2000

The taxpayer hereby elects to catch-up depreciation based upon the correct mid-quarter convention for the following 1998 assets:

Description	Old Convention	Correct Convention	Cost	Accumulated Depreciation Old Convention	Accumulated Depreciation Correct Convention	Difference
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	\$ 1,116	\$ 734	\$ 855	\$ 121
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	157	103	120	17
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	3,783	2,489	2,898	409
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	12	8	9	1
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	108	71	83	12
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	1,990	1,309	1,524	215
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	842	554	645	91
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	120	79	92	13
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	436	287	334	47
Equipment	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	1,513	996	1,159	163
Equipment	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	1,927	1,144	1,337	193
Equipment	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	3,000	1,782	2,082	300
Furniture	4 <sup>th</sup> Qtr	1 <sup>st</sup> Qtr	20,490	10,036	9,514	-522
					Total	\$ 1,060

The total additional depreciation expense for the year ended December 31, 2000 is \$1,060.

# Application for Automatic Extension of Time To File Corporation Income Tax Return

Name of corporation

**BUSINESS COMMUNICATIONS, INC.**

Employer identification number

**59-2740313**

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)

**831 NORTH MONROE STREET**

City or town, state, and ZIP code

**TALLAHASSEE FL 32303**

Check type of return to be filed:

Form 990-C

Form 1120-FSC

Form 1120-PC

Form 1120S

Form 1120

Form 1120-H

Form 1120-POL

Form 1120-SF

Form 1120-A

Form 1120-L

Form 1120-REIT

Form 1120-F

Form 1120-ND

Form 1120-RIC

- Form 1120-F filers: Check here if the foreign corporation does not maintain an office or place of business in the United States

**1 Request for Automatic Extension (see instructions)**

**a Extension date.** I request an automatic 6-month (or, for certain corporations, 3-month) extension of time

until September 17, 2001, to file the income tax return of the corporation named above for  calendar

year 2000 or  tax year beginning \_\_\_\_\_, \_\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

**b Short tax year.** If this tax year is for less than 12 months, check reason:

Initial return

Final return

Change in accounting period

Consolidated return to be filed

**2 Affiliated group members (see instructions).** If this application also covers subsidiaries to be included in a consolidated return, provide the following information:

Name and address of each member of the affiliated group	Employer identification number	Tax period

**3 Tentative tax (see instructions)** ..... **3** NONE

**4 Payments and refundable credits: (see instructions)**

**a Overpayment credited from prior year** ..... **4a**  

**b Estimated tax payments for the tax year** ..... **4b**  

**c Less refund for the tax year applied for on Form 4466** ..... **4c** (   )

**Bal** **▶**

**4d**  

**e Credit for tax paid on undistributed capital gains (Form 2439)** ..... **4e**  

**f Credit for Federal tax on fuels (Form 4136)** ..... **4f**  

**5 Total.** Add lines 4d through 4f (see instructions) ..... **5** NONE

**6 Balance due.** Subtract line 5 from line 3. Deposit this amount using the Electronic Federal Tax Payment System (EFTPS) or with a Federal Tax Deposit (FTD) Coupon (see instructions) ..... **6** NONE

Signature Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief the statements made are true, correct, and complete.

James A. [Signature] CPA  
(Signature of officer or agent)

CPA  
(Title)

3/1/01

FORM 1120S, PAGE 1 DETAIL

LINE 5 - OTHER INCOME

ORD. INC. - NETWORX, LLC	-17,565.
ORD. INC. - UNIVERSITY CLUB COMMUNICATIONS, LLC	-1,298.
REIMBURSED EXPENSES	65,381.
OTHER INCOME	231.
PAGENET FRANCHISE TERMINATION	115,301.
VOICE MAIL CONTRACT SALES	7,749.
	-----
TOTAL	169,799.
	=====

LINE 12 - TAXES

TAXES AND LICENSES EXCLUDING INCOME TAXES

LICENSES & TAXES	13,592.
PAYROLL TAXES	80,035.
	-----
TOTAL	93,627.
	=====

LINE 19 - OTHER DEDUCTIONS

AMORTIZATION	1,808.
BANK CHARGES	7,374.
COMPUTER EXPENSE	22,237.
CONSULTING	3,299.
DUES & SUBSCRIPTIONS	2,909.
EMPLOYEE RELATIONS	5,763.
INSURANCE	19,237.
LEGAL & ACCOUNTING	23,050.
MEALS & ENTERTAINMENT	2,655.
MISCELLANEOUS EXPENSE	6,604.
OFFICE EXPENSE	20,014.
POSTAGE	7,519.
RADIOS/PAGERS	11,348.
TELEPHONE	26,940.
TOOLS	1,858.
TRAINING	15,197.
TRAVEL	15,629.
TRUCK EXPENSE	46,873.
UNIFORMS	8,428.
UTILITIES	13,798.
WORKERS COMPENSATION INSURANCE	24,241.
	-----
TOTAL	286,781.
	=====

FORM 1120S, PAGE 2 DETAIL

SCH A, LINE 5 - OTHER COSTS

MATERIAL REPAIRS	27,367.
SUBLET SERVICE	45,558.
SHIPPING	14,094.
TOTAL	87,019.

SCH K, LINE 4A - INTEREST INCOME

OTHER INTEREST INCOME	2,017.
INTEREST INC. FROM UNIVERSITY CLUB COMMUNICATIONS, LLC	35.
TOTAL	2,052.

FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 7 - CHARITABLE CONTRIBUTIONS

CONTRIBUTIONS SUBJECT TO 50% LIMITATION

VARIOUS CHARITIES	2,530.
CONTRIBUTIONS FROM NETWORK, LLC	206.
	-----
TOTAL	2,736.
	=====

SCH K, LINE 19 - NONDEDUCTIBLE EXPENSES

50% DISALLOWED FROM NETWORK, LLC	218.
NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
MEALS & ENTERTAINMENT	2,655.
POLITICAL CONTRIBUTIONS	421.
	-----
TOTAL	5,289.
	=====



FORM 1120S, PAGE 4 DETAIL - SCH L

	BEGINNING	ENDING
<b>LINE 6 - OTHER CURRENT ASSETS</b>		
EMPLOYEE RECEIVABLES	258.	700.
PREPAID INSURANCE	13,540.	19,685.
PREPAID EXPENSES	NONE	632.
<b>TOTAL</b>	<b>13,798.</b>	<b>21,017.</b>
<b>LINE 9 - OTHER INVESTMENTS</b>		
INVESTMENT IN NETWORX, LLC	7,530.	-10,459.
INVESTMENT IN UCC	NONE	-1,263.
<b>TOTAL</b>	<b>7,530.</b>	<b>-11,722.</b>
<b>LINE 14 - OTHER ASSETS</b>		
DEPOSITS	4,820.	4,820.
OTHER RECEIVABLE	33,523.	22,081.
DUE FROM NETWORX	82,849.	120,516.
DUE FROM UCC	NONE	1,554.
<b>TOTAL</b>	<b>121,192.</b>	<b>148,971.</b>
<b>LINE 18 - OTHER CURRENT LIABILITIES</b>		
DUE TO BAINBRIDGE	30,826.	27,406.
CASH DEFICIT	27,616.	35,355.
ACCRUED WAGES	50,008.	28,682.
ACCRUED EXPENSES	NONE	92,872.
<b>TOTAL</b>	<b>108,450.</b>	<b>184,315.</b>
<b>LINE 21 - OTHER LIABILITIES</b>		
DEFERRED INCOME	45,532.	82,143.
SALES TAX PAYABLE	30,445.	19,412.
UNEARNED INCOME	87,205.	2,330.
DEPOSITS	148,208.	251,150.

CONTINUED ON NEXT PAGE

STATEMENT 4

FORM 1120S, PAGE 4 DETAIL - SCH L

=====

	BEGINNING	ENDING
	-----	-----
LINE 21 - OTHER LIABILITIES (CONT'D)		
-----		
TOTAL	311,390.	355,035.
	=====	=====

*sh*

FORM 1120S, PAGE 4 DETAIL

SCH M-1, LINE 3 - EXPENSES ON BOOKS NOT IN RETURN

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
MEALS & ENTERTAINMENT	2,655.
POLITICAL CONTRIBUTIONS	421.
TOTAL	5,071.

SCH M-1, LINE 6 - DEDUCTIONS NOT CHARGED AGAINST BOOK INCOME

INSURANCE EXPENSE	6,777.
TOTAL	6,777.

SCH M-2, LINE 3 - OTHER ADDITIONS - AAA

INTEREST INCOME	2,052.
INSURANCE DEDUCTED FOR TAX NOT BOOK	6,777.
TOTAL	8,829.

SCH M-2, LINE 5 - OTHER REDUCTIONS - AAA

CHARITABLE CONTRIBUTIONS	2,736.
50% DISALLOWED TRAVEL AND ENTERTAINMENT	218.
MEALS & ENTERTAINMENT	2,655.
POLITICAL CONTRIBUTIONS	421.
TOTAL	6,030.

SCH M-2, LINE 5 - OTHER REDUCTIONS - OAA

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
TOTAL	1,995.

PASS-THROUGH ACTIVITIES

ORDINARY INCOME ACTIVITY

NETWORX, LLC  
831 N MONROE ST, TALLAHASSEE, FL 32308

FEDERAL EIN OF PASS-THROUGH ENTITY: 59-3580043

ORDINARY INCOME	-17,565.
CHARITABLE CONTRIBUTIONS - CASH (50%)	206.
ADJUSTMENTS AND TAX PREFERENCE ITEMS	
-----	
DEPRECIATION ADJUSTMENT ON PROPERTY IN SERVICE AFTER 1986	351.
OTHER INFORMATION	
-----	
50% NONDEDUCTIBLE PORTION OF MEALS AND ENT.	218.

PASS-THROUGH ACTIVITIES

ORDINARY INCOME ACTIVITY

UNIVERSITY CLUB COMMUNICATIONS, LLC  
831 N MONROE ST, TALLAHASSEE, FL 32303

FEDERAL EIN OF PASS-THROUGH ENTITY: 59-3661725

ORDINARY INCOME	-1,298.
OTHER INTEREST	35.

SHAREHOLDER SUMMARY

=====

SH. #	SHAREHOLDER NAME	BEGINNING SHARES	OWNERSHIP PERCENTAGE
-----	-----	-----	-----
01	DOUGLAS SMITH	900.0000	75.204918
02	THOMAS W ALLEN III	100.0000	24.795082

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR  
=====

PERIOD 01: BEGINNING 01/01/2000 AND ENDING 01/05/2000 NO. OF DAYS = 5.

SHARE- HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01	900.0000		900.0000	1.229508
02	100.0000		100.0000	0.136612
TOTAL	1000.0000		1000.0000	

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR

=====

PERIOD 02: BEGINNING 01/06/2000 AND ENDING 12/31/2000 NO. OF DAYS = 361

SHARE- HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01	900.0000	-150.0000	750.0000	73.975410
02	100.0000	150.0000	250.0000	24.658470
TOTAL	1000.0000		1000.0000	



**SCHEDULE K-1  
(Form 1120S)**

**Shareholder's Share of Income, Credits, Deductions, etc.**

OMB No 1545-0130

**2000**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

For calendar year 2000 or tax year

beginning , 2000, and ending , 20

Shareholder's identifying number ▶ **263-57-6784**

Corporation's identifying number ▶ **59-2740313**

Shareholder's name, address, and ZIP code

Corporation's name, address, and ZIP code

**DOUGLAS SMITH  
3042 HAWKS GLEN  
TALLAHASSEE, FL 32312**

**BUSINESS COMMUNICATIONS INC  
831 NORTH MONROE STREET  
TALLAHASSEE, FL 32303**

- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) . . . . . ▶ **75.204918 %**  
 B Internal Revenue Service Center where corporation filed its return ▶ **ATLANTA, GA 39901**  
 C Tax shelter registration number (see instructions for Schedule K-1) . . . . . ▶ \_\_\_\_\_  
 D Check applicable boxes: (1)  Final K-1 (2)  Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on
Income (Loss)	1 Ordinary income (loss) from trade or business activities . . . . .	1 96,841.	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities . . . . .	2	
	3 Net income (loss) from other rental activities . . . . .	3	
	4 Portfolio income (loss):		
	a Interest . . . . . <b>STMT. 1.</b>	4a 1,543.	Sch. B, Part I, line 1
	b Ordinary dividends . . . . .	4b	Sch. B, Part II, line 5
	c Royalties . . . . .	4c	Sch. E, Part I, line 4
	d Net short-term capital gain (loss) . . . . .	4d	Sch. D, line 5, col. (f)
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss) . . . . .	4e(1)	Sch. D, line 12, col. (g)
(2) Total for year . . . . .	4e(2)	Sch. D, line 12, col. (f)	
f Other portfolio income (loss) (attach schedule) . . . . .	4f	(Enter on applicable line of your return.)	
5 Net section 1231 gain (loss) (other than due to casualty or theft) . . . . .	5	See Shareholder's Instructions for Schedule K-1 (Form 1120S).	
6 Other income (loss) (attach schedule) . . . . .	6	(Enter on applicable line of your return.)	
Deductions	7 Charitable contributions (attach schedule) . . . . . <b>STMT. 1.</b>	7 2,058.	Sch. A, line 15 or 16
	8 Section 179 expense deduction . . . . .	8	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)
	9 Deductions related to portfolio income (loss) (attach schedule) . . . . .	9	
	10 Other deductions (attach schedule) . . . . .	10	
Investment Interest	11a Interest expense on investment debts . . . . .	11a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above . . . . .	11b(1) 1,543.	See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	(2) Investment expenses included on line 9 above . . . . .	11b(2)	
Credits	12a Credit for alcohol used as fuel . . . . .	12a	Form 6478, line 10
	b Low-income housing credit:		Form 8586, line 5
	(1) From section 42(j)(5) partnerships for property placed in service before 1990 . . . . .	12b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990 . . . . .	12b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989 . . . . .	12b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989 . . . . .	12b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities . . . . .	12c	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities . . . . .	12d	
	e Credits related to other rental activities . . . . .	12e	
	13 Other credits . . . . .	13	

