

ORIGINAL

APPLICATION

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

010048-TX

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

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

2. Name of company: Business Communications, Incorporated

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

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

Business Communications, Inc.
831 North Monroe Street
Tallahassee, FL 32303

DOCUMENT NUMBER - DATE
00499 JAN 11 2001
RECORDS/REPORTING

FOR SECURITY PURPOSES, THE BORDER OF THIS DOCUMENT CONTAINS MICROPRINTING

BUSINESS COMMUNICATIONS, INC.

P.O. BOX 38213
TALLAHASSEE, FLORIDA 32315
(850) 385-8500

CAPITAL CITY BANK
TALLAHASSEE, FLORIDA 63-68/631

CHECK NO. DATE

27772 01/10/01 AMO PPSC

*****250.00

PAY TO THE ORDER OF

Hundred Fifty & 1
FLORIDA PUBLIC
DIVISION OF RE
2540 SHUMARD OI

119.07(1)(z), Florida Statutes: Bank account numbers or debit, charge, or credit card numbers given to an agency for the purpose of payment of any fee or debt owing are confidential and exempt from subsection (1) and s.24(a), Art. 1 of the State Constitution . . .

APPLICATION

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

010048-7A

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

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

2. Name of company: Business Communications, Incorporated

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

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

Business Communications, Inc.
831 North Monroe Street
Tallahassee, FL 32303

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

6. Structure of organization:

- | | |
|--|---|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other | |

7. If individual, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

8. If incorporated in Florida, provide proof of authority to operate in Florida:

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

_____ J44508 _____

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

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

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

(a) The Florida Secretary of State fictitious name registration number:

11. If a limited liability partnership, provide proof of registration to operate in Florida:

(a) The Florida Secretary of State registration number:

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

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

13. If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: _____

14. Provide F.E.I. Number(if applicable): _____

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.

(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.

Tom Allen, President, and Doug Smith, Partner, have insignificant holdings in Sprint Corporation, a publicly traded Florida telephone company.

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

(a) The application:

Name: Chapin Frazee

Title: Director of Business Development

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: chapin@bcifl.com

Internet Website Address: www.bcifl.com

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

Name: Thomas W. Allen

Title: President

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: tallen@bcifl.com

Internet Website Address: www.bcifl.com

(c) Complaints/Inquiries from customers:

Name: Chapin Frazee

Title: Director of Business Development

Address: 831 North Monroe Street

City/State/Zip: Tallahassee, Florida 32303

Telephone No.: 850-205-8500

Fax No.: 850-205-8508

Internet E-Mail Address: chapin@bcifl.com

Internet Website Address: www.bcifl.com

17. List the states in which the applicant:

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

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

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

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

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

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

18. Submit the following:

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

(See attached Employee Information Spreadsheet)

Tom Allen, President –

March 98 - Present	<u>Business Communications, Inc.,</u> President: Managed all operations and every aspect of business. Doubled revenue of company during tenure. Created affiliate/subsidiary telecom related businesses (NetworX!, PageNet of Tallahassee).
1981 - 1998	In past several years Mr. Allen has managed over \$70 million in contracts for hazardous waste site investigations, development and implementation of monitoring schemes.
1994 - 1998	<u>Levine Fricke, Inc.,</u> Senior Hydrologist.
1992 - 1994	<u>RUST Remedial Services, Inc.,</u> Business Manager.
1988 - 1992	<u>Chemical Waste Management, Inc.,</u> Area Business Development Manager
1985 - 1988	<u>Woodward-Clyde Consultants,</u> Project Hydrologists
1983 - 1985	<u>Northwest Florida Water Management District,</u> Assistant Hydrologist
1981 - 1983	<u>Department of Natural Resources,</u> Geological Research Assistant
Education:	Florida State University: M.S. Geology, 1987 Florida State University: B.S. Geology, 1982

Certifications: **Low Voltage Telecommunications Contractor**
 Georgia, LT304987

Professional Geologist
 Florida, No.124, South Carolina, No.270

Pollutant Storage Contractor
 Florida, No. PCC048417

General Contractor
 Florida, No. CGC054425

Publications: Mr. Allen is credited on 7 hydrogeology related publications.

Frances Klisiewicz, CFO –

May 99 - Present **Business Communications, Inc.**, Tallahassee, FL
Controller: Telecommunications and Service supplier to Commercial and Residential clients. Duties encompass Financial Statements, Budget analysis, Accounts Payable, Accounts Receivable, Human Resources and Administrative Operations management.

Aug. 97 - May 99 **Lewis Property Investors, Inc.**, Miami, FL
Controller: - Residential Real Estate Operations and Management for both the Developer and General Contractor in construction of condominiums and detached homes on Ocean Reef in Key Largo, Florida. Construction project sales values in excess of \$22 million, plus two Commercial Shopping Centers. Duties include Financial Statements, Partners Reports, Budgeting, Analysis, Bank Draw Requisitions, General Contractors AIA preparation, Accounts Receivable, Accounts Payable, Tenant Lease Billings. Supervision of administrative staff and coordination of on-site personnel. Installation of new Budgetrac accounting software, enabling Project Cost accounting, Financial Reporting on both Cash and Accrual basis. Board Member and Treasurer on two Developer controlled Condominium Associations. Served as Signatory and Officer on multiple corporate entities.

Nov. 94 - Dec. 97 **FGK Corporation**, Homestead, FL
President / Owner
Established Accounting and Tax Preparation service for Individuals and Small Businesses. Provide clients with Software assistance, Financial Statements, Reconciliations, Payroll and Reporting requirements.

Feb. 95 - Aug. 97 **Window Professionals**, Homestead, FL
Accountant

Assisted the Company's goal to secure Bank and SBA loans for relocation to Jupiter, Fl. Research and installation of new in-house accounting software. Duties included Contract Sales, Accounts Receivable, Budget Projections and Analysis, Financial Statements, Cash Flow Analysis, Payroll, Customer Service, Draw Requests, Notice to Owners, Liens and Waivers. Extensive spreadsheet design.

NOV. 85 - JUNE 94 BERL ENTITIES

Oct. 90 - June 94 **Eyetele Optics, Inc.**, Miami, FL
Vice President / Director of Operations / Controller
Began National Wholesale Distribution of eyeglass frames, sunglasses and related products. Imported European product for distribution in the US, Canada, Mexico and South American markets. Developed and administered Financial Management. In charge of the Daily Operations, Quality Control, Customer Service Operations, Computerized Order Fulfillment and Sales functions, provided Sales Representatives with client/product Sales Data and Commission Reports. Management of Human Resources, Administrative Operations, Accounting Department, Warehouse Shipping, Receiving and Inventory Control, Monthly Reconciliations, Financial Statements, Cash Management, Budget Forecast and Analysis, Banking, Foreign Exchange purchases and product valuations, Insurance and Business relations, management in-house multi-user PC systems. Utilized "Systematic" software for perpetual inventory, sales and financial accounting information.

Aug. 89 - Oct. 90 **Concept Optics International, Inc.**, Miami, FL
FL
Director of Operations / Controller
This position was primarily the same as with Eyetele Optics, noted above.

Nov. 85 - Oct. 90 **Berl Management Corp.**, Miami, FL
Controller
Commercial and Residential Property Management, Construction and Sales of single family homes, town homes and condominiums. Financial Statements for 27 entities, Joint Venture Partnerships, Netherlands Antilles entities and Florida Corporations. Seller's Agent at closing, Developers Board Representative on the Association's Board of Directors. Extensive knowledge of Florida State Statute 718, governing Condominium Associations. Duties included Management of Office Personnel and Maintenance Staff, Banking Relations, and Signatory on 30+ business accounts. Financial Statements, Budgeting Forecasts and Sales Analysis. Partnership litigation support for attorneys and outside C.P.A. firm in lengthy and successful effort.

May 81 - Nov. 85 **B.J.F. Development, Inc.**, Miami, FL

Jun. 85 - Nov. 85
May 81 - June 85

Assistant Controller
Senior In-Charge Accountant

Real Estate Developer, Conversion operation of existing Apartment Rental property and Condominium Management. Duties as Assistant Controller included involvement in feasibility studies for new property acquisition. Set up of accounting requirements between On-Site Personnel, Computer Service Bureaus, Regional and Home Office. Scheduling of departmental deadlines and coordination of reports to executive management and lenders. Annual Budget Projections and Analysis. Banking relations, Signatory of numerous accounts, Financial Audit assistance, Developers' Representative on various Association Boards of Directors, as well as on staff personnel changes and reviews.

Education:

Kennedy Western University - current student in the Masters program
College for Financial Planning 1/87-89
Tax Preparation for Individuals 8/95-11/95
Tax Preparation for Corporations 8/96-11/96
Miami-Dade Community College 83-84 Accounting
University of Miami Leadership Training - 83

Computer Skills: Windows 98, 95, 3.1 and Windows NT MS Word, Word Perfect 6.1, Excel, Quattro Pro, Lotus, Systematic Accounting Software, Quick Books Pro, Check Book Solutions, MyInvoice, MS Works, Tax Cut, Turbo Tax, Peachtree, PC Anywhere. Budgetrac, MRI and CMS Software for Real Estate and Construction Accounting.

Chuck Mims, CTO -

MANAGERIAL EMPLOYMENT HISTORY:

February 1989 to Present: Business Communications Incorporated

Operations Manager (Jan. 1994 to Present)

Duties: Supervising all installation projects, managing and updating information regarding customers' maintenance and warranty applications, responsible for assuring customers' satisfaction with end product, assisting salespersons in presentations to customers, conducting training classes for customers on new telephone/voice mail systems, attending sales meetings as well as managers meetings, coordinating activities with Service Manager, coordinating ordering necessary supplies with Inventory Manager, coding and preparing for billing all new installation work orders, responsible for solving on-going problems that technicians are unable to resolve, researching current technology and acquiring certification of same, coordinating with leading manufacturers on technicians' certification training courses, responsible for negotiating best prices for various technology, providing limited support on computer network within office, as well as continuing duties listed below.

