



October 24, 2000

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Easley Building
Tallahassee, Florida
32399-0850

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

RE: Application for ALEC Status

001626-TX

Dear Sirs:

We are please to enclose the completed application and supporting documentation for consideration of becoming an Alternative Local Exchange Service Provider within the Sate of Florida.

We have elected not to include our Pricing Sheet at this time but will do so as soon as we begin Inter-connection negotiations with BellSouth.

We hope you find our documents and application in order and acceptable. We look forward to working with your Agency and providing a new class of service to our customers.

If you need any additional information please don't hesitate to contact me.

Respectfully,

[Handwritten signature of James Pennington Sr.]

James Pennington Sr.
President
AugLink Communications, Inc.

Jdp
Enc:

DOCUMENT NUMBER-DATE

13870 OCT 27 8

WWW.AUG.COM
E-MAIL: INFO@AUG.COM
FAX: [904] 824-9617
TEL: [904] 824-1660

Florida Public Service Commission
Division of Communications
Application Form for
Authority to Provide Alternative Local Exchange Service
Within The State of Florida

1. This is an application for:

(X) Original certificate (new company).

2. Name of company:

Auglink Communications, Inc.

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

AugLink Communications, Inc.

4. Official mailing address

5 Cordova Street

St. Augustine, Florida

32084

5. Florida address:

5 Cordova Street

St. Augustine, Florida

32084

6. Structure of organization:

- Individual **Corporation**
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Other

7. If individual, provide: **N.A.**

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.

The document number issued by the State of Florida Secretary of State is

P95000006144 see copy of attached copies of Articles of Incorporation

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

N.A.

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

N.A.

11. If a limited liability partnership, provide proof of registration:

N.A.

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

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.

N.A.

14. Provide F.E.I. Number:

59-3290996

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.

None:

(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.

None:

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

(a) The application:

Name: *James Pennington*

Title: *President*

Address: *5 Cordova Street*

City/State/Zip: *St. Augustine, Florida 32084*

Telephone No.: Fax No.: *Voice: 904.824.1660 fax: 904.824.9617*

Internet E-Mail Address: *jdp@aug.com*

Internet Website Address: *www.aug.com*

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

Name: *Alex Loach*

Title: *Chief Financial Officer*

Address: *5 Cordova Street*

City/State/Zip: *St. Augustine, Florida 32084*

Telephone No.: Fax No.: *V=904.824.1660 F= 904.824.9617*

Internet E-Mail Address: *cfo1@aug.com*

Internet Website Address: *www.aug.com*

(c) Complaints/Inquiries from customers:

Name: *Ms. Christine Richards*

Title: *Manager, Customer Service Department*

Address: *5 Cordova Street*

City/State/Zip: *St. Augustine, Florida 32084*

Telephone No.: Fax No.: *Voice 904.824.1660 Fax: 904.824.9617*

Internet E-Mail Address: *cr@aug.com*

Internet Website Address: *www.aug.com*

17. List the states in which the applicant:

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

None

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

None:

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

None:

- (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 inter exchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

October 2000, applicant filed civil lawsuit in Florida District Court against ICI (IntererMedia Communications of Tampa Florida) for damages incurred by applicant when ICI failed to perform on a contract between the two parties. In the suite Applicant (AugLink Communications, Inc) is seeking the recovery of monies paid to ICI (the Defendant) and compensation for consequential damages. If required Applicant will furnish the PSC a copy of said proceedings.

18: Managerial Summary:

AugLink has been in business since January 1995. It presently has 28 full-time employees and about 8,000 Florida customers. And although the products are Internet data centric we have an existing intra-structure to serve our customer from. Thus insuring a high degree of customer satisfaction while we delivery new products. Day to day operations of the company will be preformed by the following personnel:

James Pennington

Age: 52

Position: President and Co-Founder of company,

Education: Graduate Lees McRae College 1966, AA Finance & Economics

Duties: Responsible for overall administration and long term strategies of the organization

Employment: 1995 to present, President of AugLink Communications, Inc.

1994 to 1995 co- owner of Benet Business Systems (evolved into AugLink)

1979- 94 Vice president Sales, St. Augustine Shipbuilding. Responsible for Worldwide sales of a 25 million dollars, 650-employee company

Alex Loach

Age: 53

Position Chief Financial Officer

Education: BBA University of North Florida (CPA fifth year)

Duties: Loach has assumed responsibility for all financial activities of the company, including financial reporting, planning, budgeting, management and analysis.

Employment: 1998 to present AugLink Communications, Inc.

1994 to 1997 World Telecom Communications, Rhyadh, K.S.A.

1978- 1986 BellSouth account executive

Christine Richards:

Age: 39

Position: Manager Customer Service

Duties: Ms. Richards manages a department of six employees responsible for the all CSR of current and future telecom and data customers. Her department adds, edits and deletes customer services, maintains all billing records and collections.

Employment: 1996- present AugLink Communications, inc
1984 TO 1996 Office manager for Benet Stores of Florida

Jay Jennison

Age: 52

Position: Data and Carrier Sales Manager

Education: 1970 University of Virginia B.S. Aerospace Engineering
1975 Stetson College, Juris Doctor

Duties Jay has recently joined the company and will be responsible for developing strategies relations with other carriers and expanding AugLink's ASP products and market.

Employment: Jay has spend several years on both the financial and technical side of companies ranging from E.F. Hutton, Bradford Trust Company and EBI, Inc. and has all the right credentials to work with our large corporate, institutional and governmental customers.

John Hall

Age: 59

Position: Broadband Sales Manager

Education: M.A. University of Missouri
Additional data sales training from, Cisco, Lucent, Compaq, and Nortel

Duties: During the last two years Mr. Hall has been the manger of AugLink's networking department directly responsible for installation and integration of ISDN, ATM, frame relay and DSL data circuits. His new duties will be to run the direct sales channel for broadband sales and coordinate their installation.

Stacy Layman

Age: 36

Position: Manager, Human Resource

Duties: Stacy has recently joined the company and will be heading up our HR department and will be responsible for hiring future IT and technical staff. Stacy has spend several years in both the networking and HR fields for companies ie. Barnett Banks, Lost Alamos National Bank, United Technologies and Ford Aerospace.

