031117-TX

#### Assets

#### Current Assets

Cash Citizens - Cash - Citizens - Cash - Citizens - Cash Cash Cash Zurich MM Zurich - Money C. M. Life Annunity Ford Money Market Account Cash Fleet - Tax

**TOTAL Current Assets** 

#### Accounts Receivable & Prepaid

Allowance for Doubtful accts
Accounts Receivable - LD
Unposted Cash
Employee Loans
Prepaid Expenses
Deferred Interest - Current

TOTAL Accounts Receivable & Prepaid

### Intangible Assets

MOVING BYTES CUSTOMER LIST Goodwill EQ Purch Accum. Amort Goodwill EQ Nextel Intangible Asset Accum Amort - Nxtl ALLIANCE CUSTOMER LIST SILVERLEAF CUSTOMER LIST

**TOTAL Intangible Assets** 

#### Fixed Assets

Computer Equipment
Accumulated Deprec. Comp equip

TOTAL Fixed Assets

#### Other Assets

Due To/from Prescient DEPOSITS

**TOTAL Other Assets** 

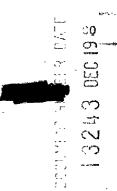












SEPTEMBER 30, 2003

**TOTAL Assets** 

#### Liabilities AND Equity

#### **Current Liabilities**

Accounts Payable - Trade 401K EMPLOYEE LOANS DUE TO/FROM SILVERLEAF Accrued Expenses Accrued ARMC Fees Sales Tax Payable CT Out of State Excise Tax Federal Excise Tax Pble **USF** Payable TRS Payable State Income Tax Payable Deferred Federal Income Tax Deferred State Income Tax Accrued Payroll Capital Leases - Current Note Payable Equality Inc. Accrued Interest on EQ Note Minervino Loan Note payabel to PBI

**TOTAL Current Liabilities** 

#### Long-Term Liabilities

Note Payable RFC Loan Account

**TOTAL Long-Term Liabilities** 

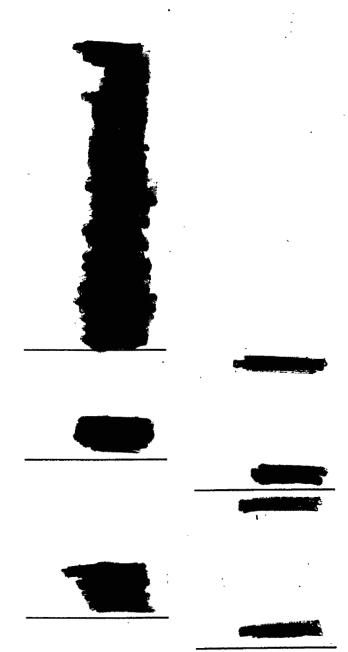
**TOTAL Liabilities** 

#### **Equity**

Prescient LLC - Equity Retained Earnings Prior Retained Earnings-Current Year

**TOTAL Equity** 

**TOTAL Liabilities AND Equity** 



### YEAR TO DATE

ACTUAL

PERCENT

#### Revenues

INTRASTATE LD REVENUES
INTERSTATE LD REVENUES
INTERNATIONAL LD REVENUES
DIR. ASSISTANCE LD REVENUES
ACCOUNT LEVEL REVENUES
SERVICE LEVEL REVENUES LD
LATE FEE REVENUES LD
OTHER REVENUES LD
ADJ. & CREDITS
MISC. REVENUES
REFUNDS
RESERVE FOR BAD DEBTS

**TOTAL Revenues** 

#### Cost Of Sales

COMMISSIONS - RETAIL AGENTS
CARRIER CHARGES - GLOBAL
CARRIER CHARGES - ALLIANCE
CARRIER CHARGES - QWEST
CARRIER CHARGES - WILLIAMS
CARIER CHARGES - MCI
SERVICE BUREAU - BILLING
SERVICE BUREAU - BACK OFFICE
Credit Agency Charges

TOTAL Cost Of Sales

Gross Profit

#### Operating Expenses

Administration Salaries Payroll Service Charges Wages - Commissions Wages - OT Employee Benefits Payroll Taxes - Fica Payroll Taxes - SUI. Payroll Taxes - Futa 401k Expense Auto Allowance Rent expense Utilities expense Property Tax Expense AMORTIZATION EXP SOFTWARE Depreciation Expense Advertising & Promotion exp.