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 2000

		(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	264.	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251	
	b	Adjusted gain or loss			
	c	Depletion (other than oil and gas)			
	d (1)	Gross income from oil, gas, or geothermal properties			
	d (2)	Deductions allocable to oil, gas, or geothermal properties			
	e	Other adjustments and tax preference items (attach sch.)			
Foreign Taxes	15a	Name of foreign country or U.S. possession		Form 1116, Part I.	
	b	Gross income sourced at shareholder level			
	c Foreign gross income sourced at corporate level:				Form 1116, Part II
	(1)	Passive			
	(2)	Listed categories (attach schedule)			
	(3)	General limitation			See Instructions for Form 1116
	d Deductions allocated and apportioned at shareholder level:				
	(1)	Interest expense			
	(2)	Other			Form 1116, Part II
	e Deductions allocated and apportioned at corporate level to foreign source income:				
(1)	Passive				
(2)	Listed categories (attach schedule)		See Instructions for Form 1116		
(3)	General limitation				
f	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued				
g	Reduction in taxes available for credit and gross income from all sources (attach schedule)				
Other	16	Section 59(e)(2) expenditures: a Type		See Shareholder's Instructions for Schedule K-1 (Form 1120S).	
	b	Amount			
	17	Tax-exempt interest income		Form 1040, line 8b	
	18	Other tax-exempt income			
	19	Nondeductible expenses STMT. 2.	3,977.	See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).	
	20	Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV	109,800.		
	21	Amount of loan repayments for "Loans From Shareholders"			
	22 Recapture of low-income housing credit:			Form 8611, line 8	
a	From section 42(j)(5) partnerships				
b	Other than on line 22a				
Supplemental Information	23	Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):			

FORM 1120S, SCHEDULE K-1, S/H #01 DOUGLAS SMITH

SCH K-1, LINE 4A - INTEREST INCOME

OTHER INTEREST INCOME	1,517.
OTHER INTEREST INCOME FROM PASS-THROUGH ACTIVITIES	26.
TOTAL	1,543.

SCH K-1, LINE 7 - CHARITABLE CONTRIBUTIONS

50% CASH CHARITABLE CONTRIBUTIONS	
VARIOUS CHARITIES	1,903.
50% CASH CONTRIBUTIONS FROM PASS-THROUGH ACTIVITIES	155.
TOTAL	2,058.

FORM 1120S, SCHEDULE K-1, S/H #01 DOUGLAS SMITH

SCH K-1, LINE 19 - NONDEDUCTIBLE EXPENSES

50% DISALLOWED MEALS AND ENTERTAINMENT	164.
NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,500.
MEALS & ENTERTAINMENT	1,996.
POLITICAL CONTRIBUTIONS	317.
	-----
TOTAL	3,977.
	=====

FORM 1120S, SCHEDULE K-1, S/H #01 DOUGLAS SMITH

## ORDINARY INCOME ACTIVITY

-----  
NETWORK, LLC831 N MONROE ST, TALLAHASSEE, FL 32308  
59-3580043

ORDINARY INCOME

-13,210.

CHARITABLE CONTRIBUTIONS - CASH (50%)

155.

ADJUSTMENTS AND TAX PREFERENCE ITEMS  
-----

DEPRECIATION ADJUSTMENT ON PROPERTY IN SERVICE AFTER 1986

264.

OTHER INFORMATION  
-----

50% NONDEDUCTIBLE PORTION OF MEALS AND ENT.

164.

## ORDINARY INCOME ACTIVITY

-----  
UNIVERSITY CLUB COMMUNICATIONS, LLC831 N MONROE ST, TALLAHASSEE, FL 32303  
59-3661725

ORDINARY INCOME

-976.

OTHER INTEREST

26.

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BALANCE SHEET

Fiscal Period 12, December, 2000

== \*\* THIS PERIOD CURRENT YEAR \*\* \*\* THIS PERIOD LAST YEAR \*\* ==

ASSETS

1011-	Capital City Bank	-35355.40	-27615.83
1080-	Petty Cash	140.00	140.00
Cash on Hand			
		-35215.40	-27475.83
1110-	Prepaid Insurance	19684.82	13540.10
1120-	Prepaid Expenses	632.00	0.00
Prepayments			
		20316.82	13540.10
1310-	Trade Accounts Receivable	323795.62	244050.88
1312-	Min Lease Payment Rec.	16199.29	27541.70
1314-	A/R DWS	3423.55	6181.43
1320-	Employee Receivable	700.10	257.46
Accounts Receivable			
		344118.56	278031.49
1410-	Warehouse Inv. Tail	131195.73	178444.44
Inventory			
		131195.73	178444.44
1501-	Due to from Bainbridge	-27485.50	-30826.36

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BALANCE SHEET

Fiscal Period 12, December, 2000

\*\* THIS PERIOD CURRENT YEAR \*\*      \*\* THIS PERIOD LAST YEAR \*\*

		** THIS PERIOD CURRENT YEAR **	** THIS PERIOD LAST YEAR **
1502-	Due<To>From Networx	120515.70	82849.36
1503-	DUR<TO>FROM-UCC	1554.00	0.00
1597-	EXCHANGE ACCOUNT	2458.65	-199.75
Other Current Assets		97122.85	51823.25
Subtotal Current Assets		557538.56	494363.45
Long Term Assets:			
1730-	Installed Equipment	75993.84	10077.34
1735-	Accum Depr - Rental Equip	-21102.00	-3023.00
1740-	Other Equipment	52128.14	30552.36
1750-	Deposits (Sec/Util)	2842.64	2842.64
1751-	Sec Dep-Lease Vehicle	375.00	375.00
1752-	SEC DEP-36MO MARLIN LEASE	1602.22	1602.22
1760-	Vehicles	166606.92	123419.54
1770-	Furniture, Fixtures&Equip.	160850.11	132925.60
1781-	INVESTMENT IN NETWORK LLC	-10459.00	0.00
1782-	INVESTMENT IN UCC	-1263.00	0.00
1800-	Building & L/H Improv.	507303.75	502626.98
1820-	Accum. Depr.	-314364.17	-224876.17
Fixed Assets		621514.45	576522.51
1930-	Organizational Costs	1253.89	2806.93
1931-	Unamortized Discount	0.00	254.74
Intangible Assets		1253.89	3061.67
Subtotal Long Term Assets		622768.34	579584.18
Total Assets		1180306.90	1073947.63

LIABILITIES & CAPITAL

Current Liabilities:

2080-	Customer Deposits/Overpay	250871.26	148208.26
2109-	Other Payables	0.00	19789.51
2110-	Trade Accounts Payable	82658.94	125198.79
Total Payables		333530.20	293196.56

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BALANCE SHEET

Fiscal Period 12, December, 2000

== \*\* THIS PERIOD CURRENT YEAR \*\* \*\* THIS PERIOD LAST YEAR \*\* ==

		** THIS PERIOD CURRENT YEAR **	** THIS PERIOD LAST YEAR **
2112-	United Way Deductions	211.29	0.00
2113-	AFLAC Ins. Deduction	775.02	-126.58
2114-	Dental Ins. Deduction	160.28	-40.38
Total Employee Deductions		1146.59	-166.96
2119-	FURNITURE LEASE - MARLIN	16946.15	0.00
2141-	N/P GMAC-99 ASTRO (TRK 8)	16091.04	0.00
2142-	N/P GMAC-2001 ASTRO (TRK9)	21607.96	0.00
2160-	N/P CCB #02103653-60	70878.65	93766.43
2165-	N/P CCB #021036353-63	410026.56	419054.87
2175-	N/P M.P	290990.58	337844.19
2195-	WASCO FUNDING CORP	111942.54	0.00
Notes Payable		938483.48	850665.49
2205-	Deferred Income	0.00	45532.00
2210-	Accrued Salaries & Wages	27535.53	50174.87
2220-	Accrued Payables	92871.97	0.00
Accrued Liabilities		120407.50	95706.87
2320-	State of FL Sales Tax	19411.77	30504.83
2340-	State of GA Sales Tax	0.13	0.48
2440-	State Inc. Tax Payable	0.00	-60.00
Taxes Payable		19411.90	30445.31
Total Current Liabilities		1412979.67	1269847.27
Long-Term Liabilities:			
2552-	Unearned Income (Leases)	2329.77	5061.49
2553-	PREPAID LEASE / DEPOSITS	279.00	0.00
2554-	DEFERRED MAINT. CONT. REVNU	82143.00	82143.00
Long-Term Liabilities		84751.77	87204.49
Total Long-Term Liabilities		84751.77	87204.49
Total Liabilities		1497731.44	1357051.76
2610-	Capital Stock	1000.00	1000.00
2611-	Treasury Stock	-362226.00	-362226.00



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BALANCE SHEET

Fiscal Period 12, December, 2000

	** THIS PERIOD CURRENT YEAR **	** THIS PERIOD LAST YEAR **
2620- Paid In Capital	19481.00	19481.00
2631- Paid In Capital-NetworX	0.00	-7500.00
2960- Retained Earnings	-15333.69	-4115.39
2961- Accumulated Adjustments	153581.00	153581.00
2965- Distribution to S/H	-243500.00	-90000.00
2970- Current Earnings	129573.15	0.00
Capital	-317424.54	-289779.39
Sub-total Capital	-317424.54	-289779.39
Total Capital	-317424.54	-289779.39
Total Liabilities & Capi.	1180306.90	1067272.37

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INCOME STATEMENT

Fiscal Period 12, December, 2000

-----THIS YEAR-----  
THIS PERIOD      RATIO      12 PERIODS      RATIO      BUDGET      12 PERIODS      -----LAST YEAR-----  
THIS PERIOD      12 PERIODS

=====

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INCOME STATEMENT

Fiscal Period 12, December, 2000

	-----THIS YEAR-----				BUDGET	-----LAST YEAR-----	
	THIS PERIOD	RATIO	12 PERIODS	RATIO		12 PERIODS	THIS PERIOD
Revenue:							
Sales							
3050-01 Sales (New Systems)	144681.44	52.20	1475232.51	47.19	0.00	-1426372.90	1647946.26
3050-02 Sales (Service/Parts)	114682.01	41.38	1034772.04	33.10	0.00	-525231.68	447305.86
3050-03 Sales (Rentals/Contracts)	-194.99	-0.07	410442.52	13.13	0.00	-348151.57	336547.57
3050-04 Sales (Help Desk)	-70.00	-0.03	-138.25	0.00	0.00	0.00	0.00
3051- Sales (Re-sale Product)	3959.10	1.43	19053.75	0.61	0.00	-224.40	228.05
3055- WORK ORDER FEE INCOME	2970.00	1.07	18900.00	0.60	0.00	0.00	0.00
<b>Total Sales Income</b>	<b>266027.56</b>	<b>95.98</b>	<b>2958262.57</b>	<b>94.62</b>	<b>0.00</b>	<b>-2299980.55</b>	<b>2432027.74</b>
Other Income							
3160- Interest Income	309.20	0.11	2051.79	0.07	0.00	-2164.24	2369.40
3165- Administrative Fee	30406.00	10.97	65381.00	2.09	0.00	-7184.00	97134.88
3170- Late Charges Income	0.00	0.00	0.00	0.00	0.00	-22.47	22.47
3200- Credits/Discounts	-278.71	-0.10	-3309.88	-0.11	0.00	6555.22	-8039.31
3201- Miscellaneous Income	-19287.00	-6.96	103993.85	3.33	0.00	-295.66	20750.33
<b>Total Other</b>	<b>11149.49</b>	<b>4.02</b>	<b>168116.76</b>	<b>5.38</b>	<b>0.00</b>	<b>-3111.15</b>	<b>112237.77</b>
<b>Total Revenue</b>	<b>277177.05</b>	<b>100.00</b>	<b>3126379.33</b>	<b>100.00</b>	<b>0.00</b>	<b>-2303091.70</b>	<b>2544265.51</b>
Cost Of Goods Sold:							
4150-01 Cost Of Materials (New)	72431.57	26.13	761358.87	24.35	0.00	-512607.15	580291.66
4150-02 Cost Of Materials (Svc)	26807.05	9.67	319686.29	10.23	0.00	-269554.08	299636.81
4150-03 Cost Of Materials (Rent)	0.00	0.00	1678.05	0.05	0.00	-6391.10	6455.30
4151- Non-stock Purchases	44.50	0.02	133.13	0.00	0.00	-105.55	107.28
4200- Cost To Repair Mat.	1490.34	0.54	27367.04	0.88	0.00	-39879.38	43826.88
4210- Sublet Service	11755.00	4.24	45558.18	1.46	0.00	-41330.75	3265.50
4300- Shipping Charges	1550.52	0.56	14093.99	0.45	0.00	-11848.92	14866.13
<b>Total Cost Of Goods</b>	<b>114078.98</b>	<b>41.16</b>	<b>1169875.55</b>	<b>37.42</b>	<b>0.00</b>	<b>-841716.93</b>	<b>948449.56</b>
<b>Gross Profit</b>	<b>163098.07</b>	<b>58.84</b>	<b>1956503.78</b>	<b>62.58</b>	<b>0.00</b>	<b>-1461374.77</b>	<b>1595815.95</b>
Overhead:							
5275- Contract Labor	0.00	0.00	0.00	0.00	0.00	-12702.75	14394.06
5300- Utilities / Security	979.15	0.35	13797.71	0.44	0.00	-9771.87	10673.26
5450- Phone (Office)	-385.63	-0.14	26939.78	0.86	0.00	-15176.11	18957.75
5453- Radios/Pagers	653.50	0.24	11347.69	0.36	0.00	-10496.00	11808.69
5500- Truck Expenses	5370.94	1.94	36384.33	1.16	0.00	-20100.61	24961.78
5510- Vehicle Lease Payments	874.06	0.32	10488.72	0.34	0.00	-4644.78	5518.84
5515- Furniture Lease	54.33	0.02	768.38	0.02	0.00	0.00	880.44
5600- Truck Insurance	1118.00	0.40	12237.27	0.39	0.00	-9151.10	10077.94