Technical Summary:

AugLink's network is comprised of two physical central offices that service over 8,000 commercial and residential users, who are consuming over 16 million minutes of network utilization each month. We have been able to accomplish this by our early commitment to investment in our physical network equipment and technical training for our employees. Forty (40%) percent of our staff are dedicated for customer and network technical support.

Key management personnel are as follows:

David Elkus

Age: 52

Position: Vice President, (co-founder) and Operational Manager

Education: City College, Brooklyn N.Y. (Chemical engineering)

Duties: Supervises the total technical and operational functions of the company including facilities engineers and customer technical support personnel

Employment: 1995 to present Vice-president of AugLink Communications, Inc.

1994 to 1995 partner in Benet Business Systems (evolved into AugLink)

1980 to 1995 Licensed United States Coast Guard Captain engaged in delivery of vessels worldwide.

Chris Smith

Age: 35

Position: Facilities Engineer

Education: B.S. University of Maryland, 1986

Duties: The NT administration of AugLink's ATM, frame relay, private line and DSL network, Database Development, and Application Programming, Certifications include: Microsoft Certified Professional; Microsoft TCP-IP; Microsoft NT Workstation; Microsoft NT Server; and Microsoft NT Enterprise Technologies. He is proficient using Windows 98, Windows 95, Windows NT, OS /2 (Warp Only), BEOS 4.x, Free BSD UNIX, and BSDI UNIX. As a Database Developer, Smith utilizes several programming languages including SQL, ASP, VBScript, JavaScript, Visual Basic 6, and Cold Fusion.

Employment: 1995 to present facilities engineer with Auglink

1990 to 1995 Pepsi-Cola field manager with Pizza Hut

Todd Grady

Age: 28

Position: Senior Network Engineer

Education: University of Florida, St. Johns River College and ITT Technical Institute, Supplemental training with Novel, Microsoft, Compaq, Apple, Hewlett Packard, Nortel and Lucent Technologies.

His certifications include: Certified Novell Administrator for Intranet Ware/NetWare 4.11; Accredited Compaq Technician for Prosignia 200, ProLiant 6000, ProLiant 800, and Armada 4100; Apple Computer Corporation certifications for Macintosh Service and Tools; PowerBook Service Course for Macintosh Portables, and Apple Monitor Service. He is a certified Toshiba Master Technician. Todd's Hewlett Packard certifications include EtherTwist Build/Manage Work/Site LAN; Vectra Models 500/510/515; LaserJet 4/4M and 4 Plus\4M Plus; and LaserJet II/III family; LaserJet 4V-4MV; NetServer E30 Series; NetServer E40 Series; Basic LaserJet Hardware Training; LaserJet 4L/4ML/4P/4MP; and LaserJet 334491A IIISi. He is trained for the Panasonic

CF-41 Laptop Series computers, and is an A+ Certified Technician for Windows and Macintosh

Duties: To assist facilities engineers plus work in field to install and maintain customer data circuits.

Employment: 1998 to present AugLink Communications, Inc.

1996 to 1998 Pomeroy Networking Company, Jacksonville, Florida

George Waters

Age 29

Position Field engineer

Education: George has spent 8 years working with information technologies. He has been deploying and maintaining peer-to-peer and client-server networks since 1991. His experience in networking topologies, protocols and media includes switched LAN's, Frame Relay, ATM, DSL WAN's, and Wireless Metropolitan Area Networks. His experience with operating systems includes DOS, Windows, NetWare, NT, and UNIX. Waters joined Auglink in 1996, and are Senior Engineer of Networking Technologies.

Waters' certifications include: Novell Certified NetWare Engineer 3.x; Novell Certified IntraNetWare Engineer 4.11; Novell Certified NetWare Engineer 4,x; A+ Certified in Windows; Star Micronics dot- matrix and inkjet printers. He is a Microsoft Certified Professional in NT, and has completed Nortel Networking and Enterprise Solutions Partnership Sales Training, Lucent Technologies Channel Authorization Training, and Compaq Accredited Systems Engineer for NetWare training.

C. Financial capability.

This application is filed by a company that has a five and a half year track record of growth and profitability. For the State's consideration we have attached the last three fiscal year financial reports. Intermediate capital needs are addressed in our current business plan through the commercial lending channels with the Prosperity Bank of St. Augustine and the SouthTrust Bank of Jacksonville. We have retained the firm of Deloitte and Touche to address our long-term capital and expansion needs. They will probable be best met through their private place and IPO channels.

In addition to financial institutions we also have strategic partnerships with some major vendors that will be providing equipment financing for our telecom equipment, those partners are as follows:

(1) William Communications, Inc.

Participation: \$3,000,000 Debt financing for transport services

(2) Cisco Capital, Inc.

Participation, commitment of further expansion for their current line of credit for network equipment.

(3) Lucent Technologies, Inc. Commitment for financing class five switches.

APPLICANT

ACKNOWLEDGMENT STATEMENT

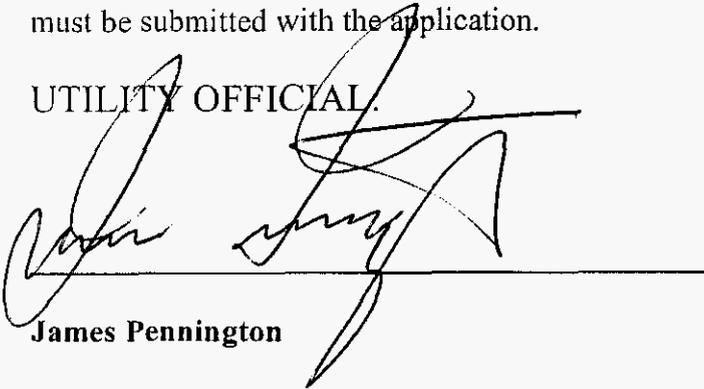
1. REGULATORY ASSESSMENT FEE: I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.

2. GROSS RECEIPTS TAX: I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. SALES TAX: I understand that a seven percent sales tax must be paid on intra and interstate revenues.

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

UTILITY OFFICIAL.

A handwritten signature in black ink, appearing to read 'James Pennington', is written over a horizontal line. The signature is stylized and cursive.

James Pennington

Auglink Communications, Inc.