Tech Services Supervisor/Coordinator (Jan. 1993 to Jan.1994)

Duties: Supervised company technicians, coordinated daily activities of technicians, performed yearly evaluation of technicians, implemented and conducted monthly technician training classes, conducted job quotes and estimates, coordinated technician on-call schedule, scheduled and coordinated technician leave times, and continued duties listed below.

Chapin Frazee, Director of Business Development –

- Current -**Operational Manager, NetworX!** (BCI Subsidiary), - Coordinating all aspects of Information Technology Consultancy including client acquisition, management of production staff, accounts receivable, and business planning.
- Current -**Director of Business Development, BCI.** - Strategizing, planning, and implementing new business opportunities and special projects.
- 1999-2000 **General Manager, PageNet of Tallahassee** - managed all aspects of wireless-data sales and service operation.
- 1996-1999 **Marketing Director, Illuminative Multimedia, Incorporated** - developed marketing plan, generated sales and sector defining contracts.

Education -Hampden-Sydney College: B.A. ,1992

B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

BCI currently employs a full time staff of over 12 fully trained and skilled, on-call service technicians. Below are highlighted the qualifications of some of the key staff.

Chuck Mims, CTO –

Technical Employment/Education -

May 1985 to February 1989: Hinkles & McCoy
Tallahassee, FL

Technician

Duties: Provided customer service, troubleshooting, programming and installation of telephone systems and communication of service trouble to local telephone company. Attended certification courses as requested.

CERTIFICATIONS:

Comdial

FXS/FXT (March 1999)
QuickQue ACD (Jan. 1999)
DXP (June 1994)

Samsung

Prostar DCS (Jan. 1995)
Prostar 56/120 (May 1993)
Prostar 816 (Feb. 1991)

Intertel

IMX 2460 (Feb. 1990)

EDUCATION: MicroSoft Certified System Engineer Courses

(Sept. 1998-Jan. 1999)

Attended Networking Essentials, Supporting Windows '95,
Administering Windows NT, and Windows NT 4.0 Server

Management Seminar (April 1997)

Florida State University
Tallahassee, FL

Tallahassee Community College (Sept. 1989-Dec. 1989)

Tallahassee, FL
Finite Mathematics
Sociology

Jefferson County High School (May 1985)

Monticello, FL
Received High School Diploma

Scott Avery, Service Manager –

- Georgia Low Voltage License
- DXP Certified
- DXP Plus Certified
- EXT certified EXS certified
- Key voice Voicemail Certified
- Leviton Cat 5 Certified
- 12 years Telecommunication Experience

Ron Triplett, Quality Control Manager –

- Education: H.S. diploma, some college (basic electronics, avionics navigation and communication systems, and managerial courses.
- Certifications: Comdials' DXP/DXP-PLUS, FXT/FXS, Networking, and Quick-Q 4.0.

- Work Experience: 9 years in Air Force working in satellite secure voice and data communications, last 5 years in telephony.
- Managerial experience: Managed command and control assets (manpower and equipment) for Air Mobility Command from the Mississippi River west to Central Asia.
- Technical Ability: Very experienced with computers, software apps, and operating systems.

Mark George, Lead Technician --

- Experience in most every aspect of the telephone industry from construction to repair, including buried, aerial, and underground cabling
- Extensive experience in troubleshooting the outside plant and structured cabling of both business and residential sites
- Certification in the following areas:
 - cable fault location
 - basic telephony
 - pole climbing
 - work zone safety (DOT approved)
 - Smith driving course
 - Dynatel 965 loop analysis
 - Dynatel 573/573a earth fault locations
 - Raychem heat shrink splice closures
 - 3m better buried splice closures
 - preformed splice closures
 - 3M Module splice
 - Basic and Advanced Splicing

Cameron Trickey, Help Desk

Certifications include:

- Samsung/Prostar
- 8/16 KSU
- DCS Products
- 56/120 KSU
- Starmail
- Comdial FX/DXP
- Lucent Legend

Randy Yarborough, Network Engineer

Jacksonville University,
Jacksonville, Florida.
Bachelors Computer Science, 1980

University of North Florida
Jacksonville, Florida
Business Management, 1981

Microsoft Certified Professional (MCP,Essentials) Information
Technology

Skills: Windows NT Server v3.51/4.0, Windows NT Workstation v3.51/4.0,
Windows 95/98, MS-Exchange Server v5.5, Internet Mail servers, Internet
Explorer and Netscape Web browsers, MS-Proxy Server v2.0 (Firewall),
MS-Domain Name Service (DNS), RRAS routing and remote access software,
Windows v3.1, DOS, MS-Office v4.3/95/97, Outlook97/98, MS-Access
v2.0/95/97,
ARC serve backup. MaCafee network anti-virus, WordPerfect, Lotus 1-2-3,
Lotus Notes Domino's 5.0, Novell Netware 3.x/4.1, Virtual Private
Network
(VPN) secure communication technologies, LAN Environments and
communications
hardware and software. Netgear & Cisco Routers.

Chris Eggert, Network Engineer

- Bachelor of Business Administration in Management Information Systems (MIS) from Florida International University
- Microsoft Certified Professional in Windows NT Server and Workstation.
- Manager of a quarter million dollar annual budget MIS department for the FICPA (Florida Institute of CPAs) managing a technical staff of 6 engineers.
- Consulted, designed, and implemented data network systems for 14 years.

C. Financial capability.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

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

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

Further, the following (which includes supporting documentation) should be provided:

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

(See Attached Financials)

THIS PAGE MUST BE COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

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

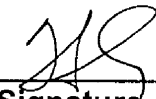
2. GROSS RECEIPTS TAX: I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

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

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

UTILITY OFFICIAL:

Thomas W. Allen
Print Name



Signature

President
Title

1/10/01

Date

850-205-8500
Telephone No.

850-205-8508
Fax No.

Address:

**Business Communications, Inc.
831 North Monroe Street
Tallahasee, FL 32303**

THIS PAGE MUST BE COMPLETED AND SIGNED

AFFIDAVIT

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

UTILITY OFFICIAL:

Thomas W. Allen
Print Name


Signature

President
Title

1/10/01
Date

850-205-8500
Telephone No.

850-205-8508
Fax No.

Address:

**Business Communications, Inc.
831 North Monroe Street
Tallahasee, FL 32303**

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. POP: Addresses where located, and indicate if owned or leased.

- | | |
|----------|----------|
| 1) _____ | 2) _____ |
| 3) _____ | 4) _____ |

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

- | | |
|----------|----------|
| 1) _____ | 2) _____ |
| 3) _____ | 4) _____ |

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____
(Title) _____ of (Name of Company) _____
and current holder of Florida Public Service Commission Certificate Number # _____,
have reviewed this application and join in the petitioner's
request for a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

**Business Communications, Inc.
831 North Monroe Street
Tallahassee, FL 32303**

Last Name	First Name	Hire Date	Company/Position	Education	Licenses	Comdial Certifications/Training	KeyVoice Certifications	Remarks
Allen	Tom	3/23/98	President; GM	BS/MS	General Contractor - FL; Low Voltage Contractor - GA	N/A	N/A	
Avery	Scott	9/23/93	BCI/Service Manager; Technician		Low Voltage Contractor - GA	DXP, DXP-PLUS, FX, QUICK Q, Avalon	Yes	Handles Georgia and Part-Time Service Manager; Multi-system knowledge
Carter	Don	8/1/99	BCI/Service Tech			N/A	N/A	New to Comdial Products; Multi-System knowledge
Eggert	Chris	5/24/99	NetworkX/General Management	BS		N/A	N/A	Network Guru - all facets from LAN to Wan to Software, CNE, MCP
Fazee	Chapin	8/30/99	NetworkX/Operations	BA		N/A	N/A	Professional Salesperson and Operator
Garrett	Alvin	6/3/97	BCI/Install Tech			DXP, DXP-PLUS	Yes	Small key system and voice mail installation; service capabilities
George	Mark	6/21/99	BCI/Service Tech			DXP, DXP-PLUS, FX, QUICK Q, Avalon	Yes	Avalon Sales and Technical Experience; Pensacola GM
Harris	Gary Jon	1/16/95	BCI/Service Tech			DXP, DXP-PLUS	Yes	Multi-system knowledge; Handles large State of FL account
Heuer	Mark	9/8/98	BCI/Service Tech			DXP, DXP-PLUS, FX, QUICK Q, Avalon	Yes	Thorough technician; Multi-system knowledge
Holland	Brandy	6/5/00	BCI/Accounting			N/A	N/A	Handles AP and other office assignments; can assist in Comdial end user training
Hoy	Karen	9/1/00	BCI/Sales	BA		N/A	N/A	Professional; End-user training and Sales support
Justice	Lottie	9/3/00	UCC/billing	FSU Student		N/A	N/A	FSU Student handling UCC billing
Klisiewicz	Francos	5/17/99	BCI/CFO	Business School		N/A	N/A	Controller and BCI Operational Manager; Great administration skills
Kuehn	Katie	6/5/00	BCI/Service Tech	BS		DXP, DXP-PLUS, FX	N/A	Network Professional migrating to high-end telephony - MCSE
Manderfield	Mariah	5/2/00	BCI/Administration			N/A	N/A	Assists in many office and accounting functions
Miller	Kim	1/31/00	BCI/Administration			N/A	N/A	Bookkeeping; multi-task skills from past history in telephony administration
Mims	Chuck	2/27/89	BCI/Technology Mgr			DXP, DXP-PLUS, FX, QUICK Q, Avalon	Yes	Expert in Hardware/software and telephony. Problem solver
Moore	Corrie	5/12/98	BCI/Sales	BS		N/A	N/A	Technical Sales; High-end application Sales Professional