### Operating Expenses

Office Expense Licenses & Fees Telephone expense Postage Expense Express Mail INTERNET SUBSCRIPTION/COST Software Expense AUTO EXPENSE Meals Travel & entertainment Legal Expense Accounting Fees Other Professional Fees Collection Agency fees Bad Debt Expense Miscellaneous Expenses

#### **TOTAL Operating Expenses**

### Net Income from Operations

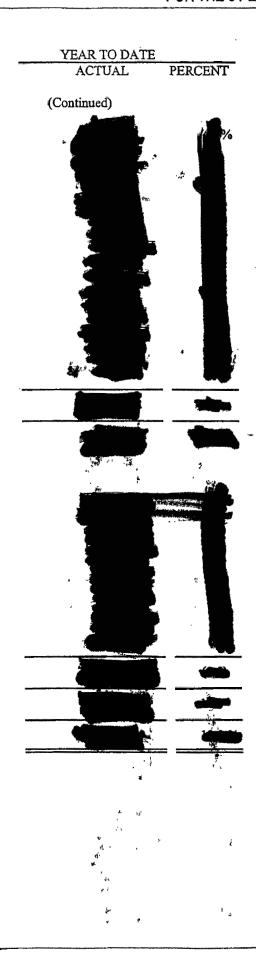
#### Other Income & Expenses

Interest Expense
Credit Card Charges
Bank Charges
RFC Finance charges
Dividend Income
Interest Income
Miscellaneous Income
State & Federal Income Taxes
Sales Tax Expense
OOS excise Taxes

### TOTAL Other Income & Expenses

Earnings before Income Tax

Net Income (Loss)



# Financial Statements

Year Ended December 31, 2002



# **Financial Statements**

Year Ended December 31, 2002

## **Table of Contents**

			<u>Page</u>
Accountants' Report		· , · ( )	. :1
Balance' Sheet		%· :	<b>2</b>
Statement of Operations and Member Equity			4
Statement of Cash Flows			: 5
Notes to Financial Statements	. ,		7
Schedule of Operating Expenses			12





Joseph P. Marenna, CPA, CFE
Kenneth J. Pia, Jr., CPA, ASA, CBA, CVA\*
Michele A. Spence, CPA
Joseph A. DeCusati, CPA
\* also licensed in New York

To The Member of ComTech 21, LLC Wallingford, Connecticut

We have reviewed the accompanying balance sheet of ComTech 21, LLC (single member limited liability company taxed as a corporation) as of December 31, 2002, and the related statement of operations and member equity and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of ComTech 21, LLC.

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

Based on our review, we are not aware of any material modifications that should be made to the December 31, 2002 financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of operating expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Marenna, Pia & Associates, LLC
Certified Public Accountants

March 3, 2003

**Balance Sheet** 

As of 2002

### **Assets**

**Current Assets:** 

Cash and cash equivalents

Accounts receivable (net of allowance for doubtful accounts

of \$4

Accounts receivable - affiliates

Due from affiliate

Prepaid expenses

Employee advances

Deferred interest - current portion

**Total Current Assets** 

Property and Equipment:

Computer equipment

Less: accumulated depreciation

Total Property and Equipment - Net Book Value

Other Assets:

Customer lists - net of accumulated amortization of \$34,760

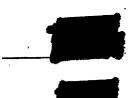
Deferred interest - net of current portion

**Total Other Assets** 

**Total Assets** 

December 31,











Balance Sheet

As of December 31, 2002

## **Liabilities and Member Equity**

**Current Liabilities:** 

Accounts payable .
Accounts payable -affiliates
Taxes payable
Accrued payroll
Notes payable - related parties - current portion
Capital lease obligation - current portion
Note payable
Accrued expenses



Noncurrent Liabilities:

Capital lease obligation - net of current portion

Deferred income tax payable

Notes payable - related parties - net of current portion

**Total Noncurrent Liabilities** 

**Total Liabilities** 

Member Equity:

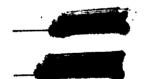
Paid in capital Retained earnings

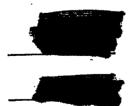
**Total Member Equity** 

**Total Liabilities and Member Equity** 













Statement of Operations and Member Equity

	For the Year Ended December 31, 2002	Percent to Revenue For the Year Ended December 31, 2002
Revenue	\$	
Operating Expenses		
Income From Operations		
Other Income (Expense): Dividend income Interest expense		
Total Other Income (Expense) - Ne	et	
Income Before Provision for Income Taxes		
Provision for Income Taxes: Deferred income taxes State income tax expense		
Total Provision for Income Taxes		
Net Income		
Member Equity: Beginning of the year		
End of the year	\$	



Statement of Cash Flows

For the Year Ended December 31, 2002

Cash Flows from Operating Activities:

Net income

Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:

Depreciation
Bad debt expense

(Increase) Decrease in Operating Assets:

Accounts receivable
Accounts receivable - affiliates
Prepaid expenses
Deferred interest

Increase (Decrease) in Operating Liabilities:

Accounts payable
Accounts payable - affiliates
Taxes payable
Accrued payroll
Accrued expenses
Deferred income tax payable

Total adjustments

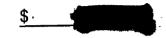
Net Cash Provided by Operating Activities

Cash Flows from Investing Activities:
Acquisitions of property and equipment
Employee advances
Net advances to affiliate

Net Cash Used in Investing Activities

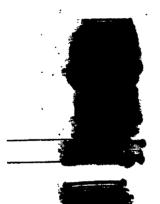
Cash Flows from Financing Activities:
Payments made on notes payable to related parties
Proceeds from notes payable to related parties
Payments made on capital lease obligation

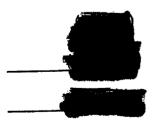
Net Cash Used in Financing Activities

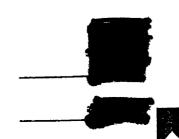












See accompanying notes and accountants' report.

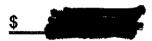
Statement of Cash Flows (Continued)

For the Year Ended December 31, 2002

Net Increase Cash and Cash Equivalents

Cash and Cash Equivalents - Beginning of the year

Cash and Cash Equivalents - End of the year



Supplemental Disclosures of Cash Flows Information:

Cash paid during the year for:

Interest:

**Income Taxes** 

\$.



Notes to Financial Statements December 31, 2002

### Note 1 - Summary of Significant Accounting Policies

<u>Business</u> <u>Activities</u> - ComTech 21, LLC was formed for the purpose of providing long distance telephone retail services. The company is a single member limited liability company, owned 100% by Prescient, LLC. The company is a disregarded entity for income tax filing purposes.

<u>Use of Estimates</u> - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

<u>Property and Equipment</u> - Property and equipment are recorded at cost and are depreciated over their estimated useful lives of five to seven years. When an asset is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in earnings. Expenditures for maintenance, repairs and improvements, which do not materially extend the useful lives of the assets, are charged to earnings when incurred.

<u>Depreciation</u> - Depreciation is computed using principally the straight line method for financial reporting and accelerated methods for federal income tax reporting purposes.

<u>Cash and Cash Equivalents</u> - For purposes of the statement of cash flows, the company considers time deposits, certificates of deposit and all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - An allowance for doubtful accounts is computed based on historical experience. The allowance for doubtful accounts was as of December 31, 2002.

#### Note 2 - Provision for Income Taxes

ComTech 21, LLC is a wholly owned subsidiary of Prescient, LLC and files a consolidated tax return. Because of the tariff requirements for long distance providers, ComTech 21, LLC is registered to do business in most all of the United States. Therefore, the state tax provision of includes all the various state's minimum corporate taxes.

As of December 31, 2002, the deferred tax liability recognized for taxable temporary differences totaled



Notes to Financial Statements
December 31, 2002

### Note 2 - Provision for Income Taxes (Continued)

Deferred income taxes arise from timing differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. The differences between depreciation expense reported in accordance with generally accepted accounting principals and depreciation expense reported for income tax purposes, amortization expense reported in accordance with generally accepted accounting principals and amortization expense reported for income tax purposes, net operating losses that are available to offset future taxable income, and bad debt expense reported in accordance with generally accepted accounting principals and bad debt expense reported for income tax purposes comprises the majority of the temporary differences. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from timing differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the timing differences are expected to reverse.