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INCOME STATEMENT

Fiscal Period 12, December, 2000

		-----THIS YEAR-----				BUDGET	-----LAST YEAR-----	
		THIS PERIOD	RATIO	12 PERIODS	RATIO	12 PERIODS	THIS PERIOD	12 PERIODS
5625-	Life Insurance	0.00	0.00	1995.00	0.06	0.00	-1995.00	1995.00
5650-	Health Insurance	3292.01	1.19	49925.49	1.60	0.00	-41355.01	31416.56
5675-	Office Insurance	0.00	0.00	6999.50	0.22	0.00	-13558.97	13558.97
5700-	Office Supplies	2063.69	0.74	18780.48	0.60	0.00	-10584.23	12436.71
5701-	Copy/Computer Paper	0.00	0.00	156.84	0.01	0.00	-865.43	865.43
5710-	Postage	1095.23	0.40	7492.31	0.24	0.00	-5315.45	5615.01
5730-	Office Rent	0.00	0.00	0.00	0.00	0.00	1750.00	0.00
5750-	Computer Expense	-6921.34	-2.50	20610.38	0.66	0.00	-21553.19	17334.16
5850-	Legal & Accting & Consult	5017.50	1.81	22199.34	0.71	0.00	-30729.93	41582.53
5900-	Advertising	7879.52	2.84	32950.65	1.05	0.00	-7958.87	13919.73
5901-	SALES CONSULTING/SUPPORT	2500.00	0.90	2749.00	0.09	0.00	-1230.32	1230.32
5902-	REFERRAL BUCK	0.00	0.00	550.00	0.02	0.00	-550.00	550.00
6000-	Travel Expense	3503.73	1.26	14059.07	0.45	0.00	-8195.45	10055.71
6010-	Meals & Entertainment	1188.68	0.43	4428.90	0.14	0.00	-3133.12	3797.08
6025-	Employee Relations	1283.77	0.46	5763.12	0.18	0.00	-1333.31	1899.77
6050-	Taxes Other	548.41	0.20	12607.91	0.40	0.00	-9028.00	9028.00
6100-	License, Fees & Permits	-70.97	-0.03	833.91	0.03	0.00	-2329.52	2412.02
6120-	Dues & Subscr.	0.00	0.00	2909.25	0.09	0.00	-1890.00	2270.00
6130-	Equip/Storage Rental	285.50	0.10	1593.53	0.05	0.00	-740.15	1067.47
6350-	Bank Charges	647.22	0.23	7352.00	0.24	0.00	-5591.43	6573.89
6375-	Penalties	0.00	0.00	286.70	0.01	0.00	-15.00	15.00
6400-	Depreciation	33813.00	12.20	88813.00	2.84	0.00	0.00	59130.00
6401-	Amortization Expense	129.42	0.05	1807.78	0.06	0.00	-2824.25	3081.00
6450-	Interest Expense	7253.31	2.62	84561.27	2.70	0.00	-60720.69	67828.08
6500-	Uniforms	699.67	0.25	8428.49	0.27	0.00	-6624.32	7521.22
6510-	Printing Expense	0.00	0.00	171.50	0.01	0.00	-3233.45	4117.14
6525-	Training Expense	-553.08	-0.20	15196.92	0.49	0.00	-13194.18	13494.18
6550-	Tools Expense	151.70	0.05	1658.35	0.06	0.00	-3958.81	4329.07
6600-	Bldg & Lawn Maint	734.64	0.27	7685.57	0.25	0.00	-8509.70	11821.24
6700-	Misc. Other Expenses	1275.40	0.46	5176.81	0.17	0.00	-6255.91	4925.41
6900-	PAGENET-INVENTORY/EQUIP	0.00	0.00	335.00	0.01	0.00	-42500.00	12500.00
6901-	PAGENET-TRAVEL EXP	14.90	0.01	1569.61	0.05	0.00	-79.01	266.03
6902-	PAGENET-MEALS & ENT.	211.45	0.08	882.02	0.03	0.00	-353.71	534.13
6903-	PAGENET-LEGAL & ACCTNG	0.00	0.00	549.60	0.02	0.00	0.00	0.00
6908-	PAGENET-ADVERTISING	587.53	0.21	2914.62	0.06	0.00	-569.15	990.99
6909-	PAGENET-INT/SVC CHGS	0.00	0.00	21.75	0.00	0.00	0.00	0.00
6910-	PAGENET-COMPUTER SPLY	118.24	0.04	1626.24	0.05	0.00	-161.49	161.49
6911-	PAGENET-OFFICE SPLY	0.00	0.00	0.00	0.00	0.00	-26.11	45.95
6915-	PAGENET TRAINING EXP.	0.00	0.00	0.00	0.00	0.00	-450.00	450.00
6927-	PAGENET-POSTAGE/COURIER	8.40	0.00	26.85	0.00	0.00	-13.25	13.25
6930-	UCC-LEGAL & ACCOUNTING	0.00	0.00	391.90	0.01	0.00	0.00	0.00
6931-	UCC-LICENSE FEES	0.00	0.00	150.00	0.00	0.00	0.00	0.00
6934-	UCC OFFICE SUPPLY	0.00	0.00	67.37	0.00	0.00	0.00	0.00
6938-	UCC- ADV/MTG/SIGNAGE	0.00	0.00	12.20	0.00	0.00	0.00	0.00
6940-	UCC-COMPUTER/SOFTWARE	-8606.28	-3.10	240.94	0.01	0.00	0.00	0.00
8002-	Service-Pensacola	1980.00	0.71	1980.00	0.06	0.00	0.00	0.00
8003-	Sales Pensacola	5975.81	2.16	9009.11	0.31	0.00	0.00	0.00
8004-	Admin-Pensacola	5484.61	1.98	26407.67	0.84	0.00	0.00	0.00

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INCOME STATEMENT

Fiscal Period 12, December, 2000

	-----THIS YEAR-----				BUDGET	-----LAST YEAR-----	
	THIS PERIOD	RATIO	12 PERIODS	RATIO		12 PERIODS	THIS PERIOD
8005- Salaries-Network	11134.99	4.02	2306.22	0.07	0.00	-47432.48	63960.18
8006- Salaries Pagenet	0.00	0.00	47030.73	1.50	0.00	-14730.72	23288.39
8009- Casual Labor	0.00	0.00	4809.90	0.15	0.00	-275.63	275.63
8010- Sales Salaries	14458.97	5.22	79650.54	2.55	0.00	-66084.59	75983.55
8011- Sales Commissions	19340.30	3.73	134618.03	4.31	0.00	-129251.15	157788.12
8012- Admin Salaries	37777.10	13.63	284431.01	9.10	0.00	-208605.69	242726.99
8013- Service Salaries	33111.81	11.95	251457.11	8.04	0.00	-163081.85	176608.42
8014- Install Salaries	26648.87	9.61	162086.68	5.18	0.00	-141213.74	162706.80
8020- Admin Salaries - OT	596.63	0.22	6045.09	0.19	0.00	-1545.56	1732.23
8021- Service Salaries - OT	1515.70	0.55	13594.83	0.43	0.00	-7850.02	8955.22
8022- Installation Sal - OT	327.69	0.12	8781.12	0.28	0.00	-8791.70	10019.83
8024- Service-PCola-OT	243.00	0.09	243.00	0.01	0.00	0.00	0.00
8025- Administration Commission	4889.29	1.76	36856.98	1.18	0.00	-28521.28	36990.02
8026- BONUSSES	22531.22	8.13	79592.65	2.55	0.00	-42858.27	55482.72
8027- Accrued Salary & Wages	0.00	0.00	0.00	0.00	0.00	13552.00	-13552.00
8070- FICA & Medicare P/R Tax	12399.12	4.47	80320.02	2.57	0.00	-61915.00	73252.24
8071- FUTA Tax Expense	201.60	0.07	1001.18	0.03	0.00	1813.99	2154.38
8072- SUTA Tax Expense	-138.19	-0.05	-1285.72	-0.04	0.00	-359.84	460.81
8073- Income Tax Expense	0.00	0.00	0.00	0.00	0.00	-4867.00	4867.00
8090- Worker's Compensation	1220.36	0.44	24241.15	0.76	0.00	-6584.63	8157.63
8091- 401(k) Match Expense	1021.95	0.37	7077.11	0.23	0.00	-4572.53	5422.23
9800- Discounts Allowed	0.00	0.00	0.00	0.00	0.00	3.00	-3.00
9850- Bad Debts	3409.66	1.23	15162.14	0.48	0.00	-1864.60	1864.60
9900- Donations	50.00	0.02	2530.00	0.08	0.00	445.76	21804.40
9901- POLITICAL CONTRIBUTIONS	0.00	0.00	420.93	0.01	0.00	799.00	799.00
Total Overhead	261996.40	94.52	1826930.63	58.44	0.00	-1287538.14	1689140.69
Net Profit	-98898.33	-35.68	129573.15	4.14	0.00	-173836.63	6675.26

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation. See separate instructions.

For calendar year 1999, or tax year beginning and ending

Header section containing: Effective date of election as an S corporation (02/19/1997), Business code (513300), Name (BUSINESS COMMUNICATIONS INC), Address (831 NORTH MONROE STREET, TALLAHASSEE, FL 32303), Employer identification number (59-2740313), Date incorporated (12/01/1986), Total assets (1,166,947).

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 10 of the instructions for more information.

Main table with 27 rows and 4 columns (1a-1c, 2-6, 7-19, 20-27). Rows include Income (1a-6), Deductions (7-19), and Tax and Payments (20-27). Values include 2,432,028 for line 1c and 24,158 for line 21.

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has knowledge.

Signature of officer, Date, Title

Preparer's section containing: Preparer's signature (Thomas Howell Ferguson), Date (4/17/00), Check if self-employed, Preparer's EIN (59-2740313), Firm's name (THOMAS HOWELL FERGUSON P.A.), Address (2120 KILLARNEY WAY, TALLAHASSEE, FL), ZIP code (32303).

**Schedule A** Cost of Goods Sold (see page 15 of the instructions)

1	Inventory at beginning of year	1	51,94
2	Purchases	2	1,025,37
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	62,06
6	Total. Add lines 1 through 5	6	1,139,39
7	Inventory at end of year	7	178,44
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	960,95

9a Check all methods used for valuing closing inventory:

- (i)  Cost as described in Regulations section 1.471-3
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Other (specify method used and attach explanation) \_\_\_\_\_

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.

**Schedule B** Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: (a) Business activity <u>RETAIL</u> (b) Product or service <u>COMMUN. SERVICES</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		<input checked="" type="checkbox"/>
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?	<input checked="" type="checkbox"/>	
5 At any time during calendar year 1999, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country _____		<input checked="" type="checkbox"/>
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.		<input checked="" type="checkbox"/>
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 15 of the instructions) _____		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) <input checked="" type="checkbox"/>		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

Table with columns for (a) Pro rata share items and (b) Total amount. Rows include Income (Loss), Deductions, Investment Interest, Credits, Adjustments and Tax Preference Items, Foreign Taxes, and Other. Total amount for line 23 is -14,277.



**Schedule L**

Balance Sheets per Books

Beginning of tax year

End of tax year

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		-1,892.		1
2 a Trade notes and accounts receivable	269,386.		244,051.	
b Less allowance for bad debts		269,386.		244,0
Inventories		51,949.		178,4
3 U.S. Government obligations				
4 Tax-exempt securities				
5 Other current assets (attach schedule)	STMT 5	201.		13,70
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)	STMT 5	NONE		7,50
9 a Buildings and other depreciable assets	721,188.		845,383.	
b Less accumulated depreciation	168,769.	552,419.	246,653.	598,70
10 a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12 a Intangible assets (amortizable only)	9,014.		9,014.	
b Less accumulated amortization	2,872.	6,142.	5,952.	3,00
13 Other assets (attach schedule)	STMT 5	24,625.		121,10
14 Total assets		902,830.		1,166,94
<b>Liabilities and Shareholders' Equity</b>				
15 Accounts payable		49,275.		124,36
16 Mortgages, notes, bonds payable in less than 1 year		20,762.		19,79
17 Other current liabilities (attach schedule)	STMT 5	25,919.		108,45
18 Loans from shareholders				
19 Mortgages, notes, bonds payable in 1 year or more		916,920.		896,44
20 Other liabilities (attach schedule)	STMT 5	82,233.		311,39
21 Capital stock		1,000.		1,00
22 Additional paid-in capital		19,481.		19,48
23 Retained earnings		149,466.		48,24
24 Adjustments to shareholders' equity (attach schedule)				
25 Less cost of treasury stock		( 362,226.)		( 362,22
26 Total liabilities and shareholders' equity		902,830.		1,166,94

**Schedule M-1**

Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	-11,218.	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize)		a Tax-exempt interest	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a Depreciation		a Depreciation	SEE STATEMENT 6 13,540
b Travel and entertainment	SEE STATEMENT 6 10,481.	7 Add lines 5 and 6	13,540
4 Add lines 1 through 3	-737.	8 Income (loss) (Schedule K, line 23)	
		Line 4 less line 7	-14,277

**Schedule M-2**

Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholder Undistributed Taxable Income Previously Taxed (see page 24 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	153,581.	-4,115.	
2 Ordinary income from page 1, line 21	24,158.		
Other additions	SEE STATEMENT 6. 15,909.		
Loss from page 1, line 21	( )		
3 Other reductions	SEE STATEMENT 6. ( 49,290.)	( 1,995.)	SEE STATEMENT
4 Combine lines 1 through 3	144,358.	-6,110.	
5 Distributions other than dividend distributions	90,000.		
6 Balance at end of tax year. Subtract line 5 from line 4	54,358.	-6,110.	