10/5/00

Last Name	First Name	Hire Date	Company/Position	Education	Licenses	Comdial Certifications/Training	KeyVoice Certifications	Remarks
Moran	Craig	2/3/97	Inventory	BS		N/A	N/A	Assists in many office functions including Inventory
Patton	Burke	10/18/99	BCI/Install Tech			N/A	N/A	Taking on more and more installation responsibility on smaller key systems History with company from founding standpoing.
Powell, Sr.	Marvin	8/14/95	BCI/Service Mgr			N/A	N/A	Thorough technician; Multi-system knowledge; Capable of higher-end service
Roberts	Bill	8/5/96	BCI/Service Tech			DXP,DXP-PLUS, FX	Yes	Thorough technician; Multi-system knowledge; Capable of higher-end installations; MCP
Smith	Louie	5/28/91	BCI/Install Tech			DXP, DXP-PLUS, FX,QUICK Q, Avalon	Yes	Thorough technician; Multi-system knowledge; Capable of higher-end installations; MCP
Trickey	Cameron	9/15/99	BCI/Help Desk			DXP,DXP-PLUS, FX	Yes	Multi-system knowledge; Assists technicians in field and from Help Desk. Assists end-users from Help Desk and field
Triplet	Ron	6/8/98	BCI/QAQC and Installation			DXP, DXP-PLUS, FX,QUICK Q, Avalon	Yes	High-end technical skills backed by through telephony background
Walker	Will	3/6/00	Network/T technician			N/A	N/A	LAN/WAN expert; Software and Programming abilities
White	Robert	11/30/98	BCI/Service Tech			DXP,DXP-PLUS, FX	Yes	Thorough technician; Multi-system knowledge; Working toward top-tech status
Willcox	Rich	6/21/99	BCI/Sales	BS		N/A	N/A	Sales professional; Providing excellent service to telephony buyers in Tallahassee for many years
Yarborough	Randy	8/30/99	Network/T technician			N/A	N/A	Network Professional - CNE, CNA, MCP
Zacher	Mark	8/30/99	BCI/Install Tech			DXP,DXP-PLUS, FX	Yes	Thorough technician; Multi-system knowledge;Working on higher-end solutions to complement skills in lower end solutions (Est)
Richardson	Mar,	9/1/00	Network/Sales			N/A	N/A	Sales professional working toward MCSE status, MCP

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation. See separate instructions.

For calendar year 1999, or tax year beginning and ending

Header section containing: A Effective date of election as an S corporation (02/19/1997), B Business code no (513300), Name (BUSINESS COMMUNICATIONS INC), Address (831 NORTH MONROE STREET, TALLAHASSEE, FL 32303), C Employer identification number (59-2740313), D Date incorporated (12/01/1986), E Total assets (1,166,947).

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return. G Enter number of shareholders in the corporation at end of the tax year 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 10 of the instructions for more information.

Main table with columns for Income (lines 1-6), Deductions (lines 7-20), and Tax and Payments (lines 21-27). Includes sub-columns for 1a, 1b, 1c, 14a, 14b, 14c, 22a, 22b, 22c, 23a, 23b, 23c, 23d.

Please Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature section containing: Signature of officer (James D. Ferguson), Date (4/17/00), Title, Preparer's signature, Firm's name (THOMAS HOWELL FERGUSON P.A.), Address (2120 KILLARNEY WAY, TALLAHASSEE, FL), EIN (59-3186310), ZIP code (32308).

Schedule A Cost of Goods Sold (see page 15 of the instructions)

1	Inventory at beginning of year	1	51,949
2	Purchases	2	1,025,379
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 2. 62,066
6	Total. Add lines 1 through 5	6	1,139,394
7	Inventory at end of year	7	178,444
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	960,950

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (specify method used and attach explanation) _____

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting. (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal. (a) Business activity <u>RETAIL</u> (b) Product or service <u>COMMUN. SERVICES</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?	X	
5 At any time during calendar year 1999, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country _____		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 15 of the instructions) _____		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) <input checked="" type="checkbox"/>		

Schedule K

Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	24,158
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3 a	Gross income from other rental activities	3 a	
	b	Expenses from other rental activities (attach schedule)	3 b	
	c	Net income (loss) from other rental activities Subtract line 3b from line 3a	3 c	
	4	Portfolio income (loss):		
	a	Interest income	4 a	2,369
	b	Ordinary dividends	4 b	
	c	Royalty income	4 c	
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4 d	
Deductions	e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):		
	(1)	28% rate gain (loss)	(2) Total for year	4 e(2)
	f	Other portfolio income (loss) (attach schedule)	4 f	
	5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	5	
	6	Other income (loss) (attach schedule)	6	
	7	Charitable contributions (attach schedule) STMT. 3	7	21,804
	8	Section 179 expense deduction (attach Form 4562)	8	19,000
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
	Investment Interest	11 a	Interest expense on investment debts	11 a
b		(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11 b(1)	2,369
Credits	(2)	Investment expenses included on line 9 above	11 b(2)	
	12 a	Credit for alcohol used as a fuel (attach Form 6478)	12 a	
	b	Low-income housing credit:		
	(1)	From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12 b(1)	
	(2)	Other than on line 12b(1) for property placed in service before 1990	12 b(2)	
	(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12 b(3)	
	(4)	Other than on line 12b(3) for property placed in service after 1989	12 b(4)	
c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12 c		
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12 d		
e	Credits related to other rental activities	12 e		
Adjustments and Tax Preference Items	13	Other credits	13	
	14 a	Depreciation adjustment on property placed in service after 1986	14 a	
	b	Adjusted gain or loss	14 b	
	c	Depletion (other than oil and gas)	14 c	
	d	(1) Gross income from oil, gas, or geothermal properties	14 d(1)	
(2)	Deductions allocable to oil, gas, or geothermal properties	14 d(2)		
e	Other adjustments and tax preference items (attach schedule)	14 e		
Foreign Taxes	15 a	Type of income		
	b	Name of foreign country or U.S. possession		
	c	Total gross income from sources outside the United States (attach schedule)	15 c	
	d	Total applicable deductions and losses (attach schedule)	15 d	
	e	Total foreign taxes (check one) <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15 e	
	f	Reduction in taxes available for credit (attach schedule)	15 f	
	g	Other foreign tax information (attach schedule)	15 g	
Other	16	Section 59(e)(2) expenditures a Type b Amount	16 b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses STMT. 4	19	10,481
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	90,000
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
23	Income (loss) (Required only if Schedule M-1 must be completed) Combine lines 1 through 6 in column (b) From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23	-14,277	

Form 1120S (1999)

Schedule L

Balance Sheets per Books

Beginning of tax year

End of tax year

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		-1,892.		140.
2a Trade notes and accounts receivable	269,386.		244,051.	
b Less allowance for bad debts		269,386.		244,051.
Inventories		51,949.		178,444.
U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)	STMT 5	201.		13,798.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)	STMT 5	NONE		7,530.
10a Buildings and other depreciable assets	721,188.		845,383.	
b Less accumulated depreciation	168,769.	552,419.	246,653.	598,730.
11a Depreciable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	9,014.		9,014.	
b Less accumulated amortization	2,872.	6,142.	5,952.	3,062.
14 Other assets (attach schedule)	STMT 5	24,625.		121,192.
15 Total assets		902,830.		1,166,947.
Liabilities and Shareholders' Equity				
16 Accounts payable		49,275.		124,368.
17 Mortgages, notes, bonds payable in less than 1 year		20,762.		19,790.
18 Other current liabilities (attach schedule)	STMT 5	25,919.		108,450.
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		916,920.		896,446.
21 Other liabilities (attach schedule)	STMT 5	82,233.		311,390.
22 Capital stock		1,000.		1,000.
23 Additional paid-in capital		19,481.		19,481.
Retained earnings		149,466.		48,248.
Adjustments to shareholders' equity (attach schedule)				
26 Less cost of treasury stock		(362,226.)		(362,226.)
27 Total liabilities and shareholders' equity		902,830.		1,166,947.

Schedule M-1

Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	-11,218.	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 5, not recorded on books this year (itemize)		a Tax-exempt interest	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 16b (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15a, and 16b, not charged against book income this year (itemize):	
a Depreciation		a Depreciation	SEE STATEMENT 6 13,540.
b Travel and entertainment	SEE STATEMENT 6 10,481.	7 Add lines 5 and 6	13,540.
4 Add lines 1 through 3	-737.	8 Income (loss) (Schedule K, line 23):	
		Line 4 less line 7	-14,277.

Schedule M-2

Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 24 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	153,581.	-4,115.	
2 Ordinary income from page 1, line 21	24,158.		
Other additions	SEE STATEMENT 6 15,909.		
Loss from page 1, line 21	()		
5 Other reductions	SEE STATEMENT 6 (49,290.)	(1,995.)	SEE STATEMENT 6
6 Combine lines 1 through 5	144,358.	-6,110.	
7 Distributions other than dividend distributions	90,000.		
8 Balance at end of tax year Subtract line 7 from line 6	54,358.	-6,110.	

Depreciation and Amortization

(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (991)

▶ See separate instructions.

▶ Attach this form to your return.

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

Business or activity to which this form relates

59-2740313

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	19,000.
2 Total cost of section 179 property placed in service. See page 2 of the instructions	2	124,395.
3 Threshold cost of section 179 property before reduction in limitation	3	200,000.
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	19,000.
(a) Description of property (b) Cost (business use only) (c) Elected cost		
6 FURNITURE	24,201.	19,000.
7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	19,000.
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	19,000.
10 Carryover of disallowed deduction from 1998. See page 2 of the instructions	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	19,000.
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	19,000.
13 Carryover of disallowed deduction to 2000. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service ONLY During Your 1999 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		75,000.	5.000	MO	DB200	7,974.
c 7-year property		26,037.	7.000	MO	DB200	5,395.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 5 of the instructions)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1999	17	44,949.
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	566.

