

ORIGINAL

030924-TX

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COMMISSION
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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:

The Phone Connection, Inc.

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

The Phone Connection, Inc.

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

808 S. Baker Street

Mtn.Home, AR 72653

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check

03 SEP 22 AM 9:31

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09048 SEP 22 8

FPSC-COMMISSION CLERK

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

N/A

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 type="checkbox"/> Other _____ | |

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:**

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

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

F03000004049

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:

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): 73-1602557

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.

N/A

(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.

N/A

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

(a) The application:

Name: Don Beckwith

Title: Gen. Manager

Address: 808 S. Baker ST

City/State/Zip: Mtn. Home, AR 72653

Telephone No.: 870-425-4676 Fax No.: 870-425-3606

Internet E-Mail Address: Donb871@yahoo.com

Internet Website Address: _____

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

Name: Don Beckwith

Title: Gen. Manager

Address: 808 S. Baker Street

City/State/Zip: Mtn. Home, AR 72653

Telephone No.: 870-425-4676 Fax No.: 870-425-3606

Internet E-Mail Address: donb871@yahoo.com

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: Don Beckwith

Title: Gen. Manager

Address: 808 S. Baker Street

City/State/Zip: Mtn. Home, AR 72653

Telephone No.: 870-425-4676 Fax No.: 870-425-3606

Internet E-Mail Address: Donb871@yahoo.com

Internet Website Address: _____

17. List the states in which the applicant:

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

Arkansas, Missouri

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

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

Arkansas, Missouri

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

NONE

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

NONE

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

NONE

18. Submit the following:

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

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.

All technical Maintenance will be provided by the Telephone Company for which we will resale for.

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.

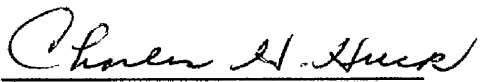
THIS PAGE MUST BE COMPLETED AND SIGNED

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

UTILITY OFFICIAL:

<u>Charles H. HUck</u>	<u></u>
Print Name	Signature
<u>President</u>	<u></u>
Title	Date
<u>870-425-4676</u>	<u>870-425-3606</u>
Telephone No.	Fax No.
Address: <u>808 S. Baker Street</u>	
<u>Mtn.Home, AR 72653</u>	
<u></u>	
<u></u>	
<u></u>	
<u></u>	

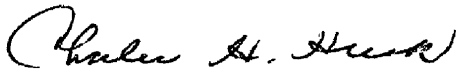
THIS PAGE MUST BE COMPLETED AND SIGNED

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.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Charles H. Huck	
Print Name	Signature
President	
Title	Date
870-425-4676	870-425-3606
Telephone No.	Fax No.
Address:	808 S. Baker Street, Mtn.Home AR 72653

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) N/A 2)

3)

4)

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

1) N/A 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) N/A

2)

3)

4)

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) N/A
(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: _____

CHARLES H. HUCK
#38 WESTCHESTER COURT
MTN. HOME, AR. 72653

Education:

- 1947-1950 Little Rock Central High School, Little Rock, Ar.
Academic.
- 1954-1957 Memphis State University, Memphis, Tennessee
Major: Math Minor: English
- 1957-1959 Illinois Institute of Technology, Chicago, Ill.
Major: Math Minor: English

Business Experience:

- 1950-1952 U.S. Air Force, Langley Field Virginia, Seoul, Korea
- 1952-1954 Western Electric Co. Little Rock, Ar.
Telephone central office equipment installation of new
offices and addition to existing offices.
- 1957-1960 Western Electric Co., Chicago Ill.
Central office equipment engineer. Advised telephone
companies on switching equipment needed for new and
existing central offices. Adapted step by step and crossbar
switching offices to electronic switching.
- 1960-1965 House of Ceramics, Inc. Memphis, Tn.
Served as President of family owned company.
- 1965-1970 Charles H. Huck Company, Memphis, Tn.
Founded in 1970, truck leasing grew to 55 over- the- road
Units. Sold in 1970.
- 1970-1989 Spectrum Ceramics Inc. Memphis, Tn.
Founded in 1970, grew to a major manufacturer of hobby
Ceramic supplies. Products included electric kilns, ceramic
molds, slip and slip pouring equipment. Sold in 1989.