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury Internal Revenue Service (99) Name(s) shown on return

See separate instructions.

Attach this form to your return.

BUSINESS COMMUNICATIONS INC Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

Table with 13 rows for Section 179 election. Columns include description, cost, elected cost, and deduction amounts. Total deduction is 19,000.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service ONLY During Your 1999 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions.

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

Table for Section B (GDS) with columns for classification, month/year placed in service, basis, recovery period, convention, method, and depreciation deduction.

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

Table for Section C (ADS) with columns for class life, recovery period, convention, and method.

Part III Other Depreciation (Do Not Include Listed Property.) (See page 5 of the instructions.)

Table with 3 rows for Part III, including GDS and ADS deductions for assets placed in service before 1999, section 168(f)(1) election, and ACRS and other depreciation.

Part IV Summary (See page 6 of the instructions.)

Table with 3 rows for Part IV summary, including listed property amount, total deductions, and basis attributable to section 263A costs.

**Part V** Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, ar Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)**

23a Do you have evidence to support the business/investment use claimed?		Yes	No	23b If "Yes," is the evidence written?		Yes			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elect to section 179 cost	
24 Property used more than 50% in a qualified business use (See page 6 of the instructions.)									
		%							
		%							
		%							
25 Property used 50% or less in a qualified business use (See page 6 of the instructions.)									
		%				S/L -			
		%				S/L -			
		%				S/L -			
26 Add amounts in column (h). Enter the total here and on line 20, page 1 . . . . .							26		
27 Add amounts in column (i). Enter the total here and on line 7, page 1 . . . . .								27	

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehi

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles - see page 1 of the instructions) . . . . .												
29 Total commuting miles driven during the year . . . . .												
30 Total other personal (noncommuting) miles driven . . . . .												
31 Total miles driven during the year. Add lines 28 through 30 . . . . .												
32 Was the vehicle available for personal use during off-duty hours? . . . . .												
33 Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
34 Is another vehicle available for personal use? . . . . .												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .	
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .	
37 Do you treat all use of vehicles by employees as personal use? . . . . .	
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .	
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 6 of the instructions . . . . .	

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes" you need not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage
40 Amortization of costs that begins during your 1999 tax year				
41 Amortization of costs that began before 1999 . . . . .				41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return . . . . .				42

FORM 1120S, PAGE 1 DETAIL

LINE 5 - OTHER INCOME

ORD. INC. - NETWORX, LLC	30
REIMBURSED EXPENSES	97,10
OTHER INCOME	12,70
TOTAL	110,20

LINE 12 - TAXES

TAXES AND LICENSES EXCLUDING INCOME TAXES	
LICENSES & TAXES	11,09
PAYROLL TAXES	75,86
STATE TAX	
TOTAL	86,96

LINE 19 - OTHER DEDUCTIONS

AMORTIZATION	3,08
BANK CHARGES	6,67
COMPUTER EXPENSE	17,49
CONSULTING	1,780
CONTRACT LABOR	14,660
DUES & SUBSCRIPTIONS	2,270
EMPLOYEE RELATIONS	1,900
INSURANCE	23,63
LEGAL & ACCOUNTING	41,58
MEALS & ENTERTAINMENT	2,160
MISCELLANEOUS EXPENSE	4,930
OFFICE EXPENSE	13,390
POSTAGE	5,620
PRINTING	4,110
RADIOS/PAGERS	11,800
TELEPHONE	18,950
TOOLS	4,320
TRAINING	13,940
TRAVEL	10,520
TRUCK EXPENSE	32,480
UNIFORMS	7,520
UTILITIES	10,670
WORKERS COMPENSATION INSURANCE	8,150
TOTAL	261,510

STATEMENT 1

FORM 1120S, PAGE 2 DETAIL

SCH A, LINE 5 - OTHER COSTS:

WARRANTY COSTS

62,06

TOTAL

62,06

FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 7 - CHARITABLE CONTRIBUTIONS

CONTRIBUTIONS SUBJECT TO 50% LIMITATION

VARIOUS CHARITIES

TOTAL

21,8

21,8

FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 19 - NONDEDUCTIBLE EXPENSES

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,99
MEALS & ENTERTAINMENT	2,16
PENALTIES	34
POLITICAL CONTRIBUTIONS	79
FEDERAL INCOME TAX	4,86
OTHER EXPENSES FROM NETWORX, LLC	30
	-----
TOTAL	10,48
	=====

FORM 1120S, PAGE 4 DETAIL - SCH L

	BEGINNING	ENDING
<b>LINE 6 - OTHER CURRENT ASSETS</b>		
EMPLOYEE RECEIVABLES	201.	25
PREPAID INSURANCE	NONE	13,54
<b>TOTAL</b>	<b>201.</b>	<b>13,79</b>
<b>LINE 9 - OTHER INVESTMENTS</b>		
INVESTMENT IN NETWORX, LLC	NONE	7,53
<b>TOTAL</b>	<b>NONE</b>	<b>7,53</b>
<b>LINE 14 - OTHER ASSETS</b>		
DEPOSITS	4,593.	4,82
OTHER RECEIVABLE	20,032.	33,52
DUE FROM NETWORX	NONE	82,84
<b>TOTAL</b>	<b>24,625.</b>	<b>121,19.</b>
<b>LINE 18 - OTHER CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE DWS	61.	1.
DUE TO BAINBRIDGE	25,368.	30,8.
TAXES PAYABLE	490.	1
CASH DEFICIT	NONE	27,
ACCRUED WAGES	NONE	50,
<b>TOTAL</b>	<b>25,919.</b>	<b>108.</b>
<b>LINE 21 - OTHER LIABILITIES</b>		
INSURANCE PAYABLE	47.	
DEFERRED INCOME	46,184.	4.
SALES TAX PAYABLE	18,805.	50
UNEARNED INCOME	4,403.	87
DEPOSITS	12,794.	148
<b>TOTAL</b>	<b>82,233.</b>	<b>311.</b>

STATEMENT



FORM 1120S, PAGE 4 DETAIL

SCH M-1, LINE 3 - EXPENSES ON BOOKS NOT IN RETURN

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,99
MEALS & ENTERTAINMENT	2,16
PENALTIES	34
POLITICAL CONTRIBUTIONS	79
FEDERAL INCOME TAX	4,86
NONDEDUCTIBLE EXPENSES FROM PASS-THROUGH ACTIVITIES	30
TOTAL	10,48

SCH M-1, LINE 6 - DEDUCTIONS NOT CHARGED AGAINST BOOK INCOME

INSURANCE EXPENSE	13,540
TOTAL	13,540

SCH M-2, LINE 3 - OTHER ADDITIONS - AAA

INTEREST INCOME	2,369
INSURANCE DEDUCTED FOR TAX NOT BOOK	13,540
TOTAL	15,909

SCH M-2, LINE 5 - OTHER REDUCTIONS - AAA

CHARITABLE CONTRIBUTIONS	21,804
SECTION 179 EXPENSE	19,000
MEALS & ENTERTAINMENT	2,166
PENALTIES	346
POLITICAL CONTRIBUTIONS	799
FEDERAL INCOME TAX	4,867
NONDEDUCTIBLE EXPENSES FROM PASS-THROUGH	308
TOTAL	49,290

SCH M-2, LINE 5 - OTHER REDUCTIONS - OAA

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995
TOTAL	1,995

PASS-THROUGH ACTIVITIES

ORDINARY INCOME ACTIVITY

NETWORKX, LLC  
831 N MONROE ST, TALLAHASSEE, FL 32308

FEDERAL EIN OF PASS-THROUGH ENTITY: 59-3580043

ORDINARY INCOME 338

OTHER INFORMATION

OTHER NONDEDUCTIBLE EXPENSES 308

SHAREHOLDER SUMMARY

SH. #	SHAREHOLDER NAME	BEGINNING SHARES	OWNERSHIP PERCENTAGE
01	DOUGLAS SMITH	900.0000	90.000000
02	THOMAS W ALLEN III	100.0000	10.000000

FORM 4797, PAGE 1 DETAIL PART 1

(A) DESCRIPTION OF PROPERTY	(B) DATE ACQUIRED	(C) DATE SOLD	(D) GROSS SALES PRICE	(E) DEPREC. ALLOWED	(F) COST OR OTHER BASIS PLUS IMPROV AND SALE EXPENSE	(G) GAIN/LOSS	(H) 28% RATE
ASSETS BUILDING/LAND	VARIOUS	VARIOUS	4,000.	42,370.	50,368.	-3,998. NONE	
PART 1 4797 GAINS AND LOSSES						-3,998.	

SHAREHOLDER SUMMARY

=====

SH. #	SHAREHOLDER NAME	BEGINNING SHARES	OWNERSHIP PERCENTAGE
01	DOUGLAS SMITH		98.904110
02	MARVIN POWELL JR	510.0000	0.558904
03	GLENN POWELL	490.0000	0.536986

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR

PERIOD 01: BEGINNING 01/01/1998 AND ENDING 01/05/1998 NO. OF DAYS = 5

SHARE-HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01				
02	510.0000		510.0000	0.558904
03	490.0000		490.0000	0.536986
TOTAL	1000.0000		1000.0000	

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR  
=====

PERIOD 02: BEGINNING 01/05/1998 AND ENDING 12/31/1998 NO. OF DAYS = 36

SHARE- HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01		1000.0000	1000.0000	98.904110
02	510.0000	-510.0000		
03	490.0000	-490.0000		
TOTAL	1000.0000		1000.0000	

SSO: 68241 2014 04 20 10:40:00

2



Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

1997

Department of the Treasury Internal Revenue Service

See separate Instructions.

For calendar year 1997, or tax year beginning 1997, & ending 19

Form header section containing: A Date of election as an S corporation (02/19/97), B Business code no. (4825), C Employer identification no. (59-2740313), D Date incorporated (12/01/86), E Total assets (\$420,829).

F Check applicable boxes: (1) Initial return, (2) Final return, (3) Change in address, (4) Amended return. G Enter number of shareholders in the corporation at end of the tax year: 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with 27 rows and 4 columns. Rows include: 1a Gross receipts or sales (1,543,641), 2 Cost of goods sold, 3 Gross profit, 4 Net gain (loss), 5 Other income (loss), 6 Total Income (loss), 7 Compensation of officers, 8 Salaries and wages, 9 Repairs and maintenance, 10 Bad debts, 11 Rents, 12 Taxes and licenses, 13 Interest, 14a Depreciation (22,596), 15 Depletion, 16 Advertising, 17 Pension, profit-sharing, etc., plans, 18 Employee benefit programs, 19 Other deductions, 20 Total deductions (846,705), 21 Ordinary income (loss) (74,577), 22 Tax: a Excess net passive income tax, b Tax from Schedule D (249), 23 Payments: a 1997 estimated tax payments, b Tax deposited with Form 7004, c Credit for Federal tax paid on fuels, d Add lines 23a through 23c, 24 Estimated tax penalty, 25 Tax due (249), 26 Overpayment, 27 Enter amount of line 25 you want credited to 1996 est. tax.

Please Sign Here: Under penalties of perjury, I declare that I have examined the return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Paul A. Posey & Co., P.A. PRESIDENT

Preparer's information section: Preparer's signature, Date (3/1/98), Title (Certified Public Accountant), Check if self-employed, Preparer's SSN (267-21-4431), Firm's name (PAUL A. POSEY & CO., P.A., CPAS), EIN (59-2680707), and address (922 E. LAFAYETTE ST., STE. C, TALLAHASSEE, FL 32301).

**Schedule A** Cost of Goods Sold (see page 13 of the instructions)

1	Inventory at beginning of year	1	72,843
2	Purchases	2	614,653
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	6,001
6	Total. Add lines 1 through 5	6	693,497
7	Inventory at end of year	7	69,138
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	624,359

9a Check all methods used for valuing closing inventory:

- (i)  Cost as described in Regulations section 1.471-3
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Other (specify method used and attach explanation) ▶

- b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶
  - c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
  - d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d
  - e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No
  - f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No
- If "Yes," attach explanation.

