



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE : November 18, 1998
 TO : Blanca Bayo, Director, Division of Records and Reporting
 FROM : Louis J. Yambor, Division of Communications
 RE : Docket No. 981220-TX; Revised Application/Name Change

Enclosed is a revised copy of the application which reflects a name from Image Access, Inc. d/b/a/ NewPhone to Image Access Communications, Inc. d/b/a NewPhone.

Please make the necessary corrections.

Thank you.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
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- OPC _____
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- SEC lc y to: Legal-Pena
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DOCUMENT NUMBER - DATE

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FPSC-REC&RPS/REPORTING

Image Access Communications, Inc
3322 Hessmer Avenue
Metairie, LA 70002
Telephone 504-456-3131
Fax 504-456-3138

November 9, 1998

Florida Public Service Commission
Mr. Louis Yambor
Division of Communications
Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

Dear Sir or Madam:

Attached is our revised Application and Price List for a license to operate as an Alternative Local Exchange Carrier within the state of Florida. We have previously paid our application fee of \$250.

We are proposing to offer basic local service to residents and businesses Florida through the use of services offered by BellSouth Communications, Inc. I will be pleased to answer any questions you may have relative to this application.

Sincerely,



Jim R. Dry
Vice President

RECEIVED

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CMU

98 NOV -2 AM 8 32
MAIL ROOM

APPLICATION FORM

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

Original authority (new company)

Approval of transfer (to another certificated company)

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate
(to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

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

2. Name of applicant: Image Access Communications, Inc.

3. Name under which the applicant will do business (d/b/a):

NewPhone

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: _____

Applied For 9/14/98 - will forward

APPLICATION FORM

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

3322 Hessmer Avenue
Metairie, LA 70002
504-456-3131

- B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

NONE

6. Structure of organization: Check appropriate box(es)

| | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Other, Please explain _____ |

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

In 1997 Jim R. Dry Filed a Chapter 13 bankruptcy proceeding and
also in 1997 all creditors were satisfied and the case dismissed.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: _____

Applied For 9/98 - will forward

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Jim R. Dry, Vice President, 504-456-3131 telephone

3322 Hessner Ave., Metairie, LA 70002

Fax # 504-456-3138

Internet address - jdry@bellouth.net

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Currently providing - Louisiana, Kentucky

Applied - Mississippi, Alabama, Tennessee

APPLICATION FORM

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

NO

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

NO

14. Please indicate how a customer can file a service complaint with your company.

The customer can call 1-877-801-3131 and a
customer service representative will record
their complaint.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.(Rule attached) see attached tariff

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

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

APPLICATION FORM

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

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

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

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

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

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

- B. Managerial capability.
- C. Technical capability.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, described in detail the difference.)

Exhibit 1

Question 16

16 A

Financial Capability

Attached are Image Access Communications, Inc.'s financial statements dated August 31, 1998. These include the Balance Sheet and Income Statement, which includes the retained earnings. Also included is a cash flow projection through the year ending December 31, 2000.

In addition I have enclosed a letter of credit from Hibernia National Bank for \$50,000. We have also been contacted by a venture capital group that has indicated they would finance any additional expansion requirements.

NewPhone

Income Statement
 For 1/1/98 To 8/31/98
 For All States
 For All Regions
 For All Account Codes

| | Current Period | Current YTD |
|-------------------------------|-------------------|--------------------|
| Sales | | |
| Installation Charges | 4,136.04 | 6,261.04 |
| Basic Service | 12,203.35 | 16,740.95 |
| Additional Option Revenue | 1,816.25 | 2,299.60 |
| Miscellaneous Income | 15.00 | 2,207.61 |
| Net Sales | <u>18,170.64</u> | <u>27,509.20</u> |
| Cost of Goods Sold | | |
| Cost of Lines | 14,734.94 | 20,537.94 |
| Total Cost of Goods Sold | <u>14,734.94</u> | <u>20,537.94</u> |
| Gross Profit On Sales | <u>3,435.70</u> | <u>6,971.26</u> |
| Operating Expenses | | |
| Advertising | 6,313.48 | 31,858.87 |
| Rent | 850.00 | 1,900.00 |
| Bank Charges | 134.29 | 508.03 |
| Commodities and Subscriptions | - | 425.00 |
| Insurance-Other | - | 1,000.00 |
| Legal Fees | 775.00 | 2,786.74 |
| Accounting Fees | - | 2,750.00 |
| Licenses/Permits | 172.00 | 2,217.00 |
| Outside Services | 883.31 | 2,101.48 |
| Postage and Delivery | 383.03 | 716.66 |
| Printing and Reproduction | 339.58 | 1,604.71 |
| Office Supplies | 600.13 | 1,278.35 |
| Telephone | 478.78 | 2,302.18 |
| Meals/Entertainment | 69.17 | 235.63 |
| Payroll | 670.25 | 670.25 |
| Advertising-personnell | 198.00 | 198.00 |
| Travel Expenses | 449.00 | 2,673.22 |
| Interest Expense | 373.47 | 664.44 |
| Payroll Taxes | 64.68 | 64.68 |
| Miscellaneous Expense | - | 326.16 |
| Total Operating Expenses | <u>12,554.17</u> | <u>56,281.40</u> |
| Net Income | <u>(9,118.47)</u> | <u>(49,310.14)</u> |