President

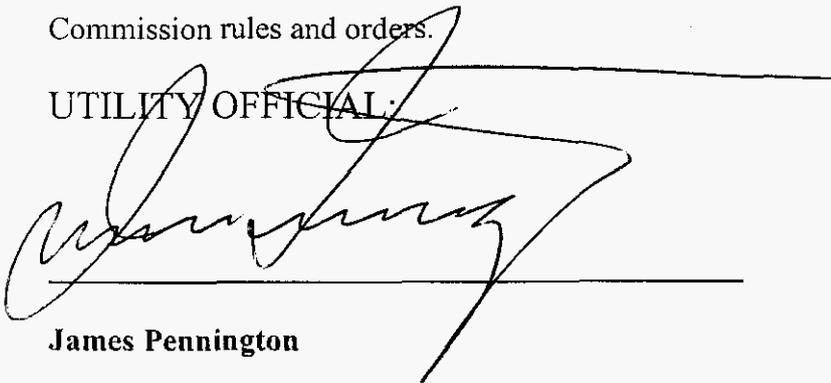
Voice: 904.824.1660

Fax: 904.824.9617

AFFIDAVIT

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

UTILITY OFFICIAL:

A handwritten signature in black ink, appearing to read 'James Pennington', is written over a horizontal line. The signature is stylized and extends above and below the line.

James Pennington

President

October 24, 2000

Voice: 904.824.1660

Fax: 904.824.9617



October 25, 2000

Florida Public Service Commission
2540 Shumard Oak Blvd .
Tallahassee, FL 32399-0850

re: ALEC Application

Dear Madam or Sir,

Enclosed are the unaudited ACCOUNTANT'S COMPLIATION REPORTs for the fiscal years of 1997, 1998 and 1999. These financial statements were prepared by CHASLAUR TAX & ACCOUNTING SERVICES based on the statements and schedules prepared by Auglink Communications, Inc. reflecting its income tax basis. These reports contain the INCOME STATEMENT, BALANCE SHEET, and RETAINED EARNINGS for the fiscal years of 1997, 1998 and 1999.

If you have any questions, please call my office at 904 824-1660, extension 112.

Sincerely,

Alex Loach
Chief Financial Officer

Auglink Communications, Inc.

Financial Statements

Fiscal Year

1999

AUGLINK COMMUNICATIONS INC

12 Month Period Ending

December 31, 1999

CHASLAUR TAX & ACCOUNTING SERVICES
Charles E. Hall, MBA, EA, CTP
Saint Augustine, Florida

ACCOUNTANT'S COMPILATION REPORT

We have compiled the accompanying Statement of Assets, Liabilities and Equity of Auglink Communications Inc as of December 31, 1999 and the related Statements of Revenues and Expenses for the periods then ended on a modified cash basis of accounting in accordance with the Standards of Generally Accepted Tax Accounting Principles established by the Tax Accounting Standards Committee of the National Society of Accountants. The modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. The procedures we used in the compilation do not constitute an audit or examination of financial statements and, accordingly, do not imply either an expression or disclaimer of opinion or assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of retained earnings ordinarily included in financial statements prepared on the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the company's assets, liabilities, equity, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Charles E. Hall
Enrolled Agent
Accredited Tax Accountant
Accredited Tax Preparer
Certified Tax Professional

March 28, 2000

Auglink Communications, Inc.
STATEMENT OF ASSETS, LIABILITIES & EQUITY
Income Tax Basis
December 31, 1999

ASSETS

Current Assets		
Petty Cash	\$ 2,830.00	
Nations General Oper Acct	(658.85)	
SouthTrust General Account	35,068.20	
Prosperity Bank	190.00	
Employee Advances	2,834.00	
Accounts Receivable	147,432.26	
Note Receivable - ACLI	105,883.00	
Pension Plan Contributions	7,500.00	
Inventory	3,387.00	
	<hr/>	
Total Current Assets		\$ 304,465.91
Property and Equipment		
26 Spanish Street	95,745.18	
54 Cuna Street	136,833.61	
5 Cordova Street	597,465.33	
Plant & Equipment	56,647.04	
Computer Equipment	455,886.77	
Computer Software	4,470.00	
Furniture & Fixtures	54,005.13	
Vehicles	59,467.20	
Accumulated Depreciation	(337,042.69)	
	<hr/>	
Total Property and Equipment		1,123,477.57
Other Assets		
Pre-paid Deposits	1,415.00	
26 Annex Deposit	500.00	
Deposits for Sprint Services	500.00	
Research & Developm Costs	50,864.00	
Organizational Costs	700.00	
Accumulated Amortization	(700.00)	
	<hr/>	
Total Other Assets		53,279.00
TOTAL ASSETS		<u>\$ 1,481,222.18</u>

See Accountant's Compilation Report

Auglink Communications, Inc.
STATEMENT OF ASSETS, LIABILITIES & EQUITY
Income Tax Basis
December 31, 1999

LIABILITIES AND CAPITAL

Current Liabilities		
General Accounts Payable	\$ 333,992.66	
Pension Contributions Payable	15,180.00	
Federal Withholding Taxes	6,792.00	
FICA Payable	9,656.54	
Income Deduction Orders Payable	(553.29)	
FUTA Payable	124.46	
SUTA Payable	(97.32)	
State Sales Taxes Payable	1,116.65	
Total Current Liabilities		\$ 366,211.70
Long Term Liabilities		
Mortgage - 26 Spanish St	83,707.35	
Mortgage - 54 Cuna St	48,254.88	
Mortgage - 5 Cordova St	418,009.66	
Loan Payable - B. Elkus	150,000.00	
Loan Payable - FJ Canevari	105,000.00	
SouthTrust Equipment Loan	68,072.66	
SouthTrust Term Loan	100,000.00	
SouthTrust Auto Loan - JP	15,481.28	
SouthTrust Auto Loan - DE	29,267.67	
Total Long Term Liabilities		1,017,793.50
Total Liabilities		1,384,005.20
Capital		
Common Stock	2,000.00	
Capital Contr Excess Par	40,000.00	
Retained Earnings	105,941.86	
Current Earnings	(50,724.88)	
Total Capital		97,216.98
TOTAL LIABILITIES AND CAPITAL		\$ 1,481,222.18