**Schedule B** Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on page 23 of the instructions and state the corporation's principal: (a) Business activity ▶ <u>RETAIL</u> (b) Product or service ▶ <u>COMMUN. SERVICE</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1997, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 or 926. See page 14 of the instructions		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ▶ <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ \$ <u>712.</u>		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 14 of the instructions) ▶ <input checked="" type="checkbox"/>		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 74,577	
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a	Gross income from other rental activities	3a	
	b	Expenses from other rental activities (attach schedule)	3b	
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss):		
	a	Interest income	4a 5,717.	
	b	Dividend income	4b	
	c	Royalty income	4c	
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
Deductions	e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):		
	(1)	28% rate gain (loss)	4e(1)	
	(2)	Total for year	4e(2)	
	f	Other portfolio income (loss) (attach schedule)	4f	
	5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797):		
	a	28% rate gain (loss)	5a	
	b	Total for year	5b 463.	
	6	Other income (loss) (attach schedule)	6	
	7	Charitable contributions (attach schedule)	7 7,540.	
	8	Section 179 expense deduction (attach Form 4562)	8 5,961.	
Investment Interest	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
	11a	Interest expense on investment debts	11a	
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1) 5,717.	
	(2)	Investment expenses included on line 9 above	11b(2)	
	Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a
		b	Low-income housing credit:	
		(1)	From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990	12b(1)
		(2)	Other than on line 12b(1) for property placed in service before 1990	12b(2)
		(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)
(4)		Other than on line 12b(3) for property placed in service after 1989	12b(4)	
c		Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
Adjustments and Tax Preference Items	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
	e	Credits related to other rental activities	12e	
	13	Other credits	13	
	14a	Depreciation adjustment on property placed in service after 1986	14a -3,498.	
	b	Adjusted gain or loss	14b	
	c	Depletion (other than oil and gas)	14c	
	d (1)	Gross income from oil, gas, or geothermal properties	14d(1)	
(2)	Deductions allocable to oil, gas, or geothermal properties	14d(2)		
Foreign Taxes	e	Other adjustments and tax preference items (attach schedule)	14e	
	15a	Type of income		
	b	Name of foreign country or U.S. possession		
	c	Total gross income from sources outside the United States (attach schedule)	15c	
	d	Total applicable deductions and losses (attach schedule)	15d	
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
	f	Reduction in taxes available for credit (attach schedule)	15f	
Other	g	Other foreign tax information (attach schedule)	15g	
	16	Section 59(e)(2) expenditures: a Type b Amount	16b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses Statement Attached	19 3,287.	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
Other	22	Total dividend distributions paid from accumulated earnings and profits	22	
	23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23 67,256.	

Schedule L-1 Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		86,146.		185,763
2a Trade notes and accounts receivable.....	128,894.		61,718.	
b Less allowance for bad debts.....		128,894.		61,718
3 Inventories .....		72,843.		69,138
4 U.S. Government obligations .....				
5 Tax-exempt securities .....				
6 Other current assets (attach schedule)....		2,565.		
7 Loans to shareholders .....				
8 Mortgage and real estate loans .....				
9 Other investments (attach schedule) .....				
10a Buildings and other depreciable assets ...	243,419.		249,379.	
b Less accumulated depreciation .....	168,902.	74,517.	197,459.	51,920.
11a Depletable assets.....				
b Less accumulated depletion.....				
12 Land (net of any amortization) .....				
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (attach schedule).....		54,761.		52,290.
15 Total assets .....		419,726.		420,829.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable.....		18,219.		29,681.
17 Mortgages, notes, bonds payable in less than 1 yr.		46,388.		39,308.
18 Other current liabilities (attach schedule) ..		418.		902.
19 Loans from shareholders .....				39,056.
20 Mortgages, notes, bonds payable in 1 year or more		56,599.		14,740.
21 Other liabilities (attach schedule) .....		14,619.		13,907.
22 Capital stock .....		1,000.		1,000.
23 Additional paid-in capital .....		19,481.		19,481.
24 Retained earnings .....		382,176.		381,928.
25 Adjustments to shareholders' equity (attach sch.)				
26 Less cost of treasury stock .....		( 119,174.)		( 119,174.)
27 Total liabilities and shareholders' equity ...		419,726.		420,829.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books .....	64,218.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year			a Tax-exempt int. \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):			6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a Depreciation \$			a Depreciation \$	
b Travel and entertainment \$ 1,167.			See Stmt. 249.	249.
See Stmt. 2,120.	3,287.	7	Add lines 5 and 6.....	249.
4 Add lines 1 through 3.....	67,505.	8	Income (loss) (Schedule K, line 23)	
			Line 4 less line 7.....	67,256.

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see page 21 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year .....	382,176.		
2 Ordinary income from page 1, line 21 .....	74,577.		
3 Other additions .....	6,181.		
4 Loss from page 1, line 21 .....	( )		
5 Other reductions .....	( 81,006.)	( )	
6 Combine lines 1 through 5.....	381,928.		
7 Distributions other than dividend distributions .			
8 Balance at end of tax year. Subtract line 7 from line 6 . .	381,928.		

**SCHEDULE D  
(Form 1120S)**

**Capital Gains and Losses and Built-In Gains**

OMB No. 1545-

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1120S.  
▶ See separate instructions.

**1997**

Name: **USINESS COMMUNICATIONS, INC.** Employer Identification number: **59-2740313**

**Part I Short-Term Capital Gains and Losses -- Assets Held One Year or Less**

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain or (loss) from like-kind exchanges from Form 8824				3
4	Combine lines 1 through 3 in column (f) and enter here				4
5	Tax on short-term capital gain included on line 32 below				5
6	Net short-term capital gain or (loss). Combine lines 4 and 5. Enter here and on Form 1120S, Schedule K, line 4d or 6				6

**Part II Long-Term Capital Gains and Losses -- Assets Held More Than One Year**

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))	(g) 28% rate gain or (loss) *(see instr. below)
7						
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9	Long-term capital gain or (loss) from like-kind exchanges from Form 8824				9	
10	Combine lines 7 through 9 in column (f) and enter here				10	
11	Tax on long-term capital gain included on lines 24 and 32 below				11	
12	Combine lines 7 through 11 in column (g). Enter here and on Form 1120S, Schedule K, line 4e(1) or 6				12	
13	Net long-term capital gain or (loss). Combine lines 10 and 11 in column (f). Enter here and on Form 1120S, Schedule K, line 4e(2) or 6				13	

28% rate gain or (loss) includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received)

either: • Before May 7, 1997, or

• After July 28, 1997, for assets held more than 1 year but not more than 18 months.

It also includes ALL "collectible gains and losses" (as defined in the instructions).

**Part III Capital Gains Tax (See instructions before completing this part.)**

14	Enter section 1231 gain from Form 4797, line 9, column (g)	14	71
15	Net long-term capital gain or (loss). Combine lines 10 and 14	15	71
16	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 4)	16	71
17	Statutory minimum	17	5000
18	Subtract line 17 from line 16	18	
19	Enter 34% of line 18	19	
20	Taxable income (attach computation schedule)	20	
21	Enter tax on line 20 amount (attach computation schedule)	21	
22	Net capital gain from substituted basis property (attach computation schedule)	22	
23	Enter 35% of line 22	23	
24	Tax. Enter the smallest of line 19, 21, or 23 here and on Form 1120S, page 1, line 22b	24	

**Part IV Built-In Gains Tax (See instructions before completing this part.)**

25	Excess of recognized built-in gains over recognized built-in losses (attach computation schedule)	25	
26	Taxable income (attach computation schedule)	26	
27	Net recognized built-in gain. Enter the smallest of line 25, line 26, or line 9 of Schedule B	27	
28	Section 1374(b)(2) deduction	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- here and on line 32	29	
30	Enter 35% of line 29	30	
31	Business credit and minimum tax credit carryforwards under section 1374(b)(3) from C corporation years	31	
32	Tax. Subtract line 31 from line 30 (if zero or less, enter -0-). Enter here and on Form 1120S, page 1, line 22b	32	

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule D (1120S)

**SCHEDULE K-1**  
**(Form 1120S)**

**Shareholder's Share of Income, Credits, Deductions, etc.**

OMB No. 1545-013

▶ See separate Instructions.

Department of the Treasury  
Internal Revenue Service

For calendar year 1997 or tax year

**1997**

beginning , 1997, and ending , 19

Shareholder's identifying number ▶ **267-71-1111** Corporation's identifying number ▶ **59-2740313**

Shareholder's name, address, and ZIP code  
**MARVIN POWELL, JR.**  
**2374 CAPITAL CIRCLE NE**  
**TALLAHASSEE, FL 32308**

Corporation's name, address, and ZIP code  
**BUSINESS COMMUNICATIONS, INC.**  
**2374 CAPITAL CIRCLE NE**  
**TALLAHASSEE, FL 32308**

- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ..... ▶ **51.0000%**  
 B Internal Revenue Service Center where corporation filed its return ▶ **ATLANTA, GA**  
 C Tax shelter registration number (see instructions for Schedule K-1) ..... ▶  
 D Check applicable boxes: (1)  Final K-1 (2)  Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in col. (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 38,034.	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col. (f)
	a Interest	4a 2,916.	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	Sch. D, line 12, col. (g)
(2) Total for year	e(2)	Sch. D, line 12, col. (f) (Enter on applicable line of your return.)	
f Other portfolio income (loss) (attach schedule)	4f	See Shareholder's Instructions for Schedule K-1 (Form 1120S).	
5 Net section 1231 gain (loss) (other than due to casualty or theft):			
a 28% rate gain (loss)	5a	(Enter on applicable line of your return.)	
b Total for year	5b 236.		
6 Other income (loss) (attach schedule)	6	Sch. A, line 15 or 16	
Deductions	7 Charitable contributions (attach schedule)	7 3,845.	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)
	8 Section 179 expense deduction	8 3,040.	
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1 See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1) 2,916.	
	(2) Investment expenses included on line 9 above	b(2)	
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10  Form 8585, line 5
	b Low-income housing credit:		
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
e Credits related to other rental activities	12e	See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)	
13 Other credits	13		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 120SK112 NTF 12234 GLD 2876

Shareholder #1

	(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986 . . . . .	14a -1,784.	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b Adjusted gain or loss . . . . .	14b	
	c Depletion (other than oil and gas) . . . . .	14c	
	d (1) Gross income from oil, gas, or geothermal properties . . . . .	d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties . . . . .	d(2)	
	e Other adjustments and tax preference items (attach schedule) . . . . .	14e	
Foreign Taxes	15a Type of income ▶ _____		Form 1116, Check boxes
	b Name of foreign country or U.S. possession ▶ _____		Form 1116, Part I
	c Total gross income from sources outside the United States (attach schedule) . . . . .	15c	
	d Total applicable deductions and losses (attach schedule) . . . . .	15d	Form 1116, Part II
	e Total foreign taxes (check one): . . ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	15e	
	f Reduction in taxes available for credit (attach schedule) . . . . .	15f	
	g Other foreign tax information (attach schedule) . . . . .	15g	Form 1116, Part III See Inst. for Form 1116
Other	16 Section 59(e)(2) expenditures: a Type ▶ _____		See Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 1040, line 8b
	b Amount . . . . .	16b	
	17 Tax-exempt interest income . . . . .	17	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	18 Other tax-exempt income . . . . .	18	
	19 Nondeductible expenses . . . . .	19 1,676.	
	20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV . . . . .	20	
	21 Amount of loan repayments for "Loans From Shareholders" . . . . .	21	Form 8811, line 8
22 Recapture of low-income housing credit:			
a From section 42(j)(5) partnerships . . . . .	22a		
b Other than on line 22a . . . . .	22b		
Supplemental Information	23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):		
	<u>See Statement (s) Attached</u>		

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Supplemental Information For Schedule K-1

Prepared for: MARVIN POWELL, JR.  
2374 CAPITAL CIRCLE NE  
TALLAHASSEE, FL 32308  
Identifying Number: 267-71-1111

Line 19 Schedule K-1 (Form 1120S)

Nondeductible expenses

Description	Amount
Meals & entertainment expenses	595.
Life Insurance	1,081.
TOTAL	1,676.

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**SCHEDULE K-1**  
**(Form 1120S)**

**Shareholder's Share of Income, Credits, Deductions, etc.**

OMB No. 1545-013

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.  
For calendar year 1997 or tax year

**1997**

beginning , 1997, and ending , 19

Shareholder's identifying number ▶ 262-84-6721

Corporation's identifying number ▶ 59-2740313

Shareholder's name, address, and ZIP code

GLENN POWELL  
2374 CAPITAL CIRCLE NE  
TALLAHASSEE, FL 32308

Corporation's name, address, and ZIP code

BUSINESS COMMUNICATIONS, INC.  
2374 CAPITAL CIRCLE NE  
TALLAHASSEE, FL 32308

- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ..... ▶ 49.0000%
- B Internal Revenue Service Center where corporation filed its return ▶ ATLANTA, GA
- C Tax shelter registration number (see instructions for Schedule K-1)..... ▶
- D Check applicable boxes: (1)  Final K-1 (2)  Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in col. (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 36,543.	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col. (f)
	a Interest	4a 2,801.	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	Sch. D, line 12, col. (g)
(2) Total for year	e(2)	Sch. D, line 12, col. (f) (Enter on applicable line of your return.)	
f Other portfolio income (loss) (attach schedule)	4f	See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)	
5 Net section 1231 gain (loss) (other than due to casualty or theft):			
a 28% rate gain (loss)	5a	See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)	
b Total for year	5b 227.		
6 Other income (loss) (attach schedule)	6	Sch. A, line 15 or 16	
Deductions	7 Charitable contributions (attach schedule)	7 3,695.	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	8 Section 179 expense deduction	8 2,921.	
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1 See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1) 2,801.	
	(2) Investment expenses included on line 9 above	b(2)	
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10  Form 8586, line 5
	b Low-income housing credit:		
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
e Credits related to other rental activities	12e	See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).	
13 Other credits	13		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 120SK112 NTF 12234 GLD 2876

Shareholder #2

BUSINESS COMMUNICATIONS, INC.