Deferred Taxes, Expense – Federal Deferred Taxes, Expense – States Current Year Provision – Federal Current Year Provision – States

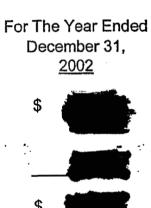
Total Income Tax Expense

The company applied State of Connecticut business tax credits of against its 2002 state corporation income tax.

### Note 3 - Related Party Transactions

ComTech 21, LLC incurred billing and administrative support service bureau fees of \$1000 from Profitec Billing Services, Inc., which is a commonly owned related party affiliate. The amount outstanding for these services as of December 31, 2002 is \$1000 from Profitect Billing Services.

ComTech 21, LLC leases space for \$831 per month at the headquarters and administrative offices of Profitec Billing Services, Inc., a related party affiliate. Rent expense paid to the related party affiliate for the year ended December 31, 2002 was





Notes to Financial Statements December 31, 2002

### Note 3 - Related Party Transactions (Continued)

Included in trade accounts receivable is \$ due from Profitec Billing Services, Inc. a related party affiliate and trade due from Prescient, LLC, the parent company.

The amount due from an affiliate of \$ consists of short-term, unsecured, cash flow advances to the parent company, Prescient, LLC.

Included in trade accounts payable is due to Profite Billing Services, Inc. and due to Equality, Inc., a commonly owned affiliate.

In September of 2002, the company borrowed and from Richard Minervino, the managing member of Prescient, LLC. The note is payable in thirty-six monthly principal and interest payments of \$ The note is unsecured and interest is at the per annum. The balance at December 31, 2002 is the following is a schedule of the maturity of this long-term debt for each of the next three years:

For the Years Ending <u>December 31.</u>	
2003	\$
2004	-
2005	
Total	\$

### Note 4 - Member Equity/Capital

The members of Prescient, LLC, the parent limited liability company, are Minervino Group, LLC and Javva Partners, LLC. In the year 2001, and a units owned by Minervino Group, LLC were sold to Javva Partners, LLC. Prescient's ownership now consists of a country owned by Minervino Group, LLC and units owned by Javva Partners, LLC for a total of units.

### Note 5 - Capital Lease Obligation

In May 2001, computer equipment with a cost of was financed under a capital lease with Citicapital. The monthly payment is



Notes to Financial Statements December 31, 2002

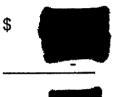
### Note 5 - Capital Lease Obligation (Continued)

The following is a schedule of future minimum payments required under the lease:

For the Years Ending December 31,

2003 2004 2005 and thereafter

Total minimum lease payments



#### Note 6 - Customer Lists

The company acquired customer lists with a cost of the cost of the cost of the cost of the customer lists were being amortized over five years using the straight-line method of accounting for financial reporting purposes. In accordance with Statement of Financial Accounting Standards (SFAS) No. 142 issued in June of 2001, amortization of the customer lists ceased as of December 31, 2001. The company now evaluates the customer lists on an annual basis for potential impairment. It was determined that there was no impairment to the customer lists as of December 1000.

### Note 7 - Other Matters

On January 1, 2001, the company acquired the customer list and trade accounts receivable of a related party affiliate for a total of the customer list and trade accounts receivable of a related party affiliate took back a note with interest only at current applicable federal rates. The balance of the demand note is

In August of 2001, the company acquired a customer list from Nextel Communications, Inc. for the company paid a light below payment in the year 2001. The remaining balance of s due currently.

In December of 2002, the company acquired an option to buy the customer list of Alliance Group Services, Inc. for the customer list, and is being held in escrow until such time as the purchase is complete.



Notes to Financial Statements December 31, 2002

### Note 8 - Advertising Costs

The company has a policy of expensing advertising costs as incurred. Advertising costs of were charged to expense in the year ended December 31, 2002.