- 1989-1996 Retired-Mtn. Home, Arkansas.
- 1996-Present Payroll Advance Inc. Mtn. Home, Arkansas
Founded in 1996, grew to 18 branches in Arkansas and Missouri.
- 1998-Present The Phone Connection, Mtn. Home, Ar.
Founded in 1997. Reseller of local phone service for Southwestern Bell, Verizon, CenturyTel, GTE, Spring, Alltell, and Quest. The phone Connection is approved by The Public Service Commission as a wholesaler of local home telephone service in Missouri, Arkansas and Arizona, serving over one thousand residents.

12.00

425-3200

138 Lucky Place
Mtn. Home, AR. 72653

870-425-0681
ryanandmel@centurytel.net

Melissa Maas

320

Education 1980-1984 Arkansas College Batesville, AR.

Bachelor of Arts Degree in Communications

- I worked three part-time jobs while carrying a full course load to put myself through college.

Experience 1993-2001 Champion Boats, Inc. Mtn. Home, AR.

Receptionist

- Answered five incoming phone lines, an average of 200-300 calls per day.
- I handled a lot of the customer service and all of the walk in traffic, including coordinating tours.
- I was responsible for all of the mail for Champion, including overnight, priority, bulk, certified, brochures and other catalogs. I also oversaw the Pitney Bowes postage machine, including ordering supplies, postage as needed and calling for maintenance as needed.
- I was responsible for logging the completed invoices into the computer and then filing them in the invoice book. I also maintained the invoice books.
- I made airline reservations, car rental and hotel accommodations for the company officers and dealers as needed.
- General office duties, including faxing, making copies, taking money for parts, order office supplies, provide dealer information to customers and many other duties too numerous to mention.
- Helped maintain the dealer list, factory representative information, telephone extension lists, mailing labels and individual state dealer lists.

1990-1993 Baxter Bulletin Mtn. Home, AR.

Sales Representative

- For the first year, I worked in the classified department. My duties included operating two different computers, waiting on customers, taking payments, answering the phones, taking classified ads over the phone and in person. I was also the receptionist. For the last two years, I was the only sales representative who sold both retail and classified display ads. Those duties included selling the ads, showing proofs if required, taking photos if needed and doing the layout.

1989-1990 KKTZ Radio Mtn. Home, AR.

Sales Representative

- Sold radio ads, then wrote the copy for them.
- Handled the collections of payment from my clients.
- Produced commercials (with assistance).

1985–1989 KPFM Radio Mtn. Home, AR.

Sales Manager

- I was hired originally as office manager. My duties included answering the phone, all computer work, copy writing and scheduling commercials.
- I started selling advertising (with no previous experience) and was so successful, I went into sales full time.
- I soon worked my way up to sales manager. As sales manager, my duties included training new sales reps, interviewing potential sales reps, copy writing, designing sales packages, handling my own collections, plus maintaining an account list of \$10,000-\$12,000 per month.

1982-1985 Batesville Guard Newspaper Batesville, AR.

Darkroom Tech/Feature Writer

- I was employed at the Batesville Guard part-time during my last two years of college and did all of the darkroom work, some feature photography and writing.
- After I graduated, I was offered a full-time position. I worked in the darkroom, was a staff photographer, did feature writing and operated the computer on a daily basis.

Objective

I would like to secure a job that will allow me to utilize my experience and have the opportunity to grow and learn more as I take on new responsibilities.

Interests

Camping, gardening, boating and reading.

References

Available upon request.