See Accountant's Compilation Report

Auglink Communications, Inc.
STATEMENT OF ASSETS, LIABILITIES & EQUITY
Supporting Schedule
December 31, 1999

Cash Accounts			
Nations General Oper Acct	\$	(658.85)	
SouthTrust General Account		35,068.20	
Prosperity Bank		190.00	
		<hr/>	
Total Cash			\$ <u>34,599.35</u>

See Accountant's Compilation Report

Auglink Communications, Inc.
STATEMENT OF INCOME
For The Twelve Months Ended December 31, 1999

	Amount	Percent
Revenue		
Sales	\$ 2,038,458.56	99.8
Finance Charge Income	4,213.96	0.2
Tax Collection Revenues	394.63	0.0
	2,043,067.15	100.0
Expenses		
Computer Hdwe & Supplies	217,313.50	10.6
Beeper Purchases	15,863.61	0.8
Beeper Services	31,691.66	1.6
Cell Phones	15,869.62	0.8
Pre-Paid Wire Cards	1,147.50	0.1
Phone Accessories	1,507.17	0.1
Employee Labor	478,117.57	23.4
Sub-Contractor Costs	136,156.33	6.7
Freight & Shipping	4,692.27	0.2
Advertising	36,591.42	1.8
Amortization	140.00	0.0
Auto Expense	3,487.22	0.2
Bad Debts	214.00	0.0
Bank Service Charges	16,731.99	0.8
Credit Reporting Service	291.84	0.0
Contributions	1,778.00	0.1
General Depreciation	187,027.63	9.2
Section 179 Depreciation	19,000.00	0.9
Dues & Subscriptions	10,346.90	0.5
Education	6,294.67	0.3
Entertainment	2,896.46	0.1
Equipment Rental	5,499.08	0.3
Gifts & Promotions	115.73	0.0
Interest Expense	91,090.72	4.5
Loan Origination Fees	500.00	0.0
Janitorial Services	5,724.40	0.3
General Liability Insur	7,930.07	0.4
Fleet Insurance	4,818.99	0.2
Officers Life Insurance	1,300.01	0.1
Group Health & Dental Insurance	23,054.66	1.1
Workers Compensation Insurance	3,782.00	0.2
Licenses	1,165.61	0.1
Office Expense	20,881.08	1.0
Officer Salaries	56,000.00	2.7
(Over) Short	(24.32)	0.0
Parking Permits	26.50	0.0
Penalties & Fines	1,389.68	0.1
Postage & Mail Services	1,035.40	0.1
Professional Fees	11,155.51	0.5
Rent	6,000.00	0.3
Repairs & Maintenance	5,718.67	0.3
Security Expenses	957.35	0.0
Supplies	931.86	0.0

See Accountant's Compilation Report

Auglink Communications, Inc.
 STATEMENT OF INCOME
 For The Twelve Months Ended December 31, 1999

	Amount	Percent
FICA Tax Expense	49,498.10	2.4
FUTA Tax Expense	1,349.92	0.1
SUTA Tax Expense	74.76	0.0
Taxes - Property	15,310.94	0.7
Taxes - Other	6,782.08	0.3
Telephone	552,058.37	27.0
Small Tools & Equipment	126.20	0.0
Travel	12,911.43	0.6
Utilities	14,005.87	0.7
Web Design Outsource	5,462.00	0.3
	2,093,792.03	102.5
Total Expenses	2,093,792.03	102.5
Net Income	\$ (50,724.88)	(2.5)

See Accountant's Compilation Report

Auglink Communications, Inc.

Financial Statements

Fiscal Year

1998

AUGLINK COMMUNICATIONS INC

12 Month Period Ending

December, 31, 1998

CHASLAUR TAX & ACCOUNTING SERVICES
Charles E. Hall, MBA, EA, CTP
Saint Augustine, Florida

Auglink Communications Inc
St. Augustine, Florida

ACCOUNTANT'S COMPILATION REPORT

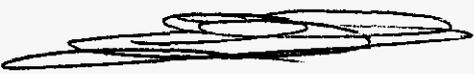
We have compiled the accompanying Statement of Assets, Liabilities and Capital - Income Tax Basis of Auglink Communications Inc (A Florida Corporation) as of December 31, 1998 and the related Statement of Revenue and Expenses - Income Tax Basis for the 12 Month fiscal period of operations then ended. We prepared these statements in conjunction with an accounting and income tax engagement from information provided by management. The statements have been prepared in accordance with the Standards of Generally Accepted Tax Accounting Principles established by the Tax Accounting Standards Committee of the National Society of Accountants.

The statements and supplementary schedules have been prepared on the accounting basis used by the Company reflecting its income tax basis which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. The procedures used in the compilation do not constitute an audit or examination of financial statements and, accordingly, do not imply either an expression or disclaimer of opinion therein.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the entity's assets, liabilities, capital, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements have been prepared solely from the accounts of the business aforesaid and they do not include the personal accounts of the shareholder's or those of any other operation in which the shareholder's are engaged.



Charles E. Hall
Enrolled Agent
Accredited Tax Accountant
Accredited Tax Preparer
Certified Tax Professional

May 11, 1999

AUGLINK COMMUNICATION INC

PAGE 1

STATEMENT OF ASSETS, LIABILITIES & CAPITAL
AS OF 12/31/98

ASSETS

CURRENT ASSETS

Cash	34,932.35
Accounts Recievable	98,212.47
Note Receivable - ACLI	105,883.00
Inventory	15,459.38

Total Current Assets	254,487.20
----------------------	------------

FIXED ASSETS

Furniture & Fixtures	4,500.00
Computer Equipment	345,351.87
26 Spanish Street	95,326.48
54 Cuna Street	112,674.36
Vehicles	59,467.20
Accumulated Depreciation	(131,015.06)

Total Fixed Assets	486,304.85
--------------------	------------

OTHER ASSETS

Pre-Pd Deposits	6,720.00
Organizational Costs	700.00
Accumulated Amortization	(560.00)

Total Other Assets	6,860.00
--------------------	----------

Total Assets	747,652.05
--------------	------------

LIABILITY & STKHDR EQUITY

CURRENT LIABILITIES

Accounts Payable	116,626.30
Pension Contrib Payable	15,180.00
Payroll Taxes Payable	12,866.57
State Income Tax Payable	2,799.00
Sales Tax Payable	531.70
Deferred Revenues	105,883.00