THESE FINANCIAL STATEMENTS ARE TRUE AND CORRECT


 CEO


 CFO

Date: 9/16/98

NewPhone
Balance Sheet
As Of 8/31/98
For All States
For All Regions
For All Account Codes

Page: 1

| | Current YTD |
|-------------------------------------|---------------------|
| Assets | |
| Current Assets | |
| Cash | |
| Cash-Operating | (\$583.57) |
| Cash-Depository | 4,059.13 |
| Cash-FNBC | 1,043.32 |
| Cash-PNC Bank | 100.00 |
| | <hr/> |
| Total Cash | \$4,618.88 |
| Short-Term Investments | |
| | <hr/> |
| Total Short-Term Investments | \$0.00 |
| Accounts Receivable | |
| counts Receivable | |
| Accounts Receivable | (\$2,539.96) |
| | <hr/> |
| Total Accounts Receivable | (\$2,539.96) |
| Notes Receivable | |
| | <hr/> |
| Total Notes Receivable | \$0.00 |
| Inventory | |
| | <hr/> |
| Total Inventory | \$0.00 |
| Work in Process | |
| | <hr/> |
| Total Work in Process | \$0.00 |
| Prepaid Expenses | |
| Prepaid Expenses | \$20,400.00 |
| | <hr/> |
| Total Prepaid Expenses | \$20,400.00 |
| | <hr/> |
| Total Current Assets | \$22,478.92 |
| Long-Term Investments | |
| | <hr/> |
| Total Long-Term Investments | \$0.00 |

Date: 9/16/98

NewPhone
Balance Sheet
As Of 8/31/98
For All States
For All Regions
For All Account Codes

Page: 2

| | Current YTD |
|-------------------------------------|--------------------|
| Property, Plant and Equipment | |
| Equipment | \$7,022.45 |
| Other Fixed Assets | 1,876.25 |
| | <hr/> |
| Total Property, Plant and Equipment | \$8,898.70 |
| Accumulated Depreciation | |
| | <hr/> |
| Total Accumulated Depreciation | \$0.00 |
| Intangible Assets | |
| | <hr/> |
| Total Intangible Assets | \$0.00 |
| Other Assets | |
| Security Deposits | \$3,000.00 |
| | <hr/> |
| Total Other Assets | \$3,000.00 |
| | <hr/> |
| Total Assets | <u>\$34,377.62</u> |

NewPhone
Balance Sheet
As Of 8/31/98
For All States
For All Regions
For All Account Codes

| | Current YTD |
|--|----------------|
| Liabilities and Equity | |
| Current Liabilities | |
| Accounts Payable | |
| Accounts Payable | \$21,053.42 |
| | <hr/> |
| Total Accounts Payable | \$21,053.42 |
| Notes Payable | |
| Notes Payable | \$12,051.00 |
| | <hr/> |
| Total Notes Payable | \$12,051.00 |
| Current Maturities of Long-Term Debt | |
| Current Maturities | \$6,500.00 |
| | <hr/> |
| Total Current Maturities of Long-Term Debt | \$6,500.00 |
| Taxes Payable | |
| | <hr/> |
| Total Taxes Payable | \$0.00 |
| Interest Payable | |
| | <hr/> |
| Total Interest Payable | \$0.00 |
| Dividends Payable | |
| | <hr/> |
| Total Dividends Payable | \$0.00 |
| Leases Payable (Current) | |
| | <hr/> |
| Total Leases Payable (Current) | \$0.00 |
| Sinking Fund Payable (Current) | |
| | <hr/> |
| Total Sinking Fund Payable (Current) | \$0.00 |
| Other Current Liabilities | |
| Hibernia Line of Credit | \$45,863.34 |
| | <hr/> |