Part IV Summary (See page 6 of the instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	58,884.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only

23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed?		Yes	No	23b If "Yes," is the evidence written?		Yes	No	(i) Elected section 179 cost	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction		
24 Property used more than 50% in a qualified business use (See page 6 of the instructions):									
		%							
		%							
		%							
25 Property used 50% or less in a qualified business use (See page 6 of the instructions.):									
		%				S/L -			
		%				S/L -			
		%				S/L -			
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26		
27 Add amounts in column (i). Enter the total here and on line 7, page 1								27	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles - see page 1 of the instructions)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 8 of the instructions		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1999 tax year					
41 Amortization of costs that began before 1999				41	3,081
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return				42	3,081

FORM 1120S, PAGE 1 DETAIL

LINE 5 - OTHER INCOME

ORD. INC. - NETWORX, LLC	338
REIMBURSED EXPENSES	97,135
OTHER INCOME	12,733
TOTAL	110,206

LINE 12 - TAXES

TAXES AND LICENSES EXCLUDING INCOME TAXES

LICENSES & TAXES	11,094.
PAYROLL TAXES	75,867.
STATE TAX	
TOTAL	86,961.

LINE 19 - OTHER DEDUCTIONS

AMORTIZATION	3,081.
BANK CHARGES	6,674.
COMPUTER EXPENSE	17,496.
CONSULTING	1,780.
CONTRACT LABOR	14,660.
DUES & SUBSCRIPTIONS	2,270.
EMPLOYEE RELATIONS	1,900.
INSURANCE	23,637.
LEGAL & ACCOUNTING	41,583.
MEALS & ENTERTAINMENT	2,165.
MISCELLANEOUS EXPENSE	4,935.
OFFICE EXPENSE	13,398.
POSTAGE	5,628.
PRINTING	4,117.
RADIOS/PAGERS	11,809.
TELEPHONE	18,958.
TOOLS	4,329.
TRAINING	13,944.
TRAVEL	10,322.
TRUCK EXPENSE	32,481.
UNIFORMS	7,521.
UTILITIES	10,673.
WORKERS COMPENSATION INSURANCE	8,158.
TOTAL	261,519.

STATEMENT 1

FORM 1120S, PAGE 2 DETAIL

SCH A, LINE 5 - OTHER COSTS.

WARRANTY COSTS

62,066.

TOTAL

62,066.

FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 7 - CHARITABLE CONTRIBUTIONS

CONTRIBUTIONS SUBJECT TO 50% LIMITATION

VARIOUS CHARITIES

21,804

TOTAL

21,804

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FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 19 - NONDEDUCTIBLE EXPENSES

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
MEALS & ENTERTAINMENT	2,166.
PENALTIES	346.
POLITICAL CONTRIBUTIONS	799.
FEDERAL INCOME TAX	4,867.
OTHER EXPENSES FROM NETWORX, LLC	308.
TOTAL	10,481.

FORM 1120S, PAGE 4 DETAIL - SCH L

	BEGINNING	ENDING
LINE 6 - OTHER CURRENT ASSETS		
EMPLOYEE RECEIVABLES	201.	258.
PREPAID INSURANCE	NONE	13,540.
TOTAL	201.	13,798.
LINE 9 - OTHER INVESTMENTS		
INVESTMENT IN NETWORX, LLC	NONE	7,530.
TOTAL	NONE	7,530.
LINE 14 - OTHER ASSETS		
DEPOSITS	4,593.	4,820.
OTHER RECEIVABLE	20,032.	33,523.
DUE FROM NETWORX	NONE	82,849.
TOTAL	24,625.	121,192.
LINE 18 - OTHER CURRENT LIABILITIES		
ACCOUNTS PAYABLE DWS	61.	NONE
DUE TO BAINBRIDGE	25,368.	30,826.
TAXES PAYABLE	490.	NONE
CASH DEFICIT	NONE	27,616.
ACCRUED WAGES	NONE	50,008.
TOTAL	25,919.	108,450.
LINE 21 - OTHER LIABILITIES		
INSURANCE PAYABLE	47.	NONE
DEFERRED INCOME	46,184.	45,532.
SALES TAX PAYABLE	18,805.	30,445.
UNEARNED INCOME	4,403.	87,205.
DEPOSITS	12,794.	148,208.
TOTAL	82,233.	311,390.

FORM 1120S, PAGE 4 DETAIL

SCH M-1, LINE 3 - EXPENSES ON BOOKS NOT IN RETURN

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
MEALS & ENTERTAINMENT	2,166.
PENALTIES	346.
POLITICAL CONTRIBUTIONS	799.
FEDERAL INCOME TAX	4,867.
NONDEDUCTIBLE EXPENSES FROM PASS-THROUGH ACTIVITIES	308.
TOTAL	10,481.

SCH M-1, LINE 6 - DEDUCTIONS NOT CHARGED AGAINST BOOK INCOME

INSURANCE EXPENSE	13,540.
TOTAL	13,540.

SCH M-2, LINE 3 - OTHER ADDITIONS - AAA

INTEREST INCOME	2,369.
INSURANCE DEDUCTED FOR TAX NOT BOOK	13,540.
TOTAL	15,909.

SCH M-2, LINE 5 - OTHER REDUCTIONS - AAA

CHARITABLE CONTRIBUTIONS	21,804.
SECTION 179 EXPENSE	19,000.
MEALS & ENTERTAINMENT	2,166.
PENALTIES	346.
POLITICAL CONTRIBUTIONS	799.
FEDERAL INCOME TAX	4,867.
NONDEDUCTIBLE EXPENSES FROM PASS-THROUGH	308.
TOTAL	49,290.

SCH M-2, LINE 5 - OTHER REDUCTIONS - OAA

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.
TOTAL	1,995.

PASS-THROUGH ACTIVITIES

=====

ORDINARY INCOME ACTIVITY

NETWORKX, LLC
831 N MONROE ST, TALLAHASSEE, FL 32308

FEDERAL EIN OF PASS-THROUGH ENTITY: 59-3580043

ORDINARY INCOME 338.

OTHER INFORMATION

OTHER NONDEDUCTIBLE EXPENSES 308.

SHAREHOLDER SUMMARY

SH. #	SHAREHOLDER NAME	BEGINNING SHARES	OWNERSHIP PERCENTAGE
01	DOUGLAS SMITH	900.0000	90.000000
02	THOMAS W ALLEN III	100.0000	10.000000

1. The first part of the document is a list of names and titles, including 'The Hon. Mr. Justice G. D. C. ...' and 'The Hon. Mr. Justice ...'.

Department of the Treasury Internal Revenue Service

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation. See separate instructions.

For calendar year 1998 or tax year beginning and ending

Header section containing: A Effective date of election as an S corporation (02/19/97), B NEW bus. code no (513300), Name (BUSINESS COMMUNICATIONS INC), Address (831 NORTH MONROE STREET, TALLAHASSEE, FL 32308), C Employer identification number (59-2740313), D Date incorporated (12/01/1986), E Total assets (902,830), F Check applicable boxes (Change in address checked), G Enter number of shareholders.

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information

Main table with columns for Income, Deductions, and Tax and Payments. Rows include: 1a Gross receipts or sales (2,377,288), 2 Cost of goods sold (973,354), 3 Gross profit (1,403,934), 4 Net gain (loss) from Form 4797, 5 Other income (1,266), 6 Total income (1,405,200), 7-19 Deductions (SEE STATEMENT 1), 20 Total deductions (1,180,221), 21 Ordinary income (224,979), 22 Tax (4,867), 23 Payments, 24-27 Tax due and overpayment.

Please Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer: DWIS, Date: 1-5-99, Title: PRESIDENT.

Paid Preparer's Use Only section: Preparer's signature (James A. Gray), Date (5/11/99), Firm's name (THOMAS HOWELL FERGUSON P.A.), Address (2120 KILLARNEY WAY, TALLAHASSEE, FL), ZIP code (32308), Preparer's social security number (261-91-1328), EIN (59-3186310).

Schedule A Cost of Goods Sold (see page 15 of the instructions)

1	Inventory at beginning of year	1	69,138
2	Purchases	2	947,373
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	8,792
6	Total. Add lines 1 through 5	6	1,025,303
7	Inventory at end of year	7	51,949
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	973,354

- 9a Check all methods used for valuing closing inventory.
- (i) Cost as described in Regulations section 1.471-3
 - (ii) Lower of cost or market as described in Regulations section 1.471-4
 - (iii) Other (specify method used and attach explanation) ▶
- b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO
- e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
- If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: (a) Business activity ▶ <u>RETAIL</u> (b) Product or service ▶ <u>COMMUN. SERVICES</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?	X	
5 At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments ▶ <input type="checkbox"/>		
9 If the corporation: (a) filed its election to be an S corporation after 1985, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 16 of the instructions) ▶		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) ▶ <input checked="" type="checkbox"/>		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	224,979
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a	Gross income from other rental activities	3a	
	3b	Expenses from other rental activities (attach schedule)	3b	
	3c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss):		
	4a	Interest income	4a	5,829
	4b	Ordinary dividends	4b	
	4c	Royalty income	4c	
	4d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
4e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):			
	(1) 28% rate gain (loss) (2) Total for year	4e(2)		
4f	Other portfolio income (loss) (attach schedule)	4f		
5	Net section 1231 gain (other than due to casualty or theft) (attach Form 4797) STMT 3	5	5,042	
6	Other income (loss) (attach schedule)	6		
Deductions	7	Charitable contributions (attach schedule)	7	917
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
Investment Interest	11a	Interest expense on investment debts	11a	
	11b(1)	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	5,829
	11b(2)	(2) Investment expenses included on line 9 above	11b(2)	
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	12b	Low-income housing credit:		
	12b(1)	(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)	
	12b(2)	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	
	12b(3)	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)	
	12b(4)	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)	
	12c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
12d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
12e	Credits related to other rental activities	12e		
13	Other credits	13		
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a	
	14b	Adjusted gain or loss	14b	
	14c	Depletion (other than oil and gas)	14c	
	14d(1)	(1) Gross income from oil, gas, or geothermal properties	14d(1)	
	14d(2)	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
14e	Other adjustments and tax preference items (attach schedule)	14e		
Foreign Taxes	15a	Type of income		
	15b	Name of foreign country or U.S. possession		
	15c	Total gross income from sources outside the United States (attach schedule)	15c	
	15d	Total applicable deductions and losses (attach schedule)	15d	
	15e	Total foreign taxes (check one) <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
	15f	Reduction in taxes available for credit (attach schedule)	15f	
	15g	Other foreign tax information (attach schedule)	15g	
Other	16a	Section 59(e)(2) expenditures: a Type b Amount	16b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses STMT 4	19	4,114
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	157,788
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
	23	Income (loss) (Required only if Schedule M-1 must be completed) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23	234,933