59-2740313

Schedule K-1 (Form 1120S) (1997) GLENN POWELL

262-84-6721 Page

	(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986 . . . . .	14a -1,714.	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b Adjusted gain or loss . . . . .	14b	
	c Depletion (other than oil and gas) . . . . .	14c	
	d (1) Gross income from oil, gas, or geothermal properties . . . . .	d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties . . . . .	d(2)	
	e Other adjustments and tax preference items (attach schedule) . . . . .	14e	
Foreign Taxes	15a Type of income ▶ _____		Form 1116, Check boxes
	b Name of foreign country or U.S. possession ▶ _____		Form 1116, Part I
	c Total gross income from sources outside the United States (attach schedule) . . . . .	15c	
	d Total applicable deductions and losses (attach schedule) . . . . .	15d	Form 1116, Part II
	e Total foreign taxes (check one): .. ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued . . . . .	15e	
	f Reduction in taxes available for credit (attach schedule) . . . . .	15f	Form 1116, Part III
	g Other foreign tax information (attach schedule) . . . . .	15g	See Inst. for Form 1116
Other	16 Section 59(e)(2) expenditures: a Type ▶ _____		See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b Amount . . . . .	16b	
	17 Tax-exempt interest income . . . . .	17	Form 1040, line 8b
	18 Other tax-exempt income . . . . .	18	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	19 Nondeductible expenses . . . . .	19 1,611.	
	20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV . . . . .	20	
	21 Amount of loan repayments for "Loans From Shareholders" . . . . .	21	Form 8611, line 8
22 Recapture of low-income housing credit:			
a From section 42(j)(5) partnerships . . . . .	22a		
b Other than on line 22a . . . . .	22b		
Supplemental Information	23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):		
	<u>See Statement (s) Attached</u>		

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Supplemental Information For Schedule K-1

Prepared for: GLENN POWELL  
2374 CAPITAL CIRCLE NE  
TALLAHASSEE, FL 32308  
Identifying Number: 262-84-6721

Line 19 Schedule K-1 (Form 1120S)

Nondeductible expenses

Description	Amount
Meals & entertainment expenses	572.
Life Insurance	1,039.
TOTAL	1,611.

Depreciation and Amortization

Department of the Treasury Internal Revenue Service (991)

(Including Information on Listed Property)

See separate instructions.

Attach this form to your return.

Name(s) shown on return

BUSINESS COMMUNICATIONS, INC. Form 1120S

Business or activity to which this form relates

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

OMB No. 1545-017 1997 Attachment Sequence No. 67 Identifying number 59-2740313

Table with 6 columns: (a) Description of property, (b) Cost (business use only), (c) Elected cost. Rows 1-5 showing property descriptions and costs.

Section A -- General Asset Account Election. 14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box.

Table with 10 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depr., (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation. Rows 15a-19.

Section C -- Alternative Depreciation System (ADS) (See page 6 of the instructions). 16a Class life, 16b 12-year, 16c 50-year.

Part III Other Depreciation (Do Not Include Listed Property). 17 GDS and ADS deductions for assets placed in service in tax years beginning before 1997.

Part IV Summary (See page 7 of the instructions). 20 Listed property, 21 Total, 22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.

**Part V** Listed Property -- Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A -- Depreciation and Other Information** (Caution: See page 8 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support business/investment use claimed?		Yes	No	23b If "Yes," is the evidence written?				Yes	No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):									
CELL. PHONE	04/12/91	100%	726.	726.	5 yr	S/L HY			
COMPUTER	05/14/91	100%	7,387.	7,387.	5 yr	S/L HY			
CELL PHONE	10/06/95	100%	111.	111.	5 yr	S/L HY	21.		
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):									
		%				S/L-			
		%				S/L-			
		%				S/L-			
26 Add amounts in column (h). Enter the total here and on line 20, page 1.....							26	21.	
27 Add amounts in column (i). Enter the total here and on line 7, page 1.....								27	

**Section B -- Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during year (DO NOT include commuting miles) ...												
29 Total commuting miles driven during year ...												
30 Total other personal (noncommuting) miles driven.....												
31 Total miles driven during the year. Add lines 28 through 30.....												
32 Was the vehicle available for personal use during off-duty hours? .....												
33 Was the vehicle used primarily by a more than 5% owner or related person? .....												
34 Is another vehicle available for personal use? .....												

**Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?.....		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners.....		
37 Do you treat all use of vehicles by employees as personal use? .....		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?.....		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions.....		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles

**Part VI** Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1997 tax year:					
41 Amortization of costs that began before 1997.....				41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return.....				42	

Supporting Schedules

Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313

\*\*\*\*\*

Form 4562 Schedules, Form 1120S RETAIL  
Part I - Election to expense under Section 179

Description	Date in Service	Cost	Deduc
COMP.UPGRADE	2/13/97	1,195.	1,
LIB. RADIOS	5/09/97	1,766.	1,
2 LAPTOP COM	11/13/97	600.	6
SHELVING	9/20/97	2,400.	2,4
Total		5,961.	5,9

Supporting Schedules

Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313

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Form 4562 Asset Listing, Form 1120S RETAIL

Asset #	Description	Acq. T	Acq. Date	Pct. Used	I C	Cost Basis	D M	C	Est Life	Prior Depr.	Sec 179	
1	TRUCK EQMT.	N	010189	100%	N	8256	3	HY	5	8256	0	
2	FURNT./EQMT.	N	010189	100%	N	41383	3	HY	5	41383	0	
3	FURNITURE	N	010189	100%	N	6000	3	HY	5	6000	0	
4	FAX MACHINE	N	021591	100%	N	473	3	HY	5	473	0	
5	CELL. PHONE	O	041291	100%	N	726	3	HY	5	726	0	
6	COMPUTER	O	051491	100%	N	7387	3	HY	5	7387	0	
7	MICROWAVE	N	071591	100%	N	105	3	HY	5	105	0	
8	PRINTER	N	080691	100%	N	275	3	HY	5	275	0	
9	89 DODGE P/U	N	030192	100%	N	5950	3	HY	5	5950	0	
10	92 FORD RANG	N	030192	100%	N	15108	3	HY	5	15108	0	
11	L/H IMPROV.	N	063092	100%	N	4172	3	HY	5	4172	0	
12	90 FORD RANG	N	040193	100%	N	6612	3	F	5	5288	0	13
13	TOPPER-TRK.	N	041493	100%	N	433	3	F	5	348	0	
14	90 TOYOTA PU	N	092893	100%	N	8626	3	F	5	5606	0	17
15	95 FORD TRCK	N	070395	100%	N	11823	3	F	5	3547	0	23
16	COPIER	N	081793	100%	N	1044	3	F	5	836	0	2
17	RADIOS-8	N	100693	100%	N	1452	3	F	5	943	0	2
18	COMPUTER	N	101393	100%	N	1525	3	F	5	991	0	3
19	TOOLS/EQMT.	N	092493	100%	N	8000	3	F	5	5200	0	16
20	TOPPER-TRK.	N	030794	100%	N	403	3	F	5	229	0	
21	94 MAZDA TRK	N	033094	100%	N	12719	3	F	5	7208	0	25
22	93 TOYOTA TR	N	062194	100%	N	8301	3	F	5	4150	0	16
23	94 EXPLORER	N	122394	100%	N	25196	3	F	5	7970	0	16
24	DESK/CHAIR	N	040894	100%	N	150	3	F	5	83	0	
25	DSKTOP. COMP	N	113094	100%	N	249	3	F	5	108	0	
26	4-LPTOP COMP	N	113094	100%	N	1033	3	F	5	448	0	20
27	TECH. LPTOPS	N	120294	100%	N	3247	3	F	5	1352	0	64
28	PRINTER	N	121994	100%	N	1174	3	F	5	490	0	27
29	VACUUM	N	122294	100%	N	108	3	F	5	46	0	
30	95 FORD TRCK	N	070395	100%	N	11823	3	F	5	3547	0	24
31	95 FORD TRCK	N	102395	100%	N	11890	3	HY	5	0	11890	
32	94 FORD VAN	N	103195	100%	N	11982	3	F	5	1486	5610	
33	VAN SHELVES	N	111495	100%	N	1594	3	F	5	372	0	
34	CELL PHONE	O	100695	100%	N	111	3	F	5	28	0	
35	REFRIGERATOR	N	121995	100%	N	500	3	F	5	4808	0	
36	L/H IMPROV.	N	081095	100%	N	17306	3	F	20	4903	0	
37	OFFICE FURN.	N	030796	100%	N	3609	3	HY	5	0	0	
38	OFFICE FURN.	N	032696	100%	N	430	3	HY	5	0	0	
39	FAX MACHINE	N	043096	100%	N	2242	3	HY	5	0	0	
40	COMP.UPGRADE	N	021397	100%	N	1195	1	HY	5	0	0	
41	LIB. RADIOS	N	050997	100%	N	1766	1	HY	5	0	0	
42	2 LAPTOP COM	N	111397	100%	N	600	1	HY	5	0	0	
43	SHELVING	N	092097	100%	N	2400	1	HY	5	0	0	

Prior Year Totals  
Current Year Totals

249378

145122 2

=====

Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

Attach to your tax return. See separate instructions.

Name(s) shown on return

BUSINESS COMMUNICATIONS, INC.

Identifying number

59-2740313

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20

1

Part I Sales or Exchanges of Property Used In a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Property Held More Than 1 Year

Table with 8 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) GAIN or (LOSS), (h) 28% RATE GAIN or (LOSS). Rows include gain from Form 4684, section 1231 gain, and nonrecaptured net section 1231 losses.

\* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

Table with 8 columns for Part II. Rows include loss from line 7, gain from line 7, gain from line 31, net gain or loss from Form 4684, ordinary gain from installment sales, and recapture of section 179 expense deduction.



Installment Sale Income

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your tax return. Use a separate form for each sale or other disposition of property on the installment method.

1997 Attachment Sequence No. 79

Name(s) shown on return

BUSINESS COMMUNICATIONS, INC.

Identifying number 59-2740313

1 Description of property BLDG. / LAND

2a Date acquired (month, day, year) 05/01/88

b Date sold (month, day, year) 05/24/93

3 Was the property sold to a related party after May 14, 1980? See instructions. If "No," skip line 4. Yes No

4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale. Yes No

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

Table with 18 rows for Part I: Selling price including mortgages and other debts, Mortgages and other debts the buyer assumed, Subtract line 6 from line 5, Cost or other basis of property sold, Depreciation allowed or allowable, Adjusted basis, Commissions and other expenses of sale, Income recapture from Form 4797, Add lines 10, 11, and 12, Subtract line 13 from line 5, If the property described on line 1 above was your main home, enter from Form 2119 the total of lines 14 and 22, or the amount from line 27, whichever applies, Gross profit, Subtract line 13 from line 6, Contract price.

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

Table with 6 rows for Part II: Gross profit percentage, For year of sale only: Enter amount from line 17 above; otherwise, enter -0-, Payments received during year, Add lines 20 and 21, Payments received in prior years, Installment sale income, Part of line 24 that is ordinary income under recapture rules, Subtract line 25 from line 24.

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party

28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? Yes No

29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.

- a The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities) If this box is checked, enter the date of disposition (month, day, year)
b The first disposition was a sale or exchange of stock to the issuing corporation
c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.
d The second disposition occurred after the death of the original seller or buyer
e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions

Table with 7 rows for Part III: Selling price of property sold by related party, Enter contract price from line 18 for year of first sale, Enter the smaller of line 30 or line 31, Total payments received by the end of your 1997 tax year, Subtract line 33 from line 32, Multiply line 34 by the gross profit percentage on line 19 for year of first sale, Part of line 35 that is ordinary income under recapture rules, Subtract line 36 from line 35.

\*\*\*\*\*

Form 1120S - Income, Line 5  
 Other Income or Loss

Description	Amount
-----	-----
COMMISSIONS INCOME	2,0
TOTAL	2,0
	=====

Form 1120S - Deductions, Line 19  
 Other Deductions

Description	Amount
-----	-----
AUTO AND TRUCK	29,2
BANK CHARGES	
COMPUTER	2,0
DUES AND SUBSCRIPTIONS	2,2
INSURANCE	69,2
PROFESSIONAL FEES	3,1
OFFICE	21,6
SUPPLIES	4
TELEPHONE	32,0
UNIFORMS	8
UTILITIES	5,7
CONTRACT LABOR	19
PEST CONTROL	
TRAVEL	2,20
COMMISSIONS	47
SCHOOL EXPENSE	19
Meals & entertainment expenses	1,16
TOTAL	171,06
	=====

Form 1120S - Schedule A, Line 5  
 Other Costs

Description	Amount
-----	-----
WARRANTY COSTS	6,001
TOTAL	6,001
	=====

Form 1120S - Schedule K, Line 19  
 Nondeductible Expenses

Description	Amount
Meals & entertainment expenses	1,1
Life Insurance	2,1
TOTAL	3,2

Form 1120S - Schedule L, Line 6  
 Other Current Assets

Description	Beginning	Ending
PREPAID TAXES	2,565.	
TOTAL	2,565.	

Form 1120S - Schedule L, Line 14  
 Other Assets

Description	Beginning	Ending
DEPOSITS	3,567.	3,567.
MORTGAGE RECEIVABLE	51,194.	48,720.
TOTAL	54,761.	52,287.

Form 1120S - Schedule L, Line 18  
 Other Current Liabilities

Description	Beginning	Ending
TAXES PAYABLE	418.	653.
FEDERAL INCOME TAX PAYABLE		240.
TOTAL	418.	893.