NewPhone
Balance Sheet
As Of 8/31/98
For All States
For All Regions
For All Account Codes

| | |
|--|---------------------|
| | Current YTD |
| Total Other Current Liabilities | \$45,863.34 |
| Total Current Liabilities | <u>\$85,467.76</u> |
| Long-Term Debt | |
| Total Long-Term Debt | <u>\$0.00</u> |
| Total Liabilities | <u>\$85,467.76</u> |
| Common Stock | |
| Total Common Stock | <u>\$0.00</u> |
| Preferred Stock | |
| Total Preferred Stock | <u>\$0.00</u> |
| Additional Paid-in Capital - Common | |
| Total Additional Paid-in Capital - Common | <u>\$0.00</u> |
| Additional Paid-in Capital - Preferred | |
| Total Additional Paid-in Capital - Preferred | <u>\$0.00</u> |
| Treasury Stock | |
| Total Treasury Stock | <u>\$0.00</u> |
| Common Dividends | |
| Total Common Dividends | <u>\$0.00</u> |
| Preferred Dividends | |
| Total Preferred Dividends | <u>\$0.00</u> |
| Retained Earnings | |
| Retained Earnings | <u>(\$1,780.00)</u> |
| Total Retained Earnings | <u>(\$1,780.00)</u> |

Date: 9/16/98

NewPhone
Balance Sheet
As Of 8/31/98
For All States
For All Regions
For All Account Codes

Page: 5

| | Current YTD |
|------------------------------|---------------------------|
| Net Profit/(Loss) | <u>(\$49,310.14)</u> |
| Total Equity | <u>(\$51,090.14)</u> |
| Total Liabilities and Equity | <u><u>\$34,377.62</u></u> |

Confidential

Image Access, Inc dba

NewPhone

Metairie, Louisiana
 Projected Operating Results
 and Cash Flow
 For the Years 1998 to 2001

Cash Flow Projections:

| | 1998 | | | | | | | | Total |
|--|-----------|----------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| | May | Jun(1) | Jul(1) | Aug(1) | Sep(2) | Oct(3) | Nov(5) | Dec(5) | |
| New Customers | | 28 | 78 | 300 | 275 | 360 | 878 | 800 | 2300 |
| Deleted Customers | | 0 | 4 | 5 | 16 | 37 | 44 | 70 | 168 |
| Total Customers | | 28 | 90 | 291 | 551 | 874 | 1405 | 2135 | 2135 |
| Basic Service Charge Revenue | \$ | 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 |
| Installation & Other Basic Service | \$ | 1,000 | \$ 3,000 | 8000 | \$ 11,000 | \$ 14,000 | \$ 23,000 | \$ 32,000 | \$ 82,000 |
| Additional Options | | 20 | 77 | 1310 | 2,487 | 3,791 | 8,784 | 8,181 | 21,830 |
| Total Revenue | \$ | 2,269 | \$ 7,872 | \$ 22,681 | \$ 38,780 | \$ 57,862 | \$ 93,344 | \$ 138,284 | \$ 301,188 |
| Cost of Sales | | | | | | | | | |
| Installation Cost | \$ | 828 | \$ 2,778 | 7400 | \$ 10,175 | \$ 12,880 | \$ 21,378 | \$ 28,800 | \$ 86,000 |
| Cost of Lines | | 380 | 980 | 3810 | 8,510 | 6,740 | 14,050 | 21,260 | 53,770 |
| Cost of Addl Options | | 10 | 38 | 824 | 987 | 1,818 | 2,342 | 3,376 | 8,798 |
| Communication Taxes | | 178 | 872 | 2087 | 3,887 | 6,118 | 8,826 | 14,848 | 37,828 |
| Other Customer Benefits | | 125 | 480 | 878 | 1,863 | 2,892 | 4,218 | 6,408 | 18,373 |
| Total Cost of Sales | \$ | 1,541 | \$ 4,926 | \$ 13,744 | \$ 22,182 | \$ 31,048 | \$ 61,717 | \$ 78,678 | \$ 201,577 |
| Gross Margin | \$ | 728 | \$ 2,946 | \$ 8,937 | \$ 16,604 | \$ 26,814 | \$ 31,627 | \$ 62,609 | \$ 199,611 |
| Other Expenses | | | | | | | | | |
| Advertising | \$ | 18,000 | \$ 4,000 | 8000 | \$ 8,000 | \$ 18,000 | \$ 28,000 | \$ 28,000 | \$ 108,000 |
| Depreciation | 70 | 70 | 112 | 0 | 478 | 812 | 887 | 1,112 | 3,428 |
| Insurance | | 100 | 100 | 0 | 100 | 100 | 100 | 100 | 800 |
| Interest | | 170 | 180 | 670 | 670 | 780 | 820 | 800 | 4,080 |
| Office Supplies | 800 | 25 | 88 | 281 | 841 | 874 | 1,408 | 2,138 | 6,177 |
| Postage | | 28 | 98 | 281 | 841 | 874 | 1,408 | 2,138 | 6,377 |
| Communication | 80 | 300 | 800 | 1000 | 1,100 | 1,700 | 2,700 | 3,800 | 10,180 |
| Owner Compensation | | | | 0 | | | 8,000 | 4,000 | 18,000 |
| Payroll | | | 2,800 | 8,800 | 17,600 | 22,800 | 30,000 | 37,500 | 118,800 |
| Payroll Taxes | | | 378 | 880 | 2,828 | 3,878 | 5,880 | 6,878 | 20,180 |
| Rent (Headquarters) | 300 | 500 | 800 | 800 | 1,417 | 1,887 | 8,000 | 6,000 | 18,884 |
| Payment Commissions | | 28 | 88 | 0 | | | | | 121 |
| Sales Commissions | | 78 | 228 | 0 | | | | | 300 |
| Professional Fees | 1,200 | | 800 | 0 | | | | | 1,700 |
| Travel & Entertainment | 180 | 180 | 180 | 880 | 300 | 700 | 1,300 | 800 | 4,200 |
| Total Other Expenses | \$ | 2,600 | \$ 18,240 | \$ 6,430 | \$ 14,892 | \$ 34,087 | \$ 49,182 | \$ 80,607 | \$ 316,854 |
| Net Income | \$ | (2,832) | \$ (18,264) | \$ (6,897) | \$ (5,956) | \$ (17,283) | \$ (21,148) | \$ (41,046) | \$ (157,243) |
| Cash Flow from Operations | \$ | (2,830) | \$ (17,101) | \$ (2,706) | \$ (4,457) | \$ (14,082) | \$ (18,639) | \$ (38,013) | \$ (23,636) |
| Capital Requirements | | | | | | | | | |
| Computers - PC's required for Customer Maintenance, Billing, Etc | 522 | 0 | 1000 | 1000 | 11000 | 4000 | 12000 | 4000 | |
| Software | 2000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Office Furniture | 0 | 0 | 800 | 800 | 800 | 1000 | 1500 | 800 | |
| Prepaid I-D Cards | 2800 | 10250 | 0 | 7880 | 0 | 0 | 0 | 0 | |
| Total | \$ | 5,022 | \$ 10,250 | \$ 1,500 | \$ 9,180 | \$ 11,500 | \$ 5,000 | \$ 13,500 | \$ 4,500 |
| Distributions | | | | | | | | | |
| Total Cash Flow | \$ | (7,552) | \$ (27,351) | \$ (4,206) | \$ (13,607) | \$ (25,582) | \$ (23,639) | \$ (48,513) | \$ (28,136) |

Confidential

Image Access, inc. dba

NewPhone

Metairie, Louisiana

Projected Operating Results
and Cash Flow

For the Years 1998 to 2001

Cash Flow Projections:

| | 1999 | | | | | | | | | | | | |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | Jan(9) | Feb(9) | Mar(9) | Apr(9) | May(9) | Jun(9) | Jul(9) | Aug(9) | Sep(9) | Oct(9) | Nov(9) | Dec(9) | Total |
| New Customers | 1160 | 1460 | 1800 | 2180 | 2260 | 2260 | 2260 | 2260 | 2260 | 2260 | 2260 | 2260 | 24600 |
| Deleted Customers | 107 | 158 | 222 | 304 | 384 | 487 | 678 | 842 | 912 | 978 | 1039 | 1088 | 7788 |
| Total Customers | 3178 | 4469 | 6047 | 7893 | 9769 | 11512 | 13186 | 14594 | 15932 | 17206 | 18617 | 19860 | 19888 |
| Basic Service Charge Revenue | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 | \$ 49.95 |
| Installation & Other Basic Service | \$ 48,000 | \$ 68,000 | \$ 72,000 | \$ 88,000 | \$ 80,000 | \$ 90,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 880,000 |
| Additional Options | 8,801 | 13,446 | 18,803 | 24,888 | 20,888 | 28,888 | 28,888 | 42,840 | 47,881 | 52,875 | 57,812 | 62,110 | 488,771 |
| Total Revenue | \$ 201,630 | \$ 276,797 | \$ 308,361 | \$ 473,379 | \$ 508,955 | \$ 665,942 | \$ 738,536 | \$ 808,465 | \$ 874,950 | \$ 938,226 | \$ 998,370 | \$ 1,022,581 | \$ 7,420,754 |
| Cost of Sales | | | | | | | | | | | | | |
| Installation Cost | \$ 42,850 | \$ 53,860 | \$ 68,800 | \$ 78,860 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 83,260 | \$ 838,360 |
| Cost of Lines | 31,780 | 44,790 | 60,888 | 80,108 | 99,808 | 118,132 | 136,720 | 190,808 | 184,758 | 178,224 | 181,028 | 222,222 | 1,488,818 |
| Cost of Add'l Options | 4,136 | 8,958 | 8,302 | 11,388 | 14,460 | 17,388 | 20,129 | 22,888 | 25,133 | 27,448 | 29,847 | 31,738 | 218,828 |
| Communication Taxes | 22,248 | 31,283 | 42,328 | 64,261 | 68,243 | 80,584 | 82,302 | 102,168 | 111,524 | 120,442 | 128,919 | 138,983 | 982,284 |
| Other Customer Benefits | 8,834 | 13,407 | 18,141 | 23,878 | 29,247 | 34,638 | 38,658 | 43,782 | 47,788 | 51,818 | 55,251 | 58,707 | 428,288 |
| Total Cost of Sales | \$ 110,245 | \$ 149,086 | \$ 196,328 | \$ 249,985 | \$ 294,806 | \$ 333,870 | \$ 370,959 | \$ 402,694 | \$ 432,459 | \$ 460,563 | \$ 488,943 | \$ 513,873 | \$ 3,158,568 |
| Gross Margin | \$ 91,385 | \$ 127,711 | \$ 172,033 | \$ 223,394 | \$ 274,149 | \$ 322,072 | \$ 367,577 | \$ 405,991 | \$ 442,491 | \$ 477,243 | \$ 510,277 | \$ 541,702 | \$ 2,162,186 |
| Other Expenses | | | | | | | | | | | | | |
| Advertising | \$ 35,000 | \$ 61,000 | \$ 48,000 | \$ 61,000 | \$ 48,000 | \$ 53,000 | \$ 66,000 | \$ 68,000 | \$ 68,000 | \$ 68,000 | \$ 68,000 | \$ 68,000 | \$ 618,000 |
| Depreciation | 1,304 | 1,473 | 1,666 | 1,666 | 1,666 | 1,666 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 18,000 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 | 200 | 200 | 200 | 200 | 200 | 200 | 1,800 |