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		185,763.		-1,89
2a Trade notes and accounts receivable	61,718.		269,386.	
b Less allowance for bad debts		61,718.		269,38
3 Inventories		69,138.		51,94
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)	STMT 5	NONE		20
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	249,379.		721,188.	
b Less accumulated depreciation	197,459.	51,920.	168,769.	552,419
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	NONE		9,014.	
b Less accumulated amortization		NONE	2,872.	6,142
14 Other assets (attach schedule)	STMT 5	52,290.		24,625
15 Total assets		420,829.		902,830
Liabilities and Shareholders' Equity				
16 Accounts payable		29,681.		49,275
17 Mortgages, notes, bonds payable in less than 1 year		39,308.		20,762
18 Other current liabilities (attach schedule)	STMT 5	653.		25,919
19 Loans from shareholders		39,056.		NON
20 Mortgages, notes, bonds payable in 1 year or more		14,740.		916,920
21 Other liabilities (attach schedule)	STMT 5	13,907.		82,233
22 Capital stock		1,000.		1,000
23 Additional paid-in capital		19,481.		19,481
Retained earnings		382,177.		149,466
25 Adjustments to shareholders' equity (attach schedule)				
26 Less cost of treasury stock		(119,174.)		(362,226
27 Total liabilities and shareholders' equity		420,829.		902,830

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	235,686.	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize)		a Tax-exempt interest	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a Depreciation		a Depreciation	SEE STATEMENT 6 4,867.
b Travel and entertainment	SEE STATEMENT 6 4,114.	7 Add lines 5 and 6	4,867.
4 Add lines 1 through 3	239,800.	8 Income (loss) (Schedule K, line 23)	
		Line 4 less line 7	234,933

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 24 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	384,297.	-2,120.	
2 Ordinary income from page 1, line 21	224,979.		
Other additions	SEE STATEMENT 6 10,871.		
Loss from page 1, line 21	()		
5 Other reductions	SEE STATEMENT 6 (308,778.)	(1,995.)	SEE STATEMENT 6
6 Combine lines 1 through 5	311,369.	-4,115.	
7 Distributions other than dividend distributions	157,788.		
8 Balance at end of tax year. Subtract line 7 from line 6	153,581.	-4,115.	

**SCHEDULE D
(Form 1120S)**

Capital Gains and Losses and Built-In Gains

OMB No. 1545-013

▶ Attach to Form 1120S.

1998

Department of the Treasury
Internal Revenue Service
Name

▶ See separate instructions.

Employer identification number

BUSINESS COMMUNICATIONS INC

59-2740313

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) less (e))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain or (loss) from like-kind exchanges from Form 8824				3
4	Combine lines 1 through 3 in column (f) and enter here				4
5	Tax on short-term capital gain included on line 32 below				5 ()
6	Net short-term capital gain or (loss). Combine lines 4 and 5. Enter here and on Form 1120S, Schedule K line 4d or 6				6

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))	(g) 28% rate gain or (loss) *(see instr. below)
7						
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9	Long-term capital gain or (loss) from like-kind exchanges from Form 8824				9	
10	Combine lines 7 through 9 in column (f) and enter here				10	
11	Tax on long-term capital gain included on lines 24 and 32 below				11 () ()	
12	Combine lines 7 through 11 in column (g). Enter here and on Form 1120S, Schedule K, line 4e(1) or 6				12	
13	Net long-term capital gain or (loss). Combine lines 10 and 11 in column (f). Enter here and on Form 1120S, Schedule K, line 4e(2) or 6				13	

* 28% rate gain or (loss) includes ALL "collectibles gains and losses" (as defined in the instructions).

Part III Capital Gains Tax (See instructions before completing this part.)

14	Enter section 1231 gain from Form 4797, line 9, column (g)	14	
15	Net long-term capital gain or (loss). Combine lines 10 and 14 <i>Note: If the corporation is liable for the excess net passive income tax (Form 1120S, page 1, line 22a) or the built-in gains tax (Part IV below), see the line 16 instructions before completing line 16.</i>	15	
16	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 4)	16	
17	Statutory minimum	17	\$25,000
18	Subtract line 17 from line 16	18	
19	Enter 34% of line 18	19	
20	Taxable income (attach computation schedule)	20	
21	Enter tax on line 20 amount (attach computation schedule)	21	
22	Net capital gain from substituted basis property (attach computation schedule)	22	
23	Enter 35% of line 22	23	
24	Tax. Enter the smallest of line 19, 21, or 23 here and on Form 1120S, page 1, line 22b	24	

Part IV Built-In Gains Tax (See instructions before completing this part.)

25	Excess of recognized built-in gains over recognized built-in losses (attach computation schedule)	25	13,907.
26	Taxable income (attach computation schedule)	26	239,800.
27	Net recognized built-in gain. Enter smallest of line 25, line 26, or line 9 of Schedule B	27	13,907.
28	Section 1374(b)(2) deduction	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- here and on line 32	29	13,907.
30	Enter 35% of line 29	30	4,867.
31	Business credit and minimum tax credit carryforwards under section 1374(b)(3) from C corporation years	31	
32	Tax. Subtract line 31 from line 30 (if zero or less, enter -0-). Enter here and on Form 1120S, page 1, line 22b	32	4,867.

Depreciation and Amortization

(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach this form to your return.

Attachment
Sequence No. 67

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

59-2740313

Business or activity to which this form relates

GENERAL DEPRECIATION AND AMORTIZATION

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1																												
2 Total cost of section 179 property placed in service. See page 2 of the instructions	2																												
3 Threshold cost of section 179 property before reduction in limitation	3																												
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4																												
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5																												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">(a) Description of property</th> <th style="width: 20%;">(b) Cost (business use only)</th> <th style="width: 30%;">(c) Elected cost</th> </tr> </thead> <tbody> <tr> <td>6</td> <td></td> <td></td> </tr> <tr> <td>7 Listed property. Enter amount from line 27</td> <td style="text-align: center;">7</td> <td></td> </tr> <tr> <td>8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7</td> <td></td> <td style="text-align: center;">8</td> </tr> <tr> <td>9 Tentative deduction. Enter the smaller of line 5 or line 8</td> <td></td> <td style="text-align: center;">9</td> </tr> <tr> <td>10 Carryover of disallowed deduction from 1997. See page 3 of the instructions</td> <td></td> <td style="text-align: center;">10</td> </tr> <tr> <td>11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)</td> <td></td> <td style="text-align: center;">11</td> </tr> <tr> <td>12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11</td> <td></td> <td style="text-align: center;">12</td> </tr> <tr> <td>13 Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12</td> <td style="text-align: center;">▶ 13</td> <td></td> </tr> </tbody> </table>			(a) Description of property	(b) Cost (business use only)	(c) Elected cost	6			7 Listed property. Enter amount from line 27	7		8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8	9 Tentative deduction. Enter the smaller of line 5 or line 8		9	10 Carryover of disallowed deduction from 1997. See page 3 of the instructions		10	11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11	12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		12	13 Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	▶ 13	
(a) Description of property	(b) Cost (business use only)	(c) Elected cost																											
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7 Listed property. Enter amount from line 27	7																												
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9 Tentative deduction. Enter the smaller of line 5 or line 8		9																											
10 Carryover of disallowed deduction from 1997. See page 3 of the instructions		10																											
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12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		12																											
13 Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	▶ 13																												

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		40,383	5.000	MQ	200DB	3,246.
c 7-year property		38,632	5.000	MQ	200DB	648.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property	11/25/1998	468,356	39 yrs	MM	S/L	1,503.

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property. (See page 6 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	16,616.
18 Property subject to section 162(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 6 of the instructions.)

0 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	22,013.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 253A costs	22	

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No
(a) Type of property (list vehicles first) (b) Date placed in service (c) Business/investment use percentage (d) Cost or other basis (e) Basis for depreciation (business/investment use only) (f) Recovery period (g) Method/Convention (h) Depreciation deduction (i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):
26 Add amounts in column (h). Enter the total here and on line 20, page 1. 26
27 Add amounts in column (i). Enter the total here and on line 7, page 1. 27

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

28 Total business/investment miles driven during the year (DO NOT include commuting miles).
29 Total commuting miles driven during the year
30 Total other personal (noncommuting) miles driven
31 Total miles driven during the year. Add lines 28 through 30
32 Was the vehicle available for personal use during off-duty hours?
33 Was the vehicle used primarily by a more than 5% owner or related person?
34 Is another vehicle available for personal use?
(a) Vehicle 1 (b) Vehicle 2 (c) Vehicle 3 (d) Vehicle 4 (e) Vehicle 5 (f) Vehicle 6
Yes No Yes No Yes No Yes No Yes No Yes No

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners
37 Do you treat all use of vehicles by employees as personal use?
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions
Yes No

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles

Part VI Amortization

(a) Description of costs (b) Date amortization begins (c) Amortizable amount (d) Code section (e) Amortization period or percentage (f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:
41 Amortization of costs that began before 1998. 41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return. 42

Sales of Business Property
 (Also Involuntary Conversions and Recapture Amounts
 Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return: BUSINESS COMMUNICATIONS INC Identifying number: 59-2740313

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1998 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr)	(c) Date sold (mo., day, yr)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) GAIN or (LOSS) Subtract (f) from the sum of (d) and (e)	(h) 28% RATE GAIN or (LOSS) * (see instr below)
2 STMT 8						-3,998.	
3 Gain, if any, from Form 4684, line 39						3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37						13,907.	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8624							
6 Gain, if any, from line 32, from other than casualty or theft							
7 Combine lines 2 through 6 in columns (g) and (h). Enter gain or (loss) here, and on the appropriate line as follows: Partnerships - Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below. S corporations - Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7, column (g) is a gain and the S corporation is subject to the capital gains tax. All others - If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8 and 9. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, and 12 below.					9,909.		
8 Nonrecaptured net section 1231 losses from prior years (see instructions)							
9 Subtract line 8 from line 7. For column (g) only, if the result is zero or less, enter -0-. Enter here and on the appropriate line(s) as follows (see instructions) S corporations - Enter only the gain in column (g) on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below. All others - If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below, and enter the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D.							

* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain. Use column (h) only to report pre-1998 28% rate gain (or loss) from a 1997-98 fiscal year partnership or S corporation.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11 Loss, if any, from line 7, column (g)	11	()
12 Gain, if any, from line 7, column (g) or amount from line 8, column (g) if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 39a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8624	16	
17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)	17	
18 Combine lines 10 through 17 in columns (g). Enter gain or (loss) here, and on the appropriate line as follows: a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed. b For individual returns: (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions	18	
	18b(1)	
(2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14	18b(2)	

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A				
B				
C				
D				
These columns relate to the properties on lines 19A through 19D.	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing)	20			
21 Cost or other basis plus expense of sale	21			
22 Depreciation (or depletion) allowed or allowable	22			
23 Adjusted basis. Subtract line 22 from line 21	23			
24 Total gain. Subtract line 23 from line 20	24			
25 If section 1245 property:				
a Depreciation allowed or allowable from line 22	25a			
b Enter the smaller of line 24 or 25a	25b			
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291				
a Additional depreciation after 1975 (see instructions)	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c Subtract line 25a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d Additional depreciation after 1969 and before 1976	26d			
e Enter the smaller of line 26c or 26d	26e			
f Section 291 amount (corporations only)	26f			
g Add lines 26b, 26e, and 26f	26g			
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)				
a Soil, water, and land clearing expenses	27a			
b Line 27a multiplied by applicable percentage (see instructions)	27b			
c Enter the smaller of line 24 or 27b	27c			
28 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b Enter the smaller of line 24 or 28a	28b			
29 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6.	32

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation. See instructions	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Installment Sale Income

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your tax return. Use a separate form for each sale or other disposition of property on the installment method.

Name(s) shown on return

Identifying number

BUSINESS COMMUNICATIONS INC

59-2740313

- 1 Description of property BUILDING/LAND
2a Date acquired (month, day, year) 05/01/1988 b Date sold (month, day, year) 05/24/1993
3 Was the property sold to a related party after May 14, 1980? See instructions. If "No," skip line 4
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

Table with 18 rows for Part I: Selling price including mortgages and other debts, Mortgages and other debts the buyer assumed, Subtract line 6 from line 5, Cost or other basis of property sold, Depreciation allowed or allowable, Adjusted basis, Commissions and other expenses of sale, Income recapture from Form 4797, Add lines 10, 11, and 12, Subtract line 13 from line 5, If the property described on line 1 above was your main home, enter the amount of your excluded gain, Gross profit, Subtract line 13 from line 6, Contract price.

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

Table with 8 rows for Part II: Gross profit percentage, For year of sale only: Enter amount from line 17 above; otherwise, enter -0-, Payments received during year, Add lines 20 and 21, Payments received in prior years, Installment sale income, Part of line 24 that is ordinary income under recapture rules, Subtract line 25 from line 24.

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

- 27 Name, address, and taxpayer identifying number of related party
28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")?
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.
a The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year)
b The first disposition was a sale or exchange of stock to the issuing corporation
c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition
d The second disposition occurred after the death of the original seller or buyer
e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.
30 Selling price of property sold by related party
31 Enter contract price from line 18 for year of first sale
32 Enter the smaller of line 30 or line 31
33 Total payments received by the end of your 1998 tax year. See instructions
34 Subtract line 33 from line 32. If zero or less, enter -0-
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale
36 Part of line 35 that is ordinary income under recapture rules. See instructions
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions

FORM 1120S, PAGE 1 DETAIL

LINE 12 - TAXES

TAXES AND LICENSES EXCLUDING INCOME TAXES

LICENSES & TAXES	10,881
PAYROLL TAXES	51,691
STATE TAX	490

TOTAL	63,072
	=====

LINE 19 - OTHER DEDUCTIONS

AMORTIZATION	2,872
AUTO INSURANCE	7,863
BANK CHARGES	4,051
COMPUTER EXPENSE	3,944
CONSULTING	8,905
CONTRACT LABOR	1,644
DUES & SUBSCRIPTIONS	850
EMPLOYEE RELATIONS	3,666
LEGAL & ACCOUNTING	69,570
MEALS & ENTERTAINMENT	2,109
MISCELLANEOUS EXPENSE	1,915
OFFICE EXPENSE	12,897
POSTAGE	5,689
PRINTING	2,985
RADIOS/PAGERS	7,044
TELEPHONE	19,270
TRAINING	14,259
TRAVEL	2,606
TRUCK EXPENSE	19,842
UNIFORMS	3,083
UTILITIES	7,638
WORKERS COMPENSATION INSURANCE	30,363

TOTAL	233,065
	=====

FORM 1120S, PAGE 2 DETAIL

=====

SCH A, LINE 5 - OTHER COSTS

WARRANTY COSTS

8,792.

TOTAL

8,792.
=====

FORM 1120S, PAGE 3 DETAIL

=====

SCH K; LINE 5 - SECTION 1231 GAIN OR LOSS

SECTION 1231 GAIN OR LOSS	9,909
LESS: BUILT-IN GAINS TAX REDUCTION	(4,867

TOTAL	5,042
	=====

FORM 1120S, PAGE 3 DETAIL

SCH K, LINE 19 - NONDEDUCTIBLE EXPENSES

NONDEDUCTIBLE OFFICER LIFE INSURANCE
MEALS & ENTERTAINMENT
PENALTIES

1,99
2,10
10

TOTAL

4,114

FORM 1120S, PAGE 4 DETAIL - SCH L

	BEGINNING	ENDING
LINE 6 - OTHER CURRENT ASSETS		
EMPLOYEE RECEIVABLES	NONE	201.
TOTAL	NONE	201.
LINE 14 - OTHER ASSETS		
DEPOSITS	3,567.	4,593.
MORTGAGES RECEIVABLE	48,723.	NONE
OTHER RECEIVABLE	NONE	20,032.
TOTAL	52,290.	24,625.
LINE 18 - OTHER CURRENT LIABILITIES		
ACCOUNTS PAYABLE DWS	NONE	61.
DUE TO BAINBRIDGE	NONE	25,368.
TAXES PAYABLE	653.	490.
TOTAL	653.	25,919.
LINE 21 - OTHER LIABILITIES		
UNREALIZED GAIN	13,907.	NONE
INSURANCE PAYABLE	NONE	47.✓
DEFERRED INCOME	NONE	46,184.✓
SALES TAX PAYABLE	NONE	18,805.✓
UNEARNED INCOME	NONE	4,403.✓
DEPOSITS	NONE	12,794.✓
TOTAL	13,907.	82,233.

FORM 1120S, PAGE 4 DETAIL

SCH M-1, LINE 3 - EXPENSES ON BOOKS NOT IN RETURN

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995
MEALS & ENTERTAINMENT	2,109
PENALTIES	10

TOTAL	4,114
	=====

SCH M-1, LINE 6 - DEDUCTIONS NOT CHARGED AGAINST BOOK INCOME

TAX ON BUILT IN GAINS	4,867

TOTAL	4,867
	=====

SCH M-2, LINE 3 - OTHER ADDITIONS - AAA

INTEREST INCOME	5,829.
NET SECTION 1231 GAIN	5,042.

TOTAL	10,871.
	=====

SCH M-2, LINE 5 - OTHER REDUCTIONS - AAA

CHARITABLE CONTRIBUTIONS	917.
MEALS & ENTERTAINMENT	2,109.
PENALTIES	10.
TO REDUCE R.E. BY 80% FOR STOCK REDEMPTIONS	305,742.

TOTAL	308,778.
	=====

SCH M-2, LINE 5 -- OTHER REDUCTIONS - OAA

NONDEDUCTIBLE OFFICER LIFE INSURANCE	1,995.

TOTAL	1,995.
	=====

SCHEDULE D (FORM 1120S) DETAIL

LINE 25 - NET RECOGNIZED BUILT-IN GAINS

FROM SALES OF SECTION 1231 PROPERTY

13,907

TOTAL

13,907

FORM 4797, PAGE 1 DETAIL PART I

(A) DESCRIPTION OF PROPERTY	(B) DATE ACQUIRED	(C) DATE SOLD	(D) GROSS SALES PRICE	(E) DEPREC. ALLOWED	(F) COST OR OTHER BASIS PLUS IMPROV AND SALE EXPENSE	(G) GAIN/LOSS	(H) 28% RATE	
ASSETS								
BUILDING/LAND	VARIOUS	VARIOUS	4,000.	42,370.	50,368.	-3,998.		
PART I 4797 GAINS AND LOSSES							NONE	
							-3,998.	

SHAREHOLDER SUMMARY

=====

SH. #	SHAREHOLDER NAME	BEGINNING SHARES	OWNERSHIP PERCENTAGE
-----	-----	-----	-----
01	DOUGLAS SMITH		98.904110
02	MARVIN POWELL JR	510.0000	0.558904
03	GLENN POWELL	490.0000	0.536986

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR

PERIOD 01: BEGINNING 01/01/1998 AND ENDING 01/05/1998 NO. OF DAYS = 5.