Form 1120S - Schedule L, Line 21  
 Other Liabilities

Description	Beginning	Endi
UNREALIZED GAIN	14,619.	13,9
TOTAL	14,619.	13,9

Form 1120S - Schedule M-1, Line 3  
 Other Expenses Recorded on Books not Deductible

Description	Amount
LIFE INSURANCE	2,12
TOTAL	2,12

Form 1120S - Schedule M-1, Line 6  
 Other Deductions not Charged Against Book Income

Description	Amount
SECTION 1374 TAX	24
TOTAL	24

S-Corporation Form 1120S  
 Schedule M-2 - Other Additions

Description	Accumulated Adjustments Account	Other
Interest income	5,717.	
Net Sec. 1231 gain	463.	
ROUNDING ADJ.	1.	
TOTAL	6,181.	

Supporting Schedules - 1997

Company: BUSINESS COMMUNICATIONS, INC.

Page  
EIN: 59-2740313

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S-Corporation Form 1120S

Schedule M-2 - Other Reductions

Description	Accumulated Adjustments Account	Other Adjustme Accour
Charitable contributions	7,540.	
Section 179 expense	5,961.	
Nondeductible expenses	3,287.	
DIVIDEND DISTRIBUTIONS	64,218.	
TOTAL	81,006.	

FLORIDA LOCAL TELECOMMUNICATIONS PRICE LIST

OF

UNIVERSITY CLUB COMMUNICATIONS, L.L.C.

This price list contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for alternative local exchange telecommunications services provided by University Club Communications, L.L.C within the state of Florida. This price list is on file with the Florida Public Service Commission, and copies may be inspected during normal business hours at the Company's principal place of business at 831 North Monroe Street, Tallahassee, Florida.

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Issued: \_\_\_\_\_ Effective: \_\_\_\_\_

Tom W. Allen, President  
831 North Monroe Street  
Tallahassee, FL 32303

The sheets listed below, which are inclusive of this price list, are effective as of the date shown at the bottom of the respective sheet. Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date on the bottom of this page.

<u>Page</u>	<u>Revision</u>
1	Original
2	Original
3	Original
4	Original
5	Original

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Issued: \_\_\_\_\_ Effective: \_\_\_\_\_

Tom W. Allen, President  
831 North Monroe Street  
Tallahassee, FL 32303

When changes are made in any Price List page, as revised page will be listed canceling the Price List page affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (D) Deleted or Discontinued
- (I) Change resulting in an increase to a Customer's Bill
- (M) Moved from Another Price List Location
- (N) New
- (R) Change resulting in a reduction to a Customer's Bill
- (S) Change in Text or Regulation but no Change in Rate or Charge

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Issued: \_\_\_\_\_ Effective: \_\_\_\_\_

Tom W. Allen, President  
831 North Monroe Street  
Tallahassee, FL 32303



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### 1. Rules and Regulations

1. The utilization of the telephone solution offered by THE COMPANY is at the Customer's sole and absolute risk.
2. The service offered by THE COMPANY should be used for lawful purposes only. Should the telephone and peripheral systems be utilized for any fraudulent, criminal, or malicious activity, the Customer has sole and absolute responsibility. Customer agrees to indemnify and hold harmless THE COMPANY from and against any claims (including Attorney's fees) resulting from any use of the offered phone service which damages the Customer or another party or parties.
3. THE COMPANY make no warranties of any kind, whether expressed or implied, for the services to be provided which are limited to local and long distance phone service and features associated with the phone service.
4. THE COMPANY has the right to suspend or terminate Customer's service at any time and for any reason, without notice. Reasons for suspension or termination include failure to promptly pay for services received, illegal use of phone or phone's resources, tampering with or destroying phone system or wiring, attempting to utilize service without notification of THE COMPANY.
5. Fees for local service and enhanced calling features will be billed in advance, beginning at the time service is initiated, any partial month's service will be prorated; long distance services are billed in arrears. Subsequent invoices will be billed at the first of each month, again collected in advance.
6. These terms and conditions supersede all previous representations, understandings or agreements and shall prevail notwithstanding any variance with terms and conditions for any order submitted. THE COMPANY reserves the right to change rates and/or otherwise modify these terms and conditions, and to notify Customer by phone, letter, or other means 30 days in advance of the effective date of the change.
7. Customer agrees not to disturb, tamper with, re-route, rewire, or otherwise interfere with the telephone equipment, wiring or ancillary devices. Any tampering, re-routing, or interference will result in Customer's service being terminated and any correction costs, including overhead and profit of 10% charged against the Customer's dormitory deposit.
8. THE COMPANY agrees to furnish a reliable telephone solution for the customers. However, from time to time, phone service may be temporarily out-of-service. Service will be resumed as soon as the problem is diagnosed and a remedy performed. THE COMPANY will work diligently to get service resumed in a rapid manner, including express mailing of parts, rapid deployment of service crew(s) and interface with line carriers.

THE COMPANY will invoice customers for service requests at a rate of \$55.00 per hour. Billable service requests are those issues that are caused by the end user. Examples: having the phone line plugged into the wrong jack, using invalid voicemail box numbers, having the ringer turned off on the phone, using a bad telephone or having a bad base cord plugged into the jack and telephone. To prevent unwanted charges, please check the above items before calling to dispatch a technician.

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Issued: \_\_\_\_\_ Effective: \_\_\_\_\_

Tom W. Allen, President  
831 North Monroe Street  
Tallahassee, FL 32303

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## 2. Description of Service

### 2.1 Service Description

The Company's Services consist of basic local telephone service with 911 access, and operator services.

### 2.2 Rates

<u>Standard</u> - Dial Tone ,	\$27/mo.
<u>Premier</u> - Dial Tone, Caller ID, Call-Waiting	\$33/mo.
<u>Elite</u> - DialTone, Caller ID, Call-Waiting, Voice Mail	\$38/mo.
<u>Common Line</u> – DialTone, Caller ID, Call-Waiting, Voice Mail (Located in Common Area , requires \$250 deposit without Long distance blocking and Guarantor)	\$45/mo.
<u>Long Distance Block</u> (one time fee)	\$15
<u>Activation Fee</u>	\$50
<u>Reconnection Fee</u> (within first 2 weeks of service disruption)	\$25
<u>Reconnection Fee</u> (after 2 weeks or more lapse in service)	\$50
<u>Service Call</u> (For end user issue)	\$55
<u>Late Fees</u> (1-30 Days after due date)	\$2.50
<u>Late Fees</u> (31-59 Days after due date)	\$5.00
<u>Late Fees</u> (60+ Days after due date )	\$10.00
<u>Returned Check or Automatic Payment Denial (NSF)</u>	\$20.00
<u>Calling Feature Change Fee</u>	\$15.00

### 2.3 Billing info

Billing – Monthly- advance for local service and in arrears for long distance.

Payment – Accept cash, check, money order, major credit card and automatic withdrawal.

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Issued: \_\_\_\_\_ Effective: \_\_\_\_\_

Tom W. Allen, President  
831 North Monroe Street  
Tallahassee, FL 32303

1911

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1911

1911

COMMUNICATIONS SECTION, THE UNITED STATES DEPARTMENT OF COMMERCE

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation. See separate instructions.

For calendar year 1998, or tax year beginning and ending

Header section containing: A Effective date of election as an S corporation (02/19/97), B NEW bus. code no. (513300), Name (BUSINESS COMMUNICATIONS INC), Address (831 NORTH MONROE STREET, TALLAHASSEE, FL 32303), C Employer identification no. (59-2740313), D Date incorporated (12/01/1986), E Total assets (902,830).

F Check applicable boxes: (1) Initial return, (2) Final return, (3) Change in address, (4) Amended return. G Enter number of shareholders in the corporation at end of the tax year.

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with columns for Income (lines 1-6), Deductions (lines 7-20), and Tax and Payments (lines 21-27). Includes sub-rows for depreciation (14a, 14b, 14c) and tax payments (23a, 23b, 23c, 23d).

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: THWS 15-11-99, Date; Title: PRESIDENT

Preparer's section containing: Preparer's signature (James A. Ferguson), Date (5/11/99), Firm's name (THOMAS HOWELL FERGUSON, P.A.), Address (2120 KILLARNEY WAY, TALLAHASSEE, FL), ZIP code (32308), and Preparer's social security no. (261-91-1328).

**Schedule A** Cost of Goods Sold (see page 15 of the instructions)

1	Inventory at beginning of year	1	69,1
2	Purchases	2	947,3
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 2. 8,79
6	Total. Add lines 1 through 5	6	1,025,30
7	Inventory at end of year	7	51,94
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	973,35

9a Check all methods used for valuing closing inventory:

(i)  Cost as described in Regulations section 1.471-3

(ii)  Lower of cost or market as described in Regulations section 1.471-4

(iii)  Other (specify method used and attach explanation) \_\_\_\_\_

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.

**Schedule B** Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: (a) Business activity <u>RETAIL</u> (b) Product or service <u>COMMUN. SERVICES</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?	X	
5 At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country _____		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.		
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 16 of the instructions)		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions)		

**Schedule K** Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 224,97	
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3 a	Gross income from other rental activities	3 a	
		b Expenses from other rental activities (attach schedule)	3 b	
		c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3 c	
	4	Portfolio income (loss):		
	a	Interest income	4 a 5,82	
	b	Ordinary dividends	4 b	
	c	Royalty income	4 c	
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4 d	
e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):			
	(1) 28% rate gain (loss)	(2) Total for year		
	f Other portfolio income (loss) (attach schedule)	4 e(2)		
	f Other portfolio income (loss) (attach schedule)	4 f		
	5 Net section 1231 gain (other than due to casualty or theft) (attach Form 4797) STMT. 3	5 5,04		
	6 Other income (loss) (attach schedule)	6		
Deductions	7	Charitable contributions (attach schedule)	7 91	
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
Investment Interest	11 a	Interest expense on investment debts	11 a	
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11 b(1) 5,829	
	(2) Investment expenses included on line 9 above	11 b(2)		
Credits	12 a	Credit for alcohol used as a fuel (attach Form 6478)	12 a	
	b	Low-income housing credit:		
		(1)	From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12 b(1)
		(2)	Other than on line 12b(1) for property placed in service before 1990	12 b(2)
		(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12 b(3)
		(4) Other than on line 12b(3) for property placed in service after 1989	12 b(4)	
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12 c	
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12 d		
e	Credits related to other rental activities	12 e		
	13 Other credits	13		
Adjustments and Tax Preference Items	14 a	Depreciation adjustment on property placed in service after 1986	14 a	
	b	Adjusted gain or loss	14 b	
	c	Depletion (other than oil and gas)	14 c	
	d	(1) Gross income from oil, gas, or geothermal properties	14 d(1)	
		(2) Deductions allocable to oil, gas, or geothermal properties	14 d(2)	
	e	Other adjustments and tax preference items (attach schedule)	14 e	
Foreign Taxes	15 a	Type of income		
	b	Name of foreign country or U.S. possession		
	c	Total gross income from sources outside the United States (attach schedule)	15 c	
	d	Total applicable deductions and losses (attach schedule)	15 d	
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15 e	
	f	Reduction in taxes available for credit (attach schedule)	15 f	
	g	Other foreign tax information (attach schedule)	15 g	
Other	16	Section 59(e)(2) expenditures: a Type b Amount	16 b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses STMT. 4	19 4,11	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20 157,768	
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23 234,933		

**Schedule L** Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		185,763.		
2a Trade notes and accounts receivable	61,718.		269,386.	
b Less allowance for bad debts		61,718.		
3 Inventories		69,138.		269,386.
4 U.S. Government obligations				5
5 Tax-exempt securities				
6 Other current assets (attach schedule)	STMT 5	NONE		
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	249,379.		721,188.	
b Less accumulated depreciation	197,459.	51,920.	168,769.	552
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	NONE		9,014.	
b Less accumulated amortization			2,872.	
14 Other assets (attach schedule)	STMT 5	NONE		6
15 Total assets		420,829.		24
Liabilities and Shareholders' Equity				902
16 Accounts payable		29,681.		
17 Mortgages, notes, bonds payable in less than 1 year		39,308.		49
18 Other current liabilities (attach schedule)	STMT 5	653.		20
19 Loans from shareholders		39,056.		25
20 Mortgages, notes, bonds payable in 1 year or more		14,740.		1
21 Other liabilities (attach schedule)	STMT 5	13,907.		916
22 Capital stock		1,000.		82
23 Additional paid-in capital		19,481.		1
Retained earnings		382,177.		19
25 Adjustments to shareholders' equity (attach schedule)				149
26 Less cost of treasury stock		(119,174.)		
27 Total liabilities and shareholders' equity		420,829.		362

**Schedule M-1** Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	235,686.	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize)		a Tax-exempt interest	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 16b (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15a, and 16b, not charged against book income this year (itemize):	
a Depreciation		a Depreciation	SEE STATEMENT 6
b Travel and entertainment	4,114.	7 Add lines 5 and 6	4,867
4 Add lines 1 through 3	239,800.	8 Income (loss) (Schedule K, line 23)	
		Line 4 less line 7	234,933

**Schedule M-2** Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 24 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	384,297.	-2,120.	
Ordinary income from page 1, line 21	224,979.		
Other additions	10,871.		
Loss from page 1, line 21	( )		
5 Other reductions	(308,778.)	1,995.	SEE STATEMENT 6
6 Combine lines 1 through 5	311,369.	-4,115.	
7 Distributions other than dividend distributions	157,788.		
8 Balance at end of tax year. Subtract line 7 from line 6	153,581.		