Total Current Liabilities	253,886.57
---------------------------	------------

STATEMENT OF ASSETS, LIABILITIES & CAPITAL
AS OF 12/31/98

LONG TERM LIABILITIES

Mtg Payable - 26 Spanish	85,294.40
Mtg Payable - 54 Cuna St	75,761.21
S/T Equipment Loan	70,101.23
S/T Auto Loan - JD	20,299.70
S/T Auto Loan - DE	36,607.73
Loan Payable - D. Elkus	2,366.26
Stockholder Loans	55,235.09

Total Long Term Liab. 345,665.62

Total Liabilities 599,552.19

STOCKHOLDER'S EQUITY

Common Stock		2,000.00
Capital Contr Excess Par	40,000.00	
Retained Earnings		31,826.36
Current Earnings		74,273.50

Total Stockholders Equity 148,099.86

Total Liab. & Equity 747,652.05

AUGLINK COMMUNICATION INC

PAGE 3

STATEMENT OF ASSETS, LIABILITIES & CAPITAL
AS OF 12/31/98

*** SUBSIDIARY SCHEDULE ***

Cash

Checking - Southtrust	27,029.32
Checking - Nationsbank	103.03
Petty Cash	300.00
Pension Plan Contrib.	7,500.00

	34,932.35

Accounts Recievable

A/R - Commercial Web	54,827.14
A/R - Subscriptions	42,856.78
A/R - Kiosk	528.55

	98,212.47

Prepaid Expenses

Payroll Taxes Payable

Federal Withholding Taxes	5,181.00
FICA	7,399.98
Federal Unemployment Tax	273.75
State Unemployment Tax	11.84

	12,866.57

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

URR. PERIOD RATIO: NET REVENUE TD RATIO.....: NET REVENUE	THIS MONTH	RATIO	12 MONTHS	RATIO
EVENUES				
Sales	183,349.32	99.0	1,370,324.03	98.1
Returns & Allowances	0.00	0.0	(367.67)	(0.0)
Finance Charge Income	0.00	0.0	160.50	0.0
Miscellaneous Income	1,915.14	1.0	26,424.01	1.9
Net Sales	185,264.46	100.0	1,396,540.87	100.0
COST OF SALES				
Comp Hardware & Supplies	24,878.08	13.4	162,395.57	11.6
Beeper Purchases	2,792.43	1.5	36,154.38	2.6
Freight / Shipping	241.05	0.1	7,192.91	0.5
Sub-Contractors	8,950.00	4.8	92,894.17	6.7
Salaries & Wages	50,721.37	27.4	308,567.34	22.1
Other Costs	1,347.00	0.7	18,653.89	1.3
Total Cost of Sales	88,929.93	48.0	625,858.26	44.8
Gross Profit	96,334.53	52.0	770,682.61	55.2
OPERATING EXPENSES				
Advertising	2,950.35	1.6	25,887.53	1.9
Auto Lease Expense	407.13	0.2	10,059.55	0.7
Bad Debts	0.00	0.0	11.50	0.0
Bank Service Charge	1,075.19	0.6	8,846.99	0.6
Beeper Services	0.00	0.0	17,622.66	1.3
Contributions	50.00	0.0	3,018.00	0.2
Dues & Subscriptions	1,109.20	0.6	8,640.23	0.6
Education	135.24	0.1	4,448.30	0.3
Employee Benefits	7,680.00	4.1	7,680.00	0.5
Entertainment	468.26	0.3	3,743.90	0.3
Equipment Rental	67.03	0.0	1,525.54	0.1
Gifts and Promotions	0.00	0.0	5,978.17	0.4
Insurance	3,734.18	2.0	23,977.63	1.7
Interest Expense	2,716.58	1.5	19,266.11	1.4
Janitorial Services	345.00	0.2	4,642.54	0.3
Licenses and Permits	30.00	0.0	30.00	0.0
Miscellaneous Expense	96.00	0.1	551.76	0.0
Office Expense	1,095.21	0.6	13,130.27	0.9
Parking Permits	371.00	0.2	4,210.50	0.3
(Over) Short	2.50	0.0	96.60	0.0
Postage	78.01	0.0	695.96	0.0
Professional Fees	665.00	0.4	3,236.08	0.2
Rent	500.00	0.3	5,305.32	0.4

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

CURR. PERIOD RATIO: NET REVENUE				
YTD RATIO.....: NET REVENUE	THIS MONTH	RATIO	12 MONTHS	RATIO
Repairs & Maintenance	271.24	0.1	7,558.35	0.5
Security & Alarm Systems	0.00	0.0	264.29	0.0
Supplies	0.00	0.0	1,010.34	0.1
Taxes- Payroll	3,756.38	2.0	24,711.87	1.8
Taxes - Other	2,799.00	1.5	15,243.75	1.1
Telephone	44,830.35	24.2	341,694.02	24.5
Travel	1,475.99	0.8	14,278.06	1.0
Utilities	848.94	0.5	9,592.48	0.7
Total Expenses	77,557.78	41.9	586,958.30	42.0
Net Operating Income	18,776.75	10.1	183,724.31	13.2
OTHER INCOME				
Total Other Income	0.00	0.0	0.00	0.0
OTHER EXPENSES				
Amortization Allowance	11.67	0.0	140.00	0.0
Depreciation Allowance	7,567.43	4.1	90,810.81	6.5
Sec 179 Deprec Allowance	1,541.63	0.8	18,500.00	1.3
Total Other Expenses	9,120.73	4.9	109,450.81	7.8
Income Before Taxes	9,656.02	5.2	74,273.50	5.3
Net Income	9,656.02	5.2	74,273.50	5.3