SHARE-HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01				
02	510.0000		510.0000	0.558904
03	490.0000		490.0000	0.536986
TOTAL	1000.0000		1000.0000	

TRANSFER OF STOCK OWNERSHIP DURING TAX YEAR
=====

PERIOD 02: BEGINNING 01/05/1998 AND ENDING 12/31/1998 NO. OF DAYS = 361

SHARE- HOLDER NO.	SHARES HELD AT START OF PERIOD	CHANGE IN SHARES HELD DURING PERIOD	SHARES HELD AT CLOSE OF PERIOD	PERCENT FOR THE PERIOD
01		1000.0000	1000.0000	98.904110
02	510.0000	-510.0000		
03	490.0000	-490.0000		
TOTAL	1000.0000		1000.0000	

Handwritten text, possibly a signature or date, located in the upper right corner of the page.

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

1997

Department of the Treasury Internal Revenue Service

See separate instructions.

For calendar year 1997, or tax year beginning 1997, & ending 19

Header section containing: A Date of election as an S corporation (02/19/97), B Business code no. (4825), C Employer Identification no. (59-2740313), D Date incorporated (12/01/86), E Total assets (\$420,829), Name: BUSINESS COMMUNICATIONS, INC., 2374 CAPITAL CIRCLE NE, TALLAHASSEE, FL 32308.

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Enter number of shareholders in the corporation at end of the tax year 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Main table with 27 rows and 4 columns (a, b, c, d). Rows include Income (1a-6), Deductions (7-20), Tax and Payments (21-27). Values include: 1a: 1,543,641; 2: 624,359; 3: 919,282; 4: Net gain (loss) from Form 4797; 5: 2,000; 6: 921,282; 7: 99,812; 8: 444,285; 9: 322; 10: Bad debts; 11: 23,000; 12: 44,071; 13: 7,658; 14a: 22,596; 15: Depletion; 16: 19,901; 17: Pension; 18: 14,000; 19: 171,060; 20: 846,705; 21: 74,577; 22a: Excess net passive income tax; 22b: 249; 22c: 249; 23a-d: Payments; 24: Estimated tax penalty; 25: 249; 26: Overpayment; 27: Refunded.

Signature and Preparer's Use Only section. Includes: Paul A. Posey & Co., P.A., Certified Public Accountants, 922 E. Lafayette Street, Suite 301, Tallahassee, Florida 32301. Preparer: Paul A. Posey, President, Signature Date 01/31/98, Title, Preparer's SSN 267-21-4431, EIN 59-2680707, ZIP code 32301.

Schedule A Cost of Goods Sold (see page 13 of the instructions)

1	Inventory at beginning of year	1	72,843.
2	Purchases	2	614,653.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	6,001.
6	Total. Add lines 1 through 5	6	693,497.
7	Inventory at end of year	7	69,138.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	624,359.

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B Other Information

1 Check method of accounting. (a) Cash (b) Accrual (c) Other (specify) ▶

2 Refer to the list on page 23 of the instructions and state the corporation's principal.

(a) Business activity ▶ RETAIL (b) Product or service ▶ COMMUN. SERVICE

3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned Yes No

4 Was the corporation a member of a controlled group subject to the provisions of section 1561? Yes No

5 At any time during calendar year 1997, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) Yes No
If "Yes," enter the name of the foreign country ▶

6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 or 926. See page 14 of the instructions Yes No

7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount.
If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments

9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 14 of the instructions) ▶ \$ 712.

10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 14 of the instructions)

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items		(b) Total amount		
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1		74,577.	
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2			
	3a	Gross income from other rental activities	3a			
	b	Expenses from other rental activities (attach schedule)	3b			
	c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c			
	4	Portfolio income (loss):				
	a	Interest income	4a		5,717.	
	b	Dividend income	4b			
	c	Royalty income	4c			
	d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d			
	e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)):				
	(1)	28% rate gain (loss) ▶	(2)	Total for year ▶	4e(2)	
	f	Other portfolio income (loss) (attach schedule)	4f			
5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797):					
a	28% rate gain (loss) ▶	b	Total for year ▶	5b	463.	
6	Other income (loss) (attach schedule)	6				
Deductions	7	Charitable contributions (attach schedule)	7		7,540.	
	8	Section 179 expense deduction (attach Form 4562)	8		5,961.	
	9	Deductions related to portfolio income (loss) (itemize)	9			
	10	Other deductions (attach schedule)	10			
Investment Interest	11a	Interest expense on investment debts	11a			
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)		5,717.	
	(2)	Investment expenses included on line 9 above	11b(2)			
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a			
	b	Low-income housing credit:				
	(1)	From partnerships to which sec. 42(j)(5) applies for property placed in service before 1990 ..	12b(1)			
	(2)	Other than on line 12b(1) for property placed in service before 1990	12b(2)			
	(3)	From partnerships to which section 42(j)(5) applies for property placed in service after 1989 ..	12b(3)			
	(4)	Other than on line 12b(3) for property placed in service after 1989	12b(4)			
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) ..	12c			
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities. ...	12d			
e	Credits related to other rental activities	12e				
13	Other credits	13				
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a		-3,498.	
	b	Adjusted gain or loss	14b			
	c	Depletion (other than oil and gas)	14c			
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)			
	(2)	Deductions allocable to oil, gas, or geothermal properties	14d(2)			
e	Other adjustments and tax preference items (attach schedule)	14e				
Foreign Taxes	15a	Type of income ▶				
	b	Name of foreign country or U.S. possession				
	c	Total gross income from sources outside the United States (attach schedule)	15c			
	d	Total applicable deductions and losses (attach schedule)	15d			
	e	Total foreign taxes (check one) ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e			
	f	Reduction in taxes available for credit (attach schedule)	15f			
	g	Other foreign tax information (attach schedule)	15g			
Other	16	Section 59(e)(2) expenditures. a Type ▶	b	Amount ▶	16b	
	17	Tax-exempt interest income	17			
	18	Other tax-exempt income	18			
	19	Nondeductible expenses	19	Statement Attached	3,287.	
	20	Total property distributions (including cash) other than dividends reported on line 22 below.	20			
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)				
	22	Total dividend distributions paid from accumulated earnings and profits	22			
23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23		67,256.		

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		86,146.		185,763.
2a	Trade notes and accounts receivable.....	128,894.		61,718.	
b	Less allowance for bad debts.....		128,894.		61,718.
3	Inventories		72,843.		69,138.
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)....		2,565.		
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	243,419.		249,379.	
b	Less accumulated depreciation	168,902.	74,517.	197,459.	51,920.
11a	Depletable assets.....				
b	Less accumulated depletion.....				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule).....		54,761.		52,290.
15	Total assets		419,726.		420,829.
Liabilities and Shareholders' Equity					
16	Accounts payable.....		18,219.		29,681.
17	Mortgages, notes, bonds payable in less than 1 yr.		46,388.		39,308.
18	Other current liabilities (attach schedule) ..		418.		902.
19	Loans from shareholders				39,056.
20	Mortgages, notes, bonds payable in 1 year or more		56,599.		14,740.
21	Other liabilities (attach schedule)		14,619.		13,907.
22	Capital stock		1,000.		1,000.
23	Additional paid-in capital		19,481.		19,481.
24	Retained earnings		382,176.		381,928.
25	Adjustments to shareholders' equity (attach sch.) ..				
26	Less cost of treasury stock		(119,174.)		(119,174.)
27	Total liabilities and shareholders' equity		419,726.		420,829.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000)

1	Net income (loss) per books	64,218.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize)	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year		a	Tax-exempt int. \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize)		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$	1,167.		See Stmt.	249.
	See Stmt.	2,120.	7	Add lines 5 and 6	249.
4	Add lines 1 through 3.....	3,287.	8	Income (loss) (Schedule K, line 23)	
		67,505.		Line 4 less line 7.....	67,256.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 21 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	382,176.	
2	Ordinary income from page 1, line 21	74,577.	
3	Other additions	6,181.	
4	Loss from page 1, line 21	()	
5	Other reductions	(81,006.)	
6	Combine lines 1 through 5.....	381,928.	
7	Distributions other than dividend distributions ..		
8	Balance at end of tax year. Subtract line 7 from line 6 ..	381,928.	

**SCHEDULE D
(Form 1120S)**

Capital Gains and Losses and Built-In Gains

OMB No. 1545-012

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120S.
▶ See separate instructions.

1997

Name: **USINESS COMMUNICATIONS, INC.** Employer identification number: **59-2740313**

Part I Short-Term Capital Gains and Losses -- Assets Held One Year or Less

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain or (loss) from like-kind exchanges from Form 8824				3
4	Combine lines 1 through 3 in column (f) and enter here				4
5	Tax on short-term capital gain included on line 32 below				5 ()
6	Net short-term capital gain or (loss). Combine lines 4 and 5. Enter here and on Form 1120S, Schedule K, line 4d or 6				6

Part II Long-Term Capital Gains and Losses -- Assets Held More Than One Year

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for entire year ((d) minus (e))	(g) 28% rate gain or (loss) *(see instr. below)
7						
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9	Long-term capital gain or (loss) from like-kind exchanges from Form 8824				9	
10	Combine lines 7 through 9 in column (f) and enter here				10	
11	Tax on long-term capital gain included on lines 24 and 32 below				11 () ()	
12	Combine lines 7 through 11 in column (g). Enter here and on Form 1120S, Schedule K, line 4e(1) or 6				12	
13	Net long-term capital gain or (loss). Combine lines 10 and 11 in column (f). Enter here and on Form 1120S, Schedule K, line 4e(2) or 6				13	

* 28% rate gain or (loss) includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received) either:

- Before May 7, 1997, or
- After July 28, 1997, for assets held more than 1 year but not more than 18 months.

It also includes ALL "collectibles gains and losses" (as defined in the instructions).

Part III Capital Gains Tax (See instructions before completing this part.)