| Interest | 1,020 | 1,180 | 1,020 | 810 | 680 | 280 | 80 | 20 | - | - | - | - | 4,000 |
| Office Supplies | 3,178 | 4,488 | 6,047 | 7,883 | 9,748 | 11,812 | 13,188 | 14,584 | 15,932 | 17,208 | 18,417 | 18,888 | 148,782 |
| Postage | 3,178 | 4,488 | 6,047 | 7,883 | 9,748 | 11,812 | 13,188 | 14,584 | 15,932 | 17,208 | 18,417 | 18,888 | 148,782 |
| Communication | 4,000 | 5,000 | 5,200 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 62,000 |
| Owner Compensation | 8,000 | 8,000 | 16,000 | 16,000 | 16,000 | 24,000 | 30,000 | 24,000 | 24,000 | 24,000 | 26,000 | 28,000 | 280,000 |
| Payroll | 48,800 | 64,800 | 67,200 | 88,800 | 88,800 | 88,800 | 62,400 | 64,000 | 66,000 | 66,000 | 66,000 | 66,000 | 788,400 |
| Payroll Taxes | 8,970 | 8,640 | 10,830 | 11,220 | 11,220 | 12,670 | 12,980 | 13,380 | 13,260 | 13,260 | 14,180 | 14,180 | 148,880 |
| Rent (Headquarters) | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 72,000 |
| Payment Commissions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sales Commissions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Professional Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Travel & Entertainment | 1,800 | 2,800 | 1,700 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 10,000 |
| Total Other Expenses | \$ 118,880 | \$ 149,331 | \$ 168,700 | \$ 147,872 | \$ 168,054 | \$ 186,630 | \$ 164,979 | \$ 200,725 | \$ 203,381 | \$ 218,729 | \$ 222,151 | \$ 226,488 | \$ 2,218,889 |
| Net Income | \$ (28,095) | \$ (21,620) | \$ 13,333 | \$ 65,822 | \$ 106,095 | \$ 135,442 | \$ 172,600 | \$ 205,266 | \$ 239,110 | \$ 257,514 | \$ 268,126 | \$ 317,288 | \$ 1,202,286 |
| Cash Flow from Operations | (11,277.00) | \$ (1,640) | \$ 36,980 | \$ 87,007 | \$ 138,598 | \$ 171,534 | \$ 213,825 | \$ 250,715 | \$ 288,573 | \$ 310,799 | \$ 345,044 | \$ 377,622 | |
| Capital Requirements | | | | | | | | | | | | | |
| Computers - PC's required for Customer Maintenance, Billing, Etc. | 8000 | 4000 | 2000 | 0 | 0 | 0 | 3000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Software | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Office Furniture | 2000 | 1000 | 1000 | 0 | 0 | 0 | 1000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid L-D Cards | 12750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$ 20,750 | \$ 5,000 | \$ 3,000 | \$ - | \$ - | \$ - | \$ 4,000 | \$ - | \$ - |
| Distributions | | | | | | | | | | | | | |
| Total Cash Flow | \$ (32,027) | \$ (6,640) | \$ 35,980 | \$ 87,007 | \$ 138,598 | \$ 171,534 | \$ 209,825 | \$ 250,715 | \$ 288,573 | \$ 310,799 | \$ 345,044 | \$ 377,622 | |