//

LYNN A. DEARDOFF
517 MONTGOMERY AVE.
MOUNTAIN HOME AR. 72653
(870) 425-7732

DNR, WINE
425-0333

EMPLOYMENT HIGHLIGHTS

OVER FIFTEEN YEARS EXPERIENCE WHICH INCLUDES :

- PAYROLL
- ACCOUNTS RECEIVABLE
- CASH HANDLING
- PURCHASING
- COMPANY LIAISON
- KEYBOARD
- CASH REGISTER
- FILING
- DEPOSITS
- SUPERVISION
- ACCOUNTS PAYABLE
- INVENTORY CONTROL
- PUBLIC RELATIONS
- 10 KEY
- SWITCHBOARD
- COMPUTER

FOUR YEARS EXPERIENCE WHICH INCLUDES

- CUSTOMER SERVICE
- SALES
- SCHEDULING APPOINTMENTS
- PATIENT RELATIONS
- COMPUTER /MEDICAL OFFICE ,COMPUTER / SALES
- SURGERY PROCEDURES
- STERILE FIELD

EDUCATION

SACRED HEART CATHOLIC SCHOOL, LONG ISLAND, N.Y.
GRADES COMPLETED, 1-6

ST. BMYIDIUS CATHOLIC SCHOOL, SOUTH GATE, C.A.
GRADES COMPLETED, 7-9

MOUNTAIN HOME HIGH SCHOOL, MOUNTAIN HOME, AR.
GRADUATED IN 1979, 9-12

COMPUTER CLASSES-COMPUTER LITERACY, MS DOS,
LOTUS 1-2-3, DATA PROCESSING, 1992-1993

EXPERIENCE

BIG CREEK GOLF AND COUNTRY CLUB, MOUNTAIN HOME, AR.
ADMINISTRATIVE ASSISTANT, 2001-PRESENT

MOUNTAIN MUFFLER, MOUNTAIN HOME AR.
ACCOUNTING, SALES. CUSTOMER SERVICE 1999-2001

OZARK EYE CENTER, MOUNTAIN HOME, AR.
SURGERY SCRUB TECH. 1995-1999

DEBRA LYNN FULLER

562 MC 8064 • Flippin, AR 72634 • (870) 453-2980

OBJECTIVE

To obtain employment where I can utilize the skills I have obtained through experience.

EMPLOYMENT

MANAGER SEPT., 2000 - MAY, 2002
Flippin Check Cashiers Flippin, AR
Manager of entire facility, Loan Officer, Collections, Daily Banking and Reconciliation, Western Union Wiring and Money Orders.

COMPUTER OPERATOR MARCH, 1999 - SEPT., 2000
Marion County Shirt Company Yellville, AR
Computer Data Entry of Sample and Rush Orders. Busy Telephone Confirmations. Tedious and accuracy input.

TELLER - RECEPTIONIST APRIL, 1998 - FEB. 1999
Mercantile Bank Flippin, AR
Bank Teller, Receptionist - Part Time

LOAN OFFICER - TELLER MARCH, 1996 - FEB., 1998
Payroll Advance Mountain Home, AR
Loan Officer - Teller for check-cashing facility. Multi Phones, Collections, Western Union Wiring and Money Orders, Approved Applications for Local Pay-By-Month Local Telephone Service.

EDUCATION

COTTER HIGH SCHOOL
Cotter, AR

SKILLS

- Computer Data Entry
- Multi-line Telephone
- Excellent Customer Service Skills
- Excellent Communication Skills
- Bookkeeping & Banking
- 10-key Calculator

REFERENCES FURNISHED UPON REQUEST

POSITION
OBJECTIVE
Sales/Management position with company which would benefit from my vast marketing and technical experience.

GENERAL
SUMMARY
Extensive experience in the corporate environment including market analysis, market strategies, sales management and field marketing.