### Note 9 - Change in Accounting Principle

Effective January 1, 2002, the company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Accounting for Goodwill and Other Intangible Assets." SFAS No. 142 requires the company to cease amortizing intangible assets and value them for impairment on an on-going basis (See Note 6). As such, there has been no amortization of these intangible assets reflected in the financial statements.

#### Note 10 - Concentration of Credit Risks

Financial instruments that potentially subject the company to concentrations of credit risks consist principally of temporary cash investments. the company places its temporary cash investments with several banks located in Connecticut and with Zurich Money Fund, Zurich Government Money Fund and a Mass Mutual Insurance Company Life Annuity. Accounts at each bank institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to The excess deposits reported by the bank over the amounts insured by FDIC totaled The uninsured balances with respect to the Zurich Money Fund, Zurich Government Money Fund, and Mass Mutual Insurance Company Life Annuity totaled Insurance Company Life Annuity totaled

#### Note 11 - Pension Plan

The company's employees participate under the 401(k) plan of a related party affiliate. For the year 2002, the Board of Directors of the related party affiliate had decided to match the of the amounts contributed by employees eligible under the plan up to the first three years of vesting. Pension expense for the year ended December 31, 2002 was



Schedule of Operating Expenses

For the Year Ended December 31, 2002

Percent to Revenue For the Year Ended December 31, 2002

### **Operating Expenses:**

Consulting services

Administrative wages

Telephone

Office supplies and expense

Rent

Utilities

Depreciation

Payroll taxes

Auto, travel and meals

Professional fees

: Donations

Employee benefits

Bank charges

Postage and express mail

Bad debt expense

Advertising and promotion

Dues and subscriptions

Commissions

Carrier charges

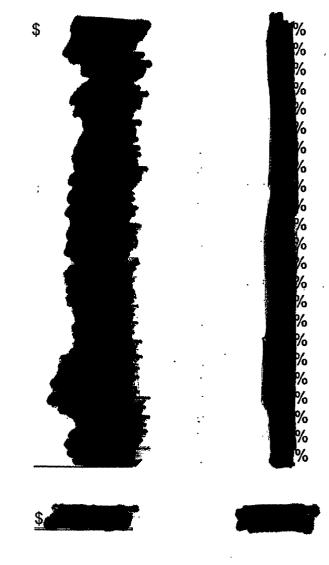
Service bureau fees

Pension expense

Application, tariff and license fees

Collection fees

**Total Operating Expenses** 





Financial Statements

Year Ended December 31, 2001



# **Financial Statements**

# Year Ended December 31, 2001

### **TABLE OF CONTENTS**

·	-	Page
Accountants' Report		1
Balance Sheet		. 2
Statement of Operations and Member Equity		4
Statement of Cash Flows	•	5
Notes to Financial Statements	:	· <b>7</b>
Schedule of Operating Expenses		11





Joseph P. Marenna, CPA, CFE Kenneth J. Pia, Jr., CPA, ASA, CBA, CVA\* Michele A. Spence, CPA Joseph A. DeCusati, CPA \* also licensed in New York

To The Member
ComTech 21, LLC
Wallingford, Connecticut

We have reviewed the accompanying balance sheet of ComTech 21, LLC (single member limited liability company taxed as a corporation) as of December 31, 2001, and the related statement of operations and member equity and statement of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of ComTech 21, LLC.

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

Based on our review, we are not aware of any material modifications that should be made to the December 31, 2001, financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of operating expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Marenna, Pia & Associates, LLC

Certified Public Accountants

February 21, 2002

**Balance Sheet** 

	December 31,
<u>Assets</u>	2001
Current Assets: Cash and cash equivalents Accounts receivable (net of allowance for doubtful accounts of the counts Prepare expenses Deferred interest - current portion	\$
Total Current Assets	
Property and Equipment: Computer equipment Less: Accumulated depreciation  Total Property and Equipment - Net Book Value	
Other Assets: Intangible assets - net of accumulated amortization of Deferred interest - net of current portion  Total Other Assets	
Total Assets	\$



As of

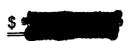
**Balance Sheet** 

Liabilities and Member Equity 2001 **Current Liabilities:** Accounts payable Taxes payable Accrued payroll Note payable - related party Capital lease obligation - current portion Note payable Accrued expenses **Total Current Liabilities** Noncurrent Liabilities: Capital lease obligation - net of current portion **Total Noncurrent Liabilities Total Liabilities** Member Equity: Paid in capital

**Total Liabilities and Member Equity** 

Retained earnings

**Total Member Equity** 



As of December 31.