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

CURR. PERIOD RATIO: NET REVENUE
YTD RATIO.....: NET REVENUE THIS MONTH RATIO 12 MONTHS RATIO

*** SUBSIDIARY SCHEDULE ***

	THIS MONTH	RATIO	12 MONTHS	RATIO
Sales				
Personal Internet Access	90,245.87	48.7	528,309.13	37.8
Commercial Internet Acces	59,342.00	32.0	380,924.39	27.3
Dedicated Internet Access	3,885.00	2.1	71,278.09	5.1
Installation Fees	1,360.00	0.7	16,285.90	1.2
Commercial Web Storage	13,068.29	7.1	38,858.29	2.8
Web (HTML) Creation	550.00	0.3	21,547.50	1.5
Consulting Fees	0.00	0.0	2,250.00	0.2
Retail Sales	3,251.93	1.8	149,942.32	10.7
Repair Fees	132.17	0.1	401.83	0.0
Domain Name Registration	300.00	0.2	9,591.00	0.7
Network Labor	5,141.25	2.8	107,717.79	7.7
Beeper Services	3,212.04	1.7	15,363.68	1.1
Beeper Sales	2,860.77	1.5	27,854.11	2.0
	-----	-----	-----	-----
	183,349.32	99.0	1,370,324.03	98.1
Insurance				
Fleet Insurance	1,046.14	0.6	3,566.72	0.3
General Liability Ins.	0.00	0.0	2,034.50	0.1
Life Insurance	1,261.00	0.7	2,243.00	0.2
Group Insurance	1,427.04	0.8	16,133.41	1.2
	-----	-----	-----	-----
	3,734.18	2.0	23,977.63	1.7
Professional Fees				
Accounting Fees	665.00	0.4	3,236.08	0.2
	-----	-----	-----	-----
	665.00	0.4	3,236.08	0.2
Taxes- Payroll				
FICA Taxes	3,699.99	2.0	23,526.13	1.7
FUTA Taxes	56.39	0.0	1,125.99	0.1
SUTA Taxes	0.00	0.0	59.75	0.0
	-----	-----	-----	-----
	3,756.38	2.0	24,711.87	1.8

AUGLINK COMMUNICATION INC

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

YTD RATIO.....: NET REVENUE	12 MONTHS	RATIO
REVENUES		
Sales	1,370,324.03	98.1
Returns & Allowances	(367.67)	(0.0)
Finance Charge Income	160.50	0.0
Miscellaneous Income	26,424.01	1.9
Net Sales	1,396,540.87	100.0
COST OF SALES		
Comp Hardware & Supplies	162,395.57	11.6
Beeper Purchases	36,154.38	2.6
Freight / Shipping	7,192.91	0.5
Sub-Contractors	92,894.17	6.7
Salaries & Wages	308,567.34	22.1
Other Costs	18,653.89	1.3
Total Cost of Sales	625,858.26	44.8
Gross Profit	770,682.61	55.2
OPERATING EXPENSES		
Advertising	25,887.53	1.9
Auto Lease Expense	10,059.55	0.7
Bad Debts	11.50	0.0
Bank Service Charge	8,846.99	0.6
Beeper Services	17,622.66	1.3
Contributions	3,018.00	0.2
Dues & Subscriptions	8,640.23	0.6
Education	4,448.30	0.3
Employee Benefits	7,680.00	0.5
Entertainment	3,743.90	0.3
Equipment Rental	1,525.54	0.1
Gifts and Promotions	5,978.17	0.4
Insurance	23,977.63	1.7
Interest Expense	19,266.11	1.4
Janitorial Services	4,642.54	0.3
Licenses and Permits	30.00	0.0
Miscellaneous Expense	551.76	0.0
Office Expense	13,130.27	0.9
Parking Permits	4,210.50	0.3
(Over) Short	96.60	0.0
Postage	695.96	0.0
Professional Fees	3,236.08	0.2
Rent	5,305.32	0.4

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

YTD RATIO.....: NET REVENUE	12 MONTHS	RATIO
Repairs & Maintenance	7,558.35	0.5
Security & Alarm Systems	264.29	0.0
Supplies	1,010.34	0.1
Taxes- Payroll	24,711.87	1.8
Taxes - Other	15,243.75	1.1
Telephone	341,694.02	24.5
Travel	14,278.06	1.0
Utilities	9,592.48	0.7
Total Expenses	586,958.30	42.0
Net Operating Income	183,724.31	13.2
OTHER INCOME		
Total Other Income	0.00	0.0
OTHER EXPENSES		
Amortization Allowance	140.00	0.0
Depreciation Allowance	90,810.81	6.5
Sec 179 Deprec Allowance	18,500.00	1.3
Total Other Expenses	109,450.81	7.8
Income Before Taxes	74,273.50	5.3
Net Income	74,273.50	5.3

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

YTD RATIO.....: NET REVENUE 12 MONTHS RATIO

=====
*** SUBSIDIARY SCHEDULE ***
=====

Sales

Personal Internet Access	528,309.13	37.8
Commercial Internet Acces	380,924.39	27.3
Dedicated Internet Access	71,278.09	5.1
Installation Fees	16,285.90	1.2
Commercial Web Storage	38,858.29	2.8
Web (HTML) Creation	21,547.50	1.5
Consulting Fees	2,250.00	0.2
Retail Sales	149,942.32	10.7
Repair Fees	401.83	0.0
Domain Name Registration	9,591.00	0.7
Network Labor	107,717.79	7.7
Beeper Services	15,363.68	1.1
Beeper Sales	27,854.11	2.0
	-----	-----
	1,370,324.03	98.1

Insurance

Fleet Insurance	3,566.72	0.3
General Liability Ins.	2,034.50	0.1
Life Insurance	2,243.00	0.2
Group Insurance	16,133.41	1.2
	-----	-----
	23,977.63	1.7

Professional Fees

Accounting Fees	3,236.08	0.2
	-----	-----
	3,236.08	0.2

Taxes- Payroll

FICA Taxes	23,526.13	1.7
FUTA Taxes	1,125.99	0.1
SUTA Taxes	59.75	0.0
	-----	-----
	24,711.87	1.8

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

-- THIS YEAR - ----BUDGET---- -- LAST YEAR -
12 MONTHS 12 MONTHS 12 MONTHS

REVENUES

Sales	1,370,324.03	0.00	814,644.28
Returns & Allowances	(367.67)	0.00	0.00
Finance Charge Income	160.50	0.00	0.00
Miscellaneous Income	26,424.01	0.00	18,466.19
Tax Collection Revenues	0.00	0.00	387.25
	-----	-----	-----
Net Sales	1,396,540.87	0.00	833,497.72

