KEDYCLEDOBICINAL

XI-PREOFO

Year Ended December 31, 2006

Year Ended December 31, 2006

DOCUMENT PLMBER-DATE

287 JUN 158

EBSC-COMMISSION CLERK

NORSTAR TELECOMMUNICATIONS, LLC TABLE OF CONTENTS

	Page
ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENT	
Balance Sheets	2-3
Statements of Income and Retained Earnings	4
Statements of Cash Flow	5
Cost of Goods Sold	6
General & Administrative Expenses	7
Notes to Financial Statements	8

FIELDS & NEVAREZ, P.A.

300 Frederick Road, Suite 105, Catonsville, MD 21228
410-869-7885 • Fax 410-869-7887

To the Stockholders and Board of Directors Norstar Telecommunications, LLC 10025 Scenic View Terrace Vienna, VA 22182

We have reviewed the accompanying balance sheet of Norstar Telecommunications, LLC as of December 31, 2006 and the related statement of income, retained earnings and cash flow for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of Norstar Telecommunications, 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 examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

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.

Fields & Nevarez, P. A.

Borls & nemy P.A.

March 16, 2007

NORSTAR TELECOMMUNICATIONS, LLC BALANCE SHEET YEAR ENDED DECEMBER 31, 2006

ASSETS

2006

Current Assets

Cash

Accounts receivable Prepaid expenses

Total Current Assets

Property and Equipment (Notes 1)

Furniture and equipment Transportation equipment

Less accumulated depreciation & amortization

Total Assets



See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC BALANCE SHEET YEAR ENDED DECEMBER 31, 2006

LIABILITIES AND STOCKHOLDERS' EQUITY

<u> 2006</u>

Current Liabilities

Accounts payable

Total Current Liabilities

Noncurrent Liabilities

Notes payable

Total Noncurrent Liabilities

Total Liabilities

Members' Equity

Member's Capital

Total Stockholders' Equity

Total Liabilities & Stockholders' Equity



See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC. STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED DECEMBER 31, 2006

2006

Commission Income (See Note 1)

Total

Cost of Goods Sold

Gross Profit

General & Administrative Expenses

Income from Operations Before Other Income & Expenses

Net Income

Retained Earnings

Beginning of Year Member Distribution

End of Year



See accompanying notes and accountants report

NORSTAR TELECOMMUNICATIONS, LLC. COST OF GOODS SOLD YEAR ENDED DECEMBER 31, 2006

2006

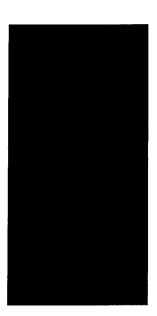
Phone Service Costs

Commission Fees

Transportation Expense

Travel

Total Cost of Goods Sold



See accompanying notes and accountants' report

NORSTAR TELECOMMUNICATIONS, LLC. GENERAL AND ADMINISTRATIVE EXPENSES YEAR ENDED DECEMBER 31, 2006

2006

Office Expense

Telephone

Accounting

Insurance

Legal

Internet Fee

Postage

Supplies

Consulting Fees

Utilities

Dues & Subscriptions

License Fees

Advertising

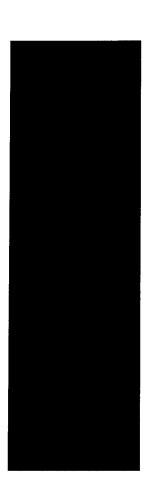
Entertainment

Depreciation

Rent

Repairs & Maintenance

Taxes-other



NORSTAR TELECOMMUNICATIONS, LLC Notes to Financial Statement December 31, 2006

1. Summary of Significant Accounting Policies

Norstar Telecommunications, LLC. is a telecommunications provider headquartered in Vienna, Virginia providing local, long distance, internet and conferencing services nationwide

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the specific units of property.

Income Taxes

The company with the consent of its members has elected under the provisions of the Internal Revenue Code to be treated as a Limited Liability Company effective the date of formation, January 1, 1998. In lieu of corporate income taxes, the members of a Limited Liability Company are taxed on their proportionate share of the company's taxable income. Therefore, no provision for income tax is required.

Revenue and Cost Recognition

The Company reflects revenues and expenses on the accrual basis of accounting. Income is recognized when invoiced and expenses are recognized when incurred.

Use of Estimates

The preparation of final statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual numbers could differ from those estimates.

Income Recognition

The Company receives a sixteen percent commission income of all services provided. In 2006 the company provided services totaling \$ which represented \$ in commission income for the year.