Statement of Operations and Member Equity

	For the Year Ended December 31, 2001	Percent to Revenue For the Year Ended December 31, 2001
Revenue	\$	
Operating Expenses		
Income From Operations		
Other Income (Expense): Dividend income Interest income Interest expense		
Total Other Income (Expenses) - Net		
Income Before Provision for Income Taxes		
Provision for Income Taxes: State income taxes Total Provision for Income Taxes		
Net Income		
Member Equity: Beginning of the year		;
End of the year	\$	



Statement of Cash Flows

For the Year Ended December 31, 2001

Cash Flows from Operating Activities:

Net income



Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:

Depreciation

Amortization

Provision for bad debts

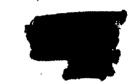


(Increase) Decrease in Operating Assets:

Accounts receivable

Prepaid expenses

Deferred interest



Increase (Decrease) in Operating Liabilities:

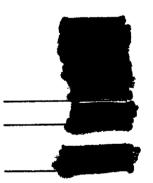
Accounts payable

Taxes payable

Accrued payroll

Accrued expenses

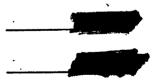
Total adjustments



Net Cash Provided by (Used in) Operating Activities

Cash Flows from Investing Activities: Acquisitions of property and equipment

Net Cash Provided by (Used in) Investing Activities





Statement of Cash Flows (Continued)

Cash Flows from Financing Activities:

Payments made on note payable to related party

Payments made on note payable

Capital contributed by parent company

Payments made on capital lease obligation

Net Cash Provided by (Used in) Financing Activities

Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents - Beginning of the year

Cash and Cash Equivalents - End of the year

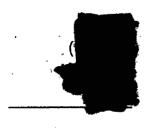
Supplemental Disclosures of Cash Flows Information:

Cash paid during the year for:

Interest

Income Taxes

For the Year Ended December 31, 2001











Noncash Investing and Financing Activities:

During the year ended December 31, 2001, the company entered into a thirty six month capital lease obligation for computer equipment. The cost of the computers recorded was \$ the deferred interest was a small and the obligation was

On January 1, 2001, the company acquired a customer list and trade accounts receivable of a related party affiliate for a total of the company. The related party affiliate took back a note with interest only at current applicable federal rates. On December 1, 2001, a principal payment of the current was paid towards this note balance.

During 2001, the company acquired a customer list from Nextel Communications, Inc. for The company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company paid a \$1000 down payment and is paying the balance of the company payment and the com

Notes to Financial Statements December 31, 2001

Note 1 - Summary of Significant Accounting Policies

<u>Business Activities</u> - ComTech 21, LLC was formed for the purpose of providing long distance telephone retail services.

<u>Use of Estimates</u> - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

<u>Property and Equipment</u> - Property and equipment are recorded at cost and are depreciated over their estimated useful lives of five to seven years. When an asset is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in earnings. Expenditures for maintenance, repairs and improvements, which do not materially extend the useful lives of the assets, are charged to earnings when incurred.

<u>Depreciation</u> - Depreciation is computed using principally the straight line method for financial reporting and accelerated methods for federal income tax reporting purposes.

<u>Cash and Cash Equivalents</u> - For purposes of the statement of cash flows, the company considers time deposits, certificates of deposit and all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - An allowance for doubtful accounts is computed based on historical experience. The balance for doubtful accounts was as of December 31, 2001.

### Note 2 - Provision for Income Taxes

ComTech 21, LLC is a wholly owned subsidiary of Prescient, LLC and files a consolidated tax return. Because of the tariff requirements for long distance providers, ComTech 21, LLC is registered to do business in most all of the United States. Therefore, the state tax provision of includes all the various state's minimum corporate taxes.