COST OF SALES

Comp Hardware & Supplies	162,395.57	0.00	133,676.50
Beeper Purchases	36,154.38	0.00	2,226.83
Freight / Shipping	7,192.91	0.00	2,838.09
Sub-Contractors	92,894.17	0.00	122,145.28
Salaries & Wages	308,567.34	0.00	0.00
Other Costs	18,653.89	0.00	0.00
	-----	-----	-----
Total Cost of Sales	625,858.26	0.00	260,886.70
	-----	-----	-----
Gross Profit	770,682.61	0.00	572,611.02

OPERATING EXPENSES

Advertising	25,887.53	0.00	13,614.49
Auto Lease Expense	10,059.55	0.00	19,458.13
Bad Debts	11.50	0.00	9,127.00
Bank Service Charge	8,846.99	0.00	5,406.82
Beeper Service	0.00	0.00	403.44
Beeper Services	17,622.66	0.00	0.00
Contributions	3,018.00	0.00	685.00
Dues & Subscriptions	8,640.23	0.00	9,639.03
Education	4,448.30	0.00	4,501.65
Employee Benefits	7,680.00	0.00	0.00
Entertainment	3,743.90	0.00	0.00
Equipment Rental	1,525.54	0.00	851.86
Gifts and Promotions	5,978.17	0.00	3,900.00
Insurance	23,977.63	0.00	2,329.57
Interest Expense	19,266.11	0.00	10,378.70
Janitorial Services	4,642.54	0.00	2,300.45
Licenses and Permits	30.00	0.00	853.80
Meals	0.00	0.00	1,200.14
Miscellaneous Expense	551.76	0.00	1,130.00
Office Expense	13,130.27	0.00	13,877.17
Parking Permits	4,210.50	0.00	2,933.61

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/98

	-- THIS YEAR - 12 MONTHS	----BUDGET---- 12 MONTHS	-- LAST YEAR - 12 MONTHS
(Over) Short	96.60	0.00	(50.91)
Postage	695.96	0.00	850.42
Salaries & Wages	0.00	0.00	115,536.46
Professional Fees	3,236.08	0.00	14,941.81
Penalties	0.00	0.00	698.23
Rent	5,305.32	0.00	0.00
Repairs & Maintenance	7,558.35	0.00	15,510.16
Security & Alarm Systems	264.29	0.00	293.80
Supplies	1,010.34	0.00	0.00
Taxes- Payroll	24,711.87	0.00	14,149.13
Taxes - Property	0.00	0.00	3,403.41
Taxes - Other	15,243.75	0.00	327.83
Telephone	341,694.02	0.00	138,011.06
Travel	14,278.06	0.00	2,764.84
Utilities	9,592.48	0.00	7,458.16
Total Expenses	586,958.30	0.00	416,485.26
Net Operating Income	183,724.31	0.00	156,125.76
OTHER INCOME			
Interest Earned	0.00	0.00	73.03
Total Other Income	0.00	0.00	73.03
OTHER EXPENSES			
Amortization Allowance	140.00	0.00	140.00
Depreciation Allowance	90,810.81	0.00	55,944.85
Sec 179 Deprec Allowance	18,500.00	0.00	18,000.00
Obselete Software Dispose	0.00	0.00	67,770.00
Pension Contributions	0.00	0.00	7,500.00
Total Other Expenses	109,450.81	0.00	149,354.85
Income Before Taxes	74,273.50	0.00	6,843.94
Net Income	74,273.50	0.00	6,843.94

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
 FOR THE MONTH ENDING 12/31/98

-- THIS YEAR - ----BUDGET---- -- LAST YEAR -
 12 MONTHS 12 MONTHS 12 MONTHS

*** SUBSIDIARY SCHEDULE ***

Sales			
	THIS YEAR	BUDGET	LAST YEAR
	12 MONTHS	12 MONTHS	12 MONTHS
Personal Internet Access	528,309.13	0.00	416,260.75
Commercial Internet Access	380,924.39	0.00	58,426.51
Dedicated Internet Access	71,278.09	0.00	49,561.20
Installation Fees	16,285.90	0.00	35,835.77
Commercial Web Storage	38,858.29	0.00	52,075.01
Web (HTML) Creation	21,547.50	0.00	14,232.00
Consulting Fees	2,250.00	0.00	7,837.50
Retail Sales	149,942.32	0.00	141,092.05
Repair Fees	401.83	0.00	1,905.00
Access Port Charges	0.00	0.00	5,554.71
Domain Name Registration	9,591.00	0.00	10,180.00
Network Sales	0.00	0.00	5,541.55
Network Labor	107,717.79	0.00	13,673.19
Beeper Services	15,363.68	0.00	2,469.04
Beeper Sales	27,854.11	0.00	0.00
	-----	-----	-----
	1,370,324.03	0.00	814,644.28
Insurance			
Fleet Insurance	3,566.72	0.00	0.00
General Liability Ins.	2,034.50	0.00	2,329.57
Life Insurance	2,243.00	0.00	0.00
Group Insurance	16,133.41	0.00	0.00
	-----	-----	-----
	23,977.63	0.00	2,329.57
Professional Fees			
Accounting Fees	3,336.08	0.00	1,705.12
Consulting Fees	0.00	0.00	13,236.69
	-----	-----	-----
	3,236.08	0.00	14,941.81
Taxes- Payroll			
FICA Taxes	23,526.13	0.00	12,754.31
FUTA Taxes	1,125.99	0.00	458.54
SUTA Taxes	59.75	0.00	936.28
	-----	-----	-----
	24,711.87	0.00	14,149.13

Auglink Communications, Inc.