Confidential

Image Access, inc dba

NewPhone

Metairie, Louisiana
 Projected Operating Results
 and Cash Flow
 For the Years 1998 to 2001

Cash Flow Projections:

| | 2000 | | | | | | | | | | | | | 2001 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | |
| New Customers | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 27000 |
| Deleted Customers | 1153 | 1208 | 1258 | 1308 | 1353 | 1398 | 1440 | 1480 | 1517 | 1557 | 1598 | 1622 | 1667 | 18877 |
| Total Customers | 7000 | 21708 | 22702 | 23540 | 24543 | 25397 | 26207 | 26977 | 27710 | 28403 | 29064 | 29692 | 30092 | 70992 |
| Basic Service Charge | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 | \$ 49 95 |
| Revenues | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 1,080,000 |
| Installation & Other | 848,802 | 887,484 | 1,043,167 | 1,088,634 | 1,127,763 | 1,168,882 | 1,204,211 | 1,238,884 | 1,273,272 | 1,306,117 | 1,338,480 | 1,364,348 | 1,384,348 | 14,088,862 |
| Basic Service | 70,451 | 74,209 | 77,887 | 81,478 | 84,782 | 87,847 | 90,837 | 93,777 | 96,681 | 99,537 | 101,472 | 103,784 | 105,485 | 1,082,485 |
| Additional Options | | | | | | | | | | | | | | |
| Total Revenue | \$ 1,110,053 | \$ 1,161,793 | \$ 1,211,144 | \$ 1,264,012 | \$ 1,322,545 | \$ 1,344,956 | \$ 1,385,148 | \$ 1,421,371 | \$ 1,454,753 | \$ 1,494,154 | \$ 1,536,982 | \$ 1,554,131 | \$ 1,554,131 | \$ 14,236,808 |
| Cost of Sales | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 83,280 | \$ 998,880 |
| Installation Cost | 214,788 | 228,808 | 238,312 | 246,888 | 254,788 | 264,788 | 273,380 | 281,488 | 289,232 | 296,554 | 303,238 | 310,172 | 316,880 | 3,168,880 |
| Cost of Lines | 33,723 | 36,808 | 37,857 | 38,112 | 40,732 | 42,274 | 43,738 | 45,124 | 46,444 | 47,880 | 48,863 | 50,013 | 51,781 | 516,781 |
| Cost of Adn Options | 144,882 | 151,888 | 158,814 | 165,822 | 171,801 | 177,778 | 183,448 | 188,838 | 193,870 | 198,871 | 203,648 | 207,844 | 214,008 | 2,147,008 |
| Communication Costs | 81,888 | 85,134 | 88,108 | 90,888 | 93,688 | 96,388 | 98,881 | 101,281 | 103,581 | 105,881 | 108,081 | 110,181 | 112,181 | 1,121,181 |
| Other Customer Benefits | | | | | | | | | | | | | | |
| Total Cost of Sales | \$ 531,429 | \$ 531,747 | \$ 533,999 | \$ 538,116 | \$ 543,178 | \$ 548,284 | \$ 553,400 | \$ 558,530 | \$ 563,627 | \$ 568,727 | \$ 573,826 | \$ 578,926 | \$ 584,026 | \$ 5,841,014 |
| Gross Margin | \$ 578,624 | \$ 630,046 | \$ 677,145 | \$ 725,896 | \$ 779,367 | \$ 796,676 | \$ 826,618 | \$ 862,841 | \$ 891,026 | \$ 925,427 | \$ 963,156 | \$ 975,205 | \$ 969,105 | \$ 8,395,794 |
| Other Expenses | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 84,000 | \$ 880,000 |
| Advertising | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 1,778 | 21,341 |
| Depreciation | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 2,400 |
| Insurance | | | | | | | | | | | | | | |
| Interest | 20,888 | 21,708 | 22,702 | 23,848 | 24,543 | 26,387 | 28,207 | 28,877 | 28,877 | 27,710 | 28,403 | 29,084 | 28,882 | 308,715 |
| Office Supplies | 20,888 | 21,708 | 22,702 | 23,848 | 24,543 | 26,387 | 28,207 | 28,877 | 28,877 | 27,710 | 28,403 | 29,084 | 28,882 | 308,715 |
| Postage | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 | 64,800 |
| Communication | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 880,000 |
| Owner Compensation | 81,000 | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | 87,000 | 87,000 | 87,000 | 87,000 | 87,000 | 87,000 | 87,000 | 880,000 |
| Payroll | 20,280 | 20,700 | 20,700 | 21,800 | 21,800 | 21,800 | 22,080 | 22,080 | 22,080 | 22,580 | 22,580 | 22,580 | 22,580 | 278,780 |
| Payroll Taxes | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 108,000 |
| Rent (Headquarters) | | | | | | | | | | | | | | |
| Payment Commissions | | | | | | | | | | | | | | |
| Sales Commissions | | | | | | | | | | | | | | |
| Professional Fees | | | | | | | | | | | | | | |
| Travel & Entertainment | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 10,000 |
| Total Other Expenses | \$ 268,600 | \$ 274,394 | \$ 276,382 | \$ 285,170 | \$ 286,954 | \$ 288,672 | \$ 293,742 | \$ 298,282 | \$ 303,348 | \$ 308,634 | \$ 313,966 | \$ 319,212 | \$ 324,621 | \$ 3,002,621 |
| Net Income | \$ 309,764 | \$ 355,652 | \$ 399,773 | \$ 447,726 | \$ 495,413 | \$ 511,983 | \$ 529,000 | \$ 544,659 | \$ 561,408 | \$ 576,793 | \$ 589,190 | \$ 597,189 | \$ 595,104 | \$ 4,854,892 |
| Cash Flow from Operations | 366,540 00 | 392,554 | 420,687 | 448,448 | 465,810 | 489,952 | 509,399 | 531,168 | 517,386 | 536,980 | 555,667 | 573,418 | 573,418 | |
| Capital Requirements | | | | | | | | | | | | | | |
| Computers - PCs required for | 3000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Maintenance, Billing, Etc | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Software | 1000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Office Furniture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid L-D Cards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$ 4,000 | \$ - |
| Field Calls | | | | | | | | | | | | | | |
| Total Cash Flow | \$ 362,540 | \$ 392,554 | \$ 420,687 | \$ 448,448 | \$ 465,810 | \$ 489,952 | \$ 509,399 | \$ 531,168 | \$ 517,386 | \$ 536,980 | \$ 555,667 | \$ 573,418 | \$ 573,418 | |