Notes to Financial Statements December 31, 2001

### Note 3 - Related Party Transactions

ComTech 21, LLC incurred billing and administrative support service bureau fees of the profited Billing Services, Inc., which is a related party affiliate.

ComTech 21, LLC occupies space at the headquarters and administrative offices of Profitec Billing Services, Inc., a related party affiliate.

On January 1, 2001, ComTech 21, LLC acquired the long distance retail trade accounts receivable of Equality, Inc., which is a related party affiliate, for the long distance retail customer list of Equality, Inc. for the long distance retail customer list of Equality, Inc. for the long distance retail customer list of Equality, Inc. for the long distance retail customer list of Equality, Inc. for the long distance retail customer list of Equality, Inc. for the long distance retail trade accounts receivable of Equality and Inc. for the long distance retail trade accounts receivable of Equality and Inc. for the long distance retail trade accounts receivable of Equality and Inc. for the long distance retail trade accounts receivable of Equality and Inc. for the long distance retail trade accounts receivable of Equality and Inc. for the long distance retail trade accounts receivable acquired the long distance retail customer list of Equality.

### Note 4 - Member Equity/Capital

The members of Prescient, LLC, the parent limited liability company, are Minervino Group, LLC and Javva Partners, LLC. In the year 2001, and units owned by Minervino Group, LLC were sold to Javva Partners, LLC. Prescient's ownership now consists of units owned by Minervino Group, LLC and units owned by Javva Partners, LLC for a total of units.

## Note 5 - Capital Lease Obligation

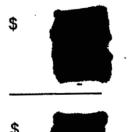
In May 2001, computer equipment with a cost of \$15,033 was financed under a thirty-six month capital lease with Citicapital. The monthly payment is \$417.58.

The following is a schedule of future minimum payments required under the lease:

For the Years Ending December 31.

2003 2004 2005 and thereafter

Total minimum lease payments





Notes to Financial Statements December 31, 2001

### Note 6 - Intangible Assets

Intangible assets include customer lists with a cost of . These lists are currently being amortized over five years using the straight-line method of accounting for financial reporting purposes. Amortization expense for the year ended December 31, 2001 was .

### Note 7 - Other Matters

On January 1, 2001, the company acquired the customer list and trade accounts receivable of a related party affiliate for a total of The related party affiliate took back a note with interest only at current applicable federal rates. The balance of the demand note is

In August of 2001, the company acquired a customer list from Nextel Communications, Inc. for \$1000. The company paid a \$1000000 down payment and is paying the remaining balance of 2002.

## Note 8 - Advertising Costs

The company has a policy of expensing advertising costs as incurred. Advertising costs of \$ were charged to expense in the year ended December 31, 2001.

### Note 9 - Concentration of Credit Risks

Financial instruments that potentially subject the company to concentrations of credit risks consist principally of temporary cash investments. The company places its temporary cash investments with several banks located in Connecticut and with Zurich Money Fund, and Zurich Government Money Fund. Accounts at each bank institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$ The excess deposits reported by the bank over the amounts insured by FDIC totaled The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Government Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Money Fund totaled \$ The uninsured balances with respect to the Zurich Money Fund and Zurich Money Fund totaled \$ The uninsured balances with respect to the Zurich M



Notes to Financial Statements December 31, 2001

Note 10 - Pension Plan

The company's employees participate under the 401(k) plan of a related party affiliate. For the year 2001, the Board of Directors of the related party affiliate had decided to match the amounts contributed by employees eligible under the plan up to of their compensation after three years of vesting.



Schedule of Operating Expenses

For the Year Ended December 31, 2001 Percent to Revenue For the Year Ended December 31, 2001

Operating Expenses:

Administrative wages

Payroll service fees

Telephone

Office supplies and expense

Depreciation

Amortization

Payroll taxes

Auto, travel and meals

Professional fees

Donations

Employee benefits

Bank charges

Postage and express mail

Bad debt expense

Advertising and promotion

Dues and subscriptions

Commissions

Carrier charges

Service bureau fees

Pension expense

Application and tariff fees

Licenses and fees

Collection fees



Total Operating Expenses