Financial Statements

Fiscal Year

1997

AUGLINK COMMUNICATIONS INC

12 Month Period Ending

December 31, 1997

CHASLAUR TAX & ACCOUNTING SERVICES
Charles E. Hall, MBA, EA, CTP
25 Old Mission Avenue
Saint Augustine, Florida 32084

To the Stockholders and Directors:
Auglink Communications Inc

FINANCIAL STATEMENT COMPILATION DISCLOSURE REPORT

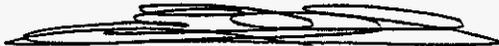
We have prepared the accompanying financial statements of Auglink Communications Inc (A Florida S-Corporation) as of December 31, 1997 for the 12 Month fiscal period of operations then ended. We prepared these financial statements in conjunction with an accounting and income tax engagement from information provided by management. The financial statements have been prepared in accordance with the Standards of Generally Accepted Tax Accounting Principles established by the Tax Accounting Standards Committee of the National Society of Accountants. The financial statements and supplementary schedules have been prepared on the accounting basis used by the Company reflecting its income tax basis which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. The procedures used in the compilation do not constitute an audit or examination of financial statements in accordance with generally accepted auditing standards nor imply either an expression or disclaimer of opinion therein.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements have been prepared solely from the accounts of the business aforesaid and they do not include the personal accounts of the shareholder's or those of any other operation in which the shareholder's are engaged.

The company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.



Charles E. Hall
Enrolled Agent
Accredited Tax Accountant
Accredited Tax Preparer
Certified Tax Professional

February 9, 1998

AUGLINK COMMUNICATION INC

PAGE 1

BALANCE SHEET - INCOME TAX BASIS
AS OF 12/31/97

ASSETS

CURRENT ASSETS

Cash	25,330.68
Accounts Recievable	21,353.00
Inventory	20,380.00

Total Current Assets	67,063.68
----------------------	-----------

FIXED ASSETS

Furniture & Fixtures	4,500.00
Computer Equipment	287,910.55
Buildings	95,326.48
Accumulated Depreciation	(119,754.25)

Total Fixed Assets	267,982.78
--------------------	------------

OTHER ASSETS

Organizational Costs	700.00
Accumulated Amortization	(420.00)

Total Other Assets	280.00
--------------------	--------

Total Assets	335,326.46
--------------	------------

LIABILITY & STKHDR EQUITY

CURRENT LIABILITIES

Accounts Payable	54,657.92
Deferred Compensation	36,940.00
Pension Contrib Payable	7,500.00
Payroll Taxes Payable	8,221.17
Sales Tax Payable	1,577.49

Total Current Liabilities	108,896.58
---------------------------	------------

LONG TERM LIABILITIES

Mortgage Payable	87,104.07
Loan Payable - D. Elkus	8,684.74
Stockholder Loans	56,814.71

AUGLINK COMMUNICATION INC

BALANCE SHEET - INCOME TAX BASIS
AS OF 12/31/97

Total Long Term Liab.		152,603.52	

Total Liabilities			261,500.10
STOCKHOLDER'S EQUITY			
Common Stock		2,000.00	
Capital Contr Excess Par	40,000.00		
Retained Earnings		24,982.42	
Current Earnings		6,843.94	

Total Stockholders Equity			73,826.36

Total Liab. & Equity			335,326.46
			=====

AUGLINK COMMUNICATION INC

PAGE 3

BALANCE SHEET - INCOME TAX BASIS
AS OF 12/31/97

*** SUBSIDIARY SCHEDULE ***

Cash

Checking - Southtrust	24,180.68
Petty Cash	150.00
Pension Plan Contrib.	1,000.00

	25,330.68

Accounts Recievable

A/R - Commercial Web	14,036.30
A/R - Subscriptions	7,316.70

	21,353.00

Prepaid Expenses

Payroll Taxes Payable

Federal Withholding Taxes	358.00
FICA	7,831.11
Federal Unemployment Tax	32.06

	8,221.17

AUGLINK COMMUNICATION INC

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/97

YTD RATIO.....: NET REVENUE	12 MONTHS	RATIO
=====		
REVENUES		
Sales	814,644.28	97.7
Miscellaneous Income	18,466.19	2.2
Tax Collection Revenues	387.25	0.0
	-----	-----
Net Sales	833,497.72	100.0
COST OF SALES		
Comp Hardware & Supplies	133,676.50	16.0
Beeper Purchases	2,226.83	0.3
Freight / Shipping	2,838.09	0.3
Sub-Contractors	122,145.28	14.7
	-----	-----
Total Cost of Sales	260,886.70	31.3
	-----	-----
Gross Profit	572,611.02	68.7
OPERATING EXPENSES		
Advertising	13,614.49	1.6
Auto Lease Expense	19,458.13	2.3
Bad Debts	9,127.00	1.1
Bank Service Charge	5,406.82	0.6
Beeper Service	403.44	0.0
Contributions	685.00	0.1
Dues & Subscriptions	9,639.03	1.2
Education	4,501.65	0.5
Equipment Rental	851.86	0.1
Gifts and Promotions	3,900.00	0.5
Insurance	2,329.57	0.3
Interest Expense	10,378.70	1.2
Janitorial Services	2,300.45	0.3
Licenses and Permits	853.80	0.1
Meals	1,200.14	0.1
Miscellaneous Expense	1,130.00	0.1
Office Expense	13,877.17	1.7
Parking Permits	2,933.61	0.4
(Over) Short	(50.91)	(0.0)
Postage	850.42	0.1
Salaries & Wages	115,536.46	13.9
Professional Fees	14,941.81	1.8
Penalties	698.23	0.1
Repairs & Maintenance	15,510.16	1.9
Security & Alarm Systems	293.80	0.0
Taxes- Payroll	14,149.13	1.7

STATEMENT OF REVENUE & EXPENSES - INCOME TAX BASIS
FOR THE MONTH ENDING 12/31/97

YTD RATIO.....: NET REVENUE	12 MONTHS	RATIO
Taxes - Property	3,403.41	0.4
Taxes - Other	327.83	0.0
Telephone	138,011.06	16.6
Travel	2,764.84	0.3
Utilities	7,458.16	0.9
Total Expenses	416,485.26	50.0
Net Operating Income	156,125.76	18.7
OTHER INCOME		
Interest Earned	73.03	0.0
Total Other Income	73.03	0.0
OTHER EXPENSES		
Amortization Allowance	140.00	0.0
Depreciation Allowance	55,944.85	6.7
Sec 179 Deprec Allowance	18,000.00	2.2
Obselete Software Dispose	67,770.00	8.1
Pension Contributions	7,500.00	0.9
Total Other Expenses	149,354.85	17.9
Income Before Taxes	6,843.94	0.8
Net Income	6,843.94	0.8