BUSINESS
EXPERIENCE

5 / 94 to Present
Cannon Engineering Inc., Bakerfield, CA
Sales / Office / Marketing Manager

Duties included all office needs in addition to marketing of company qualifications, securing bid lists, and independent job leads. In depth communication with all state and local governmental agencies. In charge of sales of salvaged oilfield equipment.

9 / 92 to 4 / 94

Phillips and Brooks / Gladwin Inc. Los Angeles, CA
Marketing Representative
Development and implementation of marketing strategies for the Pacific Bell public communications market. Increased market share 140% in first year within my territory. Expanded into additional territory as a result of initial success.

5 / 91 to 9 / 92

Golden Valley Testing, Inc., Bakerfield, CA
Supervising Field Lab Technician

Oversaw the gathering and testing of samples from various sites throughout the valley area. Developed systems for the handling of samples, which decreased results reporting time.

Don S. Beckwith
448 Oels Road
Mountain Home, AR 72653
(501) 492-4553
472-5330

This is attached to a copy of the tax return for Payroll Advance, Inc. which is the parent company to The Phone Connection, Inc. Both corporations are solely owned by Charles H. Huck. At the time of this tax return the phone connection was not incorporated but was part of Payroll Advance, Inc. Mr. Huck has since incorporated The Phone Connection.

This should be enough proof of the financial capability to provide service in all geographic areas and to maintain the requested service as a reseller only.

Form 1120 (2002) **PAYROLL ADVANCE, INC.** 71-0793668

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Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		419,804.		682,992.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) SEE ST. 6		2,345,348.		2,642,623.
7 Loans to shareholders SEE ST. 7		30,494.		38,300.
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	110,654.		185,120.	
b Less accumulated depreciation	75,938.	34,716.	93,122.	91,998.
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	200.		200.	
b Less accumulated amortization	200.		200.	
14 Other assets (attach schedule) SEE ST. 8		2,497.		2,497.
15 Total assets		2,832,859.		3,458,410.
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch) SEE ST. 9		3,132.		5,869.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	300.	300.	300.	300.
23 Additional paid-in capital		68,533.		68,533.
24 Retained earnings — Approp (att sch)				
25 Retained earnings — Unappropriated		2,760,894.		3,383,708.
26 Adjmnt to shareholders' equity (att sch)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		2,832,859.		3,458,410.

Schedule M-2 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)			
1 Net income (loss) per books	622,814.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books	397,360.	Tax-exempt interest \$	45,494.
3 Excess of capital losses over capital gains	34,708.		
4 Income subject to tax not recorded on books this year (itemize):			45,494.
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Charitable contributions \$		b Charitable contributions \$	
c Travel & entertainment \$			
STATEMENT 10	2,108.		
	2,108.	9 Add lines 7 and 8	45,494.
6 Add lines 1 through 5	1,056,990.	10 Income (line 28, page 1) — line 6 less line 9	1,011,496.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1 Balance at beginning of year	2,760,894.	5 Distributions: a Cash	
2 Net income (loss) per books	622,814.	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	3,383,708.	8 Balance at end of year (line 4 less line 7)	3,383,708.

Form 1120 (2001) PAYROLL ADVAI, INC. 71-0793668

Page 4

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		373,084.		419,804.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule) SEE ST. 6		1,843,955.		2,345,348.
7	Loans to shareholders SEE ST. 7				30,494.
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	82,439.		110,654.	
b	Less accumulated depreciation	50,420.	32,019.	75,938.	34,716.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	200.		200.	
b	Less accumulated amortization	180.	20.	200.	
14	Other assets (attach schedule) SEE ST. 8		2,497.		2,497.
15	Total assets		2,251,575.		2,832,859.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		10.		
18	Other current liabilities (attach sch) SEE ST. 9		19,862.		3,132.
19	Loans from shareholders		55,739.		
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
b	Common stock	300.	300.	300.	300.
23	Additional paid-in capital		68,533.		68,533.
24	Retained earnings -- Approp (att sch)				
25	Retained earnings -- Unappropriated		2,107,131.		2,760,894.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		2,251,575.		2,832,859.