LORETTA A. SAVOYE
VICE PRESIDENT
CAUSEWAY OFFICE MANAGER

HIBERNIA NATIONAL BANK
POST OFFICE BOX 61540
NEW ORLEANS, LOUISIANA 70161-1540
(504) 533 2430
FAX (504) 837-1393

June 10, 1998

RE: Image Access Inc.

To Whom It May Concern:

This is to advise that the above Company has a line of credit with our Bank in the amount of \$50,000.00. They are considered a valued customer

If I may be of further assistance my phone number is 504-533-2430.

Sincerely,

A handwritten signature in cursive script that reads "Loretta Savoye".

Loretta Savoye,
Vice President &
Manager, Causeway Office

Question 16 B and C

Managerial and Technical Capability:

Managerial information:

The officers have been involved directly in providing telecommunication services in Louisiana since June 9, 1998. In addition, Gene Dry and Richard Jaubert have been involved in the business of providing transaction services to retailers in Louisiana through TeleCheck Louisiana and Jim Dry has served in a managerial capacity with Cajun Electric Power Coop. Inc each of which are more fully described below.

Gene R. Dry --- Served as President of TeleCheck Louisiana From January 1987 through November 1996. In that capacity, he managed the growth of the company from revenue of \$2 million to the \$10 million level. He was successful managing growth, capital, and customer acquisition in financial products and services. His responsibilities included the development and implementation of business plans for achieving corporate goals. When the company was sold to its franchisor, staffing was at 125.

Richard R. Jaubert --- Mr. Jaubert was Vice President/Chief Financial Officer of Telecheck Louisiana from January 1994 to November 1996. In this capacity he was responsible not only for the accounting department but operations and human resources as well. The total number of employees in these departments was 15 full time and 4 part time. Prior to TeleCheck, he was the Director of Administration/ Finance for Monarch Real Estate Advisors, a national real estate consulting firm. Mr Jaubert has a MBA from the University of New Orleans and a Bachelor of Science degree in Accounting from Louisiana State University.

Jim R. Dry --- Has seventeen years experience with Cajun Electric Power Coop. Inc. and twelve of those as supervisor or manager in the accounting department. The sections under his direct supervision were Financial Statements, Accounts Payable, Payroll, Capital Projects, Debt, Fixed Assets, Fuel Accounting, Spare Parts Inventory and Plant Accounting. He is a Certified Public Accountant.

Technical Information:

None of the officers have extensive technical experience directly involved in communication services; however, TeleCheck, for whom Mr. Dry and Mr. Jaubert worked, was in the business of providing check authorizations via an automated communications network for over 2,800 merchants in Louisiana. The volume of authorizations exceeded 12,000,000 annually for over \$1,000,000,000.

Gene R. Dry - Managed the growth of technology for use in the business of check authorizations, check collections, and business management purposes. TeleCheck Louisiana was the first TeleCheck franchise to utilize an automated recovery system and as a result achieved the highest recovery percentage of all other franchises. Additionally, as chairman of the TeleCheck Franchise Association Operations Committee, Mr. Dry helped direct the development and use of a vast dataprocessing network that enabled all TeleCheck franchises to guarantee checks from any bank in the United States for over 100,000 merchants nationally.

Richard R. Jaubert - During his employment at TeleCheck, Mr. Jaubert was responsible for all computer and telecommunication requirements. This included a local area network of which he coordinated the purchase, installation and day-to-day maintenance. He was also responsible for the monitoring of the frame relay network, which was the link between the local TeleCheck office and its franchisor in Houston, Texas. Other responsibilities include the monitoring of the PBX system, T-1 lines and other day-to-day telecommunication equipment.

Jim R. Dry - Has experience with implementing and maintaining the Dun and Bradstreet Financial Accounting System which includes accounts payable, fixed assets, capital projects and general ledger. He also was project leader in implementing the PeopleSoft Accounts Payable Client Server System, and had practical experience in using numerous PC based software including MicroSoft Office Suite and Lotus Suite.