**SCHEDULE D  
(Form 1120S)**

**Capital Gains and Losses and Built-In Gains**

OMB No. 1545-0047

▶ Attach to Form 1120S.

**1991**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

Name

Employer identification num

**BUSINESS COMMUNICATIONS INC**

**59-2740313**

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) less (e))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain or (loss) from like-kind exchanges from Form 8624				3
4	Combine lines 1 through 3 in column (f) and enter here				4
5	Tax on short-term capital gain included on line 32 below				5
6	Net short-term capital gain or (loss). Combine lines 4 and 5. Enter here and on Form 1120S, Schedule K, line 4d or 6				6

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))	(g) 28% rate gain or (loss) *(see instr. below)
7						
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9	Long-term capital gain or (loss) from like-kind exchanges from Form 8624				9	
10	Combine lines 7 through 9 in column (f) and enter here				10	
11	Tax on long-term capital gain included on lines 24 and 32 below				11	
12	Combine lines 7 through 11 in column (g). Enter here and on Form 1120S, Schedule K, line 4e(1) or 6				12	
13	Net long-term capital gain or (loss). Combine lines 10 and 11 in column (f). Enter here and on Form 1120S, Schedule K, line 4e(2) or 6				13	

\* 28% rate gain or (loss) includes ALL "collectibles gains and losses" (as defined in the instructions).

**Part III Capital Gains Tax (See instructions before completing this part.)**

14	Enter section 1231 gain from Form 4797, line 9, column (g)	14	
15	Net long-term capital gain or (loss). Combine lines 10 and 14 <i>Note: If the corporation is liable for the excess net passive income tax (Form 1120S, page 1, line 22a) or the built-in gains tax (Part IV below), see the line 16 instructions before completing line 16.</i>	15	
16	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 4)	16	
17	Statutory minimum	17	\$25,000
18	Subtract line 17 from line 16	18	
19	Enter 34% of line 18	19	
20	Taxable income (attach computation schedule)	20	
21	Enter tax on line 20 amount (attach computation schedule)	21	
22	Net capital gain from substituted basis property (attach computation schedule)	22	
23	Enter 35% of line 22	23	
24	Tax. Enter the smallest of line 19, 21, or 23 here and on Form 1120S, page 1, line 22b	24	

**Part IV Built-In Gains Tax (See instructions before completing this part.)**

25	Excess of recognized built-in gains over recognized built-in losses (attach computation schedule)	25	13,907.
26	Taxable income (attach computation schedule)	26	239,800.
27	Net recognized built-in gain. Enter smallest of line 25, line 26, or line 9 of Schedule B	27	13,907.
28	Section 1374(b)(2) deduction	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- here and on line 32	29	13,907.
30	Enter 35% of line 29	30	4,867.
31	Business credit and minimum tax credit carryforwards under section 1374(b)(3) from C corporation years	31	
32	Tax. Subtract line 31 from line 30 (if zero or less, enter -0-). Enter here and on Form 1120S, page 1, line 22b	32	4,867.



Depreciation and Amortization  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)

See separate instructions.

Attach this form to your return.

Attachment  
Sequence No. 67

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

59-2740313

Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

**Part I** Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions . . . . .	1	
2	Total cost of section 179 property placed in service. See page 2 of the instructions . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation . . . . .	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions . . . . .	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27 . . . . .	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	9	
10	Carryover of disallowed deduction from 1997. See page 3 of the instructions . . . . .	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	12	
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12 . . . . .	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II** MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions . . . . .

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		40,393	5.000	MQ	200DB	3,245
c 7-year property		38,632	5.000	MQ	200DB	648
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property	11/25/1998	468,356	39 yrs.	MM	S/L	1,503

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part III** Other Depreciation (Do Not Include Listed Property. (See page 6 of the instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1993 . . . . .	17	16,616
18	Property subject to section 168(f)(1) election . . . . .	18	
19	ACRS and other depreciation . . . . .	19	

**Part IV** Summary (See page 6 of the instructions.)

20	Listed property. Enter amount from line 26 . . . . .	20	
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions . . . . .	21	22,013
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	22	

**Part V** Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information** (Caution: See page 8 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed?				Yes		No		23b If "Yes," is the evidence written?				Yes		No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)		(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction		(i) Elected section 17 cost		Yes		No	
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):															
		%													
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):															
		%					S/L -								
		%					S/L -								
		%					S/L -								
26 Add amounts in column (h). Enter the total here and on line 20, page 1 . . . . .											26				
27 Add amounts in column (i). Enter the total here and on line 7, page 1 . . . . .											27				

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles), . . . . .												
29 Total commuting miles driven during the year . . . . .												
30 Total other personal (noncommuting) miles driven . . . . .												
31 Total miles driven during the year. Add lines 28 through 30 . . . . .												
32 Was the vehicle available for personal use during off-duty hours? . . . . .												
33 Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
34 Is another vehicle available for personal use? . . . . .												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

- 35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .
- 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .
- 37 Do you treat all use of vehicles by employees as personal use? . . . . .
- 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .
- 39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions . . . . .

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

**Part VI** Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage
Amortization of costs that begins during your 1998 tax year:				
41 Amortization of costs that began before 1998 . . . . .				41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return . . . . .				42

Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

Attach to your tax return. See separate instructions.

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

59-2740313

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1993 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Property Held More Than 1 Year

Table with 8 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) GAIN or (LOSS), (h) 28% RATE GAIN or (LOSS). Includes rows for STMT 8, Gain from Form 4684, Section 1231 gain, and Nonrecaptured net section 1231 losses.

Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

Table for Part II with 18 rows. Includes lines for Loss from line 7, Gain from line 7, Net gain or (loss) from Form 4684, Ordinary gain from installment sales, Ordinary gain or (loss) from like-kind exchanges, Recapture of section 179 expense deduction, and Combine lines 10 through 17.

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A				
B				
C				
D				
These columns relate to the properties on lines 19A through 19D. ▶	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20			
21 Cost or other basis plus expense of sale . . . . .	21			
22 Depreciation (or depletion) allowed or allowable . . . . .	22			
23 Adjusted basis. Subtract line 22 from line 21 . . . . .	23			
24 Total gain. Subtract line 23 from line 20. . . . .	24			
25 If section 1245 property:				
a Depreciation allowed or allowable from line 22 . . . . .	25a			
b Enter the smaller of line 24 or 25a . . . . .	25b			
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a Additional depreciation after 1975 (see instructions)	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions) . . . . .	26b			
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d Additional depreciation after 1969 and before 1976	26d			
e Enter the smaller of line 26c or 26d . . . . .	26e			
f Section 291 amount (corporations only) . . . . .	26f			
g Add lines 26b, 26e, and 26f . . . . .	26g			
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)				
a Soil, water, and land clearing expenses . . . . .	27a			
b Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b			
c Enter the smaller of line 24 or 27b . . . . .	27c			
28 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) . . . . .	28a			
b Enter the smaller of line 24 or 28a . . . . .	28b			
29 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a			
b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24 . . . . .	30
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6. . . . .	32

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less  
See instructions.

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years . . . . .	33	
34 Recomputed depreciation. See instructions . . . . .	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35	

Installment Sale Income

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your tax return. Use a separate form for each sale or other disposition of property on the installment method.

1998 Attachment Sequence No 79

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

59-2740313

- 1 Description of property BUILDING/LAND
2a Date acquired (month, day, year) 05/01/1988 b Date sold (month, day, year) 05/24/1993
3 Was the property sold to a related party after May 14, 1960? See instructions. If "No," skip line 4
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

Table with 18 rows for Part I: 5 Selling price including mortgages and other debts, 6 Mortgages and other debts the buyer assumed, 7 Subtract line 6 from line 5, 8 Cost or other basis of property sold, 9 Depreciation allowed or allowable, 10 Adjusted basis. Subtract line 9 from line 8, 11 Commissions and other expenses of sale, 12 Income recapture from Form 4797, Part III. See instructions, 13 Add lines 10, 11, and 12, 14 Subtract line 13 from line 5. If zero or less, stop here. Do not complete the rest of this form, 15 If the property described on line 1 above was your main home, enter the amount of your excluded gain. Otherwise, enter -0-, 16 Gross profit. Subtract line 15 from line 14, 17 Subtract line 13 from line 6. If zero or less, enter -0-, 18 Contract price. Add line 7 and line 17

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

Table with 6 rows for Part II: 19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions, 20 For year of sale only: Enter amount from line 17 above; otherwise, enter -0-, 21 Payments received during year. See instructions. Do not include interest whether stated or unstated, 22 Add lines 20 and 21, 23 Payments received in prior years. See instructions. Do not include interest whether stated or unstated, 24 Installment sale income. Multiply line 22 by line 19, 25 Part of line 24 that is ordinary income under recapture rules. See instructions, 26 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party

28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? Yes No

29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.

- a The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year)
b The first disposition was a sale or exchange of stock to the issuing corporation.
c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition
d The second disposition occurred after the death of the original seller or buyer
e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.

Table with 7 rows for Part III: 30 Selling price of property sold by related party, 31 Enter contract price from line 16 for year of first sale, 32 Enter the smaller of line 30 or line 31, 33 Total payments received by the end of your 1998 tax year. See instructions, 34 Subtract line 33 from line 32. If zero or less, enter -0-, 35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale, 36 Part of line 35 that is ordinary income under recapture rules. See instructions, 37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions

FORM 1120S, PAGE 1 DETAIL

LINE 12 - TAXES

TAXES AND LICENSES EXCLUDING INCOME TAXES

LICENSES & TAXES	10,88
PAYROLL TAXES	51,69
STATE TAX	49
TOTAL	63,07

LINE 19 - OTHER DEDUCTIONS

AMORTIZATION	2,87
AUTO INSURANCE	7,86
BANK CHARGES	4,05
COMPUTER EXPENSE	3,94
CONSULTING	8,90
CONTRACT LABOR	1,64
DUES & SUBSCRIPTIONS	85
EMPLOYEE RELATIONS	3,66
LEGAL & ACCOUNTING	69,57
MEALS & ENTERTAINMENT	2,10
MISCELLANEOUS EXPENSE	1,91
OFFICE EXPENSE	12,89
POSTAGE	5,68
PRINTING	2,98
RADIOS/PAGERS	7,04
TELEPHONE	19,27
TRAINING	14,25
TRAVEL	2,60
TRUCK EXPENSE	19,84
UNIFORMS	3,08
UTILITIES	7,63
WORKERS COMPENSATION INSURANCE	30,36
TOTAL	233,06

FORM 1120S, PAGE 2 DETAIL

SCH A; LINE 5 - OTHER COSTS

WARRANTY COSTS

8,79

TOTAL

8,79

FORM 1120S, PAGE 3 DETAIL

SCH K; LINE 5 - SECTION 1231 GAIN OR LOSS

SECTION 1231 GAIN OR LOSS  
LESS: BUILT-IN GAINS TAX REDUCTION

TOTAL

	9,90
(	4,88
	-----
	5,04
	=====



FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 19 - NONDEDUCTIBLE EXPENSES

NONDEDUCTIBLE OFFICER LIFE INSURANCE  
MEALS & ENTERTAINMENT  
PENALTIES

1,9

2,1

TOTAL

4,1

FORM 1120S, PAGE 4 DETAIL - SCH L

	BEGINNING	ENDING
<b>LINE 6 - OTHER CURRENT ASSETS</b>		
EMPLOYEE RECEIVABLES	NONE	20
TOTAL	NONE	20
<b>LINE 14 - OTHER ASSETS</b>		
DEPOSITS	3,567.	4,593
MORTGAGES RECEIVABLE	48,723.	NONE
OTHER RECEIVABLE	NONE	20,032
TOTAL	52,290.	24,625
<b>LINE 18 - OTHER CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE DWS	NONE	61
DUE TO BAINBRIDGE	NONE	25,368
TAXES PAYABLE	653.	490
TOTAL	653.	25,919.
<b>LINE 21 - OTHER LIABILITIES</b>		
UNREALIZED GAIN	13,907.	NONE
INSURANCE PAYABLE	NONE	47.
DEFERRED INCOME	NONE	46,184.
SALES TAX PAYABLE	NONE	18,805.
UNEARNED INCOME	NONE	4,403.
DEPOSITS	NONE	12,794.
TOTAL	13,907.	82,233.

FORM 1120S, PAGE 4 DETAIL

SCH M-1, LINE 3 - EXPENSES ON BOOKS NOT IN RETURN

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,95
MEALS & ENTERTAINMENT	2,10
PENALTIES	
TOTAL	4,11

SCH M-1, LINE 6 - DEDUCTIONS NOT CHARGED AGAINST BOOK INCOME

TAX ON BUILT IN GAINS	4,86
TOTAL	4,86

SCH M-2, LINE 3 - OTHER ADDITIONS - AAA

INTEREST INCOME	5,829
NET SECTION 1231 GAIN	5,042
TOTAL	10,871

SCH M-2, LINE 5 - OTHER REDUCTIONS - AAA

CHARITABLE CONTRIBUTIONS	917
MEALS & ENTERTAINMENT	2,109
PENALTIES	10
TO REDUCE R.E. BY 80% FOR STOCK REDEMPTIONS	305,742
TOTAL	308,778

SCH M-2, LINE 5 -- OTHER REDUCTIONS - OAA

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995
TOTAL	1,995

SCHEDULE D (FORM 1120S) DETAIL

LINE 25 - NET RECOGNIZED BUILT-IN GAINS

FROM SALES OF SECTION 1231 PROPERTY

TOTAL

13,9

13,9