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

1	Net income (loss) per books	653,763.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	554,389.		Tax-exempt interest \$	5,625.
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				5,625.
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contribns \$	
c	Travel & entertainment \$				
STATEMENT 10	1,603.		9	Add lines 7 and 8	5,625.
		1,603.	10	Income (line 28, page 1) - line 6 less line 9	1,204,130.
6	Add lines 1 through 5	1,209,755.			

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	2,107,131.	5	Distributions: a Cash	
2	Net income (loss) per books	653,763.	b	Stock c Property	
3	Other increases (itemize):		6	Other decreases (Itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	2,760,894.	8	Balance at end of year (line 4 less line 7)	2,760,894.

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash.....		301,170		373,084
2a	Trade notes and accounts receivable.....				
b	Less allowance for bad debts.....	()		()	
3	Inventories.....				
4	U.S. government obligations.....				
5	Tax-exempt securities (see instructions).....				
6	Other current assets (attach sch.)... STMT 7...		1,052,958		1,843,955
7	Loans to shareholders.....				
8	Mortgage and real estate loans.....				
9	Other investments (attach sch.).....				
10a	Buildings and other depreciable assets.....	82,439		82,439	
b	Less accumulated depreciation.....	(39,333)	43,106	(50,420)	32,019
11a	Depletable assets.....				
b	Less accumulated depletion.....	()		()	
12	Land (net of any amortization).....				
13a	Intangible assets (amortizable only).....	200		200	
b	Less accumulated amortization.....	(140)	60	(180)	20
14	Other assets (attach schedule) ... STMT 8...		2,497		2,497
15	Total assets.....		1,399,791		2,251,575
Liabilities and Shareholders' Equity					
16	Accounts payable.....				
17	Mortgages, notes, bonds payable in less than 1 year.....		100,000		10
18	Other current liabilities (attach sch.)... STMT 9...		15,138		19,862
19	Loans from shareholders.....		20,722		55,739
20	Mortgages, notes, bonds payable in 1 year or more.....				
21	Other liabilities (attach sch.).....				
22	Capital stock: a Preferred stock.....				
b	Common stock.....	300	300	300	300
23	Additional paid-in capital.....		68,533		68,533
24	Retained earnings - Appropriated.....				
25	Retained earnings - Unappropriated.....		1,195,098		2,107,131
26	Adjustments to shareholders' equity.....				
27	Less cost of treasury stock.....		()		()
28	Total liabilities and shareholders' equity.....		1,399,791		2,251,575

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1	Reconciliation of Income (Loss) per Books With Income per Return (See page 20 of instructions.)	
1	Net income (loss) per books.....	912,033
2	Federal income tax.....	288,664
3	Excess of capital losses over capital gains.....	
4	Income subject to tax not recorded on books this year (itemize):.....	
5	Expenses recorded on books this year not deducted on this return (itemize):	
a	Depreciation..... \$	
b	Contributions carryover..... \$	
c	Travel and entertainment... \$	
	STATEMENT 10	15,290
6	Add lines 1 through 5.....	1,215,987
7	Income recorded on books this year not included on this return (itemize):	
a	Tax-exempt interest \$	
8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation.... \$	
b	Contrib carryover \$	
9	Add lines 7 and 8.....	0
10	Income (line 28, pg 1) - line 6 less line 9.....	1,215,987

Schedule M-2	Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1	Balance at beginning of year.....	1,195,098
2	Net income (loss) per books.....	912,033
3	Other increases (itemize):.....	
4	Add lines 1, 2, and 3.....	2,107,131
5	Distributions:	
a	Cash.....	
b	Stock.....	
c	Property.....	
6	Other decreases (itemize):.....	
7	Add lines 5 and 6.....	
8	Balance at end of year (line 4 less line 7).....	2,107,131