14	Enter section 1231 gain from Form 4797, line 9, column (g)	14	712.
15	Net long-term capital gain or (loss). Combine lines 10 and 14	15	712.
16	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 4)	16	712.
17	Statutory minimum	17	\$25,000
18	Subtract line 17 from line 16	18	0.
19	Enter 34% of line 18	19	0.
20	Taxable income (attach computation schedule)	20	67,256.
21	Enter tax on line 20 amount (attach computation schedule)	21	11,814.
22	Net capital gain from substituted basis property (attach computation schedule)	22	
23	Enter 35% of line 22	23	
24	Tax. Enter the smallest of line 19, 21, or 23 here and on Form 1120S, page 1, line 22b	24	

Part IV Built-In Gains Tax (See instructions before completing this part.)

25	Excess of recognized built-in gains over recognized built-in losses (attach computation schedule)	25	712.
26	Taxable income (attach computation schedule)	26	67,256.
27	Net recognized built-in gain. Enter the smallest of line 25, line 26, or line 9 of Schedule B	27	712.
28	Section 1374(b)(2) deduction	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- here and on line 32	29	712.
30	Enter 35% of line 29	30	249.
31	Business credit and minimum tax credit carryforwards under section 1374(b)(3) from C corporation years	31	
32	Tax. Subtract line 31 from line 30 (if zero or less, enter -0-). Enter here and on Form 1120S, page 1, line 22b	32	249.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule D (Form 1120S) 1997

SCHEDULE K-1
(Form 1120S)

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0130

▶ See separate instructions.

For calendar year 1997 or tax year

1997

Department of the Treasury
Internal Revenue Service

beginning

, 1997, and ending

, 19

Shareholder's identifying number ▶ **267-71-1111**

Corporation's identifying number ▶ **59-2740313**

Shareholder's name, address, and ZIP code

MARVIN POWELL, JR.
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308

Corporation's name, address, and ZIP code

BUSINESS COMMUNICATIONS, INC.
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308

- A** Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ **51.0000%**
B Internal Revenue Service Center where corporation filed its return ▶ **ATLANTA, GA**
C Tax shelter registration number (see instructions for Schedule K-1) ▶ _____
D Check applicable boxes: (1) Final K-1 (2) Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in col. (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 38,034.	▶ See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		▶ See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)
	a Interest	4a 2,916.	
	b Dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	Sch. D, line 12, col. (g)
(2) Total for year	e(2)	Sch. D, line 12, col. (f)	
f Other portfolio income (loss) (attach schedule)	4f		
5 Net section 1231 gain (loss) (other than due to casualty or theft):		▶ See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)	
a 28% rate gain (loss)	5a		
b Total for year	5b 236.		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)	7 3,845.	Sch. A, line 15 or 16
	8 Section 179 expense deduction	8 3,040.	▶ See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1) 2,916.	▶ See Shareholder's Instructions for Schedule K-1 (Form 1120S).
(2) Investment expenses included on line 9 above	b(2)		
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10
	b Low-income housing credit:		▶ Form 8586, line 5
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	▶ See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
e Credits related to other rental activities	12e		
13 Other credits	13		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 120SK112 NTF 12234 GLD 2876

Shareholder #1

	(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986	14a -1,784.	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b Adjusted gain or loss	14b	
	c Depletion (other than oil and gas)	14c	
	d (1) Gross income from oil, gas, or geothermal properties	d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties	d(2)	
	e Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15a Type of income ▶ _____		Form 1116, Check boxes
	b Name of foreign country or U.S. possession ▶ _____		Form 1116, Part I
	c Total gross income from sources outside the United States (attach schedule)	15c	
	d Total applicable deductions and losses (attach schedule)	15d	Form 1116, Part II Form 1116, Part III See Inst. for Form 1116
	e Total foreign taxes (check one): . . ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
	f Reduction in taxes available for credit (attach schedule)	15f	
	g Other foreign tax information (attach schedule)	15g	
Other	16 Section 59(e)(2) expenditures: a Type ▶ _____		See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	b Amount	16b	Form 1040, line 8b
	17 Tax-exempt interest income	17	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	18 Other tax-exempt income	18	
	19 Nondeductible expenses	19 1,676.	
	20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV	20	Form 8611, line 8
	21 Amount of loan repayments for "Loans From Shareholders"	21	
22 Recapture of low-income housing credit:			
a From section 42(j)(5) partnerships	22a		
b Other than on line 22a	22b		
Supplemental Information	23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):		
	See Statement (s) Attached		

Supplemental Information For Schedule K-1

Prepared for: MARVIN POWELL, JR.
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308
Identifying Number: 267-71-1111

Line 19 Schedule K-1 (Form 1120S)

Nondeductible expenses

Description	Amount
Meals & entertainment expenses	595.
Life Insurance	1,081.
TOTAL	1,676.

=====

**SCHEDULE K-1
(Form 1120S)**

Shareholder's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0130

▶ See separate instructions.

1997

Department of the Treasury
Internal Revenue Service

For calendar year 1997 or tax year

beginning , 1997, and ending , 19

Shareholder's identifying number ▶ 262-84-6721

Corporation's identifying number ▶ 59-2740313

Shareholder's name, address, and ZIP code
GLENN POWELL
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308

Corporation's name, address, and ZIP code
BUSINESS COMMUNICATIONS, INC.
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308

- A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 49.0000%
- B Internal Revenue Service Center where corporation filed its return ▶ ATLANTA, GA
- C Tax shelter registration number (see instructions for Schedule K-1)..... ▶
- D Check applicable boxes: (1) Final K-1 (2) Amended K-1

(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in col. (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1 36,543.	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2	
	3 Net income (loss) from other rental activities	3	
	4 Portfolio income (loss):		
	a Interest	4a 2,801.	Sch. B, Part I, line 1
	b Dividends	4b	Sch. B, Part II, line 5
	c Royalties	4c	Sch. E, Part I, line 4
	d Net short-term capital gain (loss)	4d	Sch. D, line 5, col. (f)
	e Net long-term capital gain (loss):		
	(1) 28% rate gain (loss)	e(1)	Sch. D, line 12, col. (g)
(2) Total for year	e(2)	Sch. D, line 12, col. (f) (Enter on applicable line of your return.)	
f Other portfolio income (loss) (attach schedule)	4f		
5 Net section 1231 gain (loss) (other than due to casualty or theft):			
a 28% rate gain (loss)	5a	See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable line of your return.)	
b Total for year	5b 227.		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)	7 3,695.	Sch. A, line 15 or 16
	8 Section 179 expense deduction	8 2,921.	See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss) (attach schedule)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11a Interest expense on investment debts	11a	Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above .	b(1) 2,801.	See Shareholder's Instructions for Schedule K-1 (Form 1120S).
(2) Investment expenses included on line 9 above	b(2)		
Credits	12a Credit for alcohol used as fuel	12a	Form 6478, line 10
	b Low-income housing credit:		
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)	Form 8566, line 5
	(2) Other than on line 12b(1) for property placed in service before 1990	b(2)	
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities	12c	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S)
e Credits related to other rental activities	12e		
13 Other credits	13		

For Paperwork Reduction Act Notice, see the instructions for Form 1120S.

Schedule K-1 (Form 1120S) 1997

CAA 7 120SK112 NTF 12234 GLD 2876

Shareholder #2

		(a) Pro rata share items	(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:	
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a	-1,714.	See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b	Adjusted gain or loss	14b		
	c	Depletion (other than oil and gas)	14c		
	d (1)	Gross income from oil, gas, or geothermal properties	d(1)		
	d (2)	Deductions allocable to oil, gas, or geothermal properties	d(2)		
	e	Other adjustments and tax preference items (attach schedule)	14e		
Foreign Taxes	15a	Type of income			Form 1116, Check boxes Form 1116, Part I Form 1116, Part II Form 1116, Part III See Inst. for Form 1116
	b	Name of foreign country or U.S. possession			
	c	Total gross income from sources outside the United States (attach schedule)	15c		
	d	Total applicable deductions and losses (attach schedule)	15d		
	e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e		
	f	Reduction in taxes available for credit (attach schedule)	15f		
	g	Other foreign tax information (attach schedule)	15g		
Other	16	Section 59(e)(2) expenditures: a Type			See Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 1040, line 8b See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 8611, line 8
	b	Amount	16b		
	17	Tax-exempt interest income	17		
	18	Other tax-exempt income	18		
	19	Nondeductible expenses	19	1,611.	
	20	Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV	20		
	21	Amount of loan repayments for "Loans From Shareholders"	21		
	22	Recapture of low-income housing credit:			
a	From section 42(j)(5) partnerships	22a			
b	Other than on line 22a	22b			
Supplemental Information	23	Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):			
		See Statement (s) Attached			

Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313

Supplemental Information For Schedule K-1

Prepared for: GLENN POWELL
2374 CAPITAL CIRCLE NE
TALLAHASSEE, FL 32308
Identifying Number: 262-84-6721

Line 19 Schedule K-1 (Form 1120S)

Nondeductible expenses

Description	Amount

Meals & entertainment expenses	572.
Life Insurance	1,039.

TOTAL	1,611.
	=====

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach this form to your return.

Name(s) shown on return

BUSINESS COMMUNICATIONS, INC.

Business or activity to which this form relates

Form 1120S

Identifying number
59-2740313

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	\$18,000
2 Total cost of section 179 property placed in service. See page 2 of the instructions	2	5,961.
3 Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4 Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	18,000.
6 (a) Description of property (b) Cost (business use only) (c) Elected cost		
See Attached Schedule		5,961.
7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	5,961.
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	5,961.
10 Carryover of disallowed deduction from 1996. See page 3 of the instructions.	10	
11 Business income limitation. Enter smaller of business income (not less than zero) or line 5 (see instructions)	11	18,000.
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	5,961.
13 Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12. ▶	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)

Section A -- General Asset Account Election

14 If you are making the election under section 168(j)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions. ▶

Section B -- General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

Section C -- Alternative Depreciation System (ADS) (See page 6 of the instructions)

16a Class life					S/L
b 12-year			12 yrs.		S/L
c 40-year			40 yrs	MM	S/L

Part III Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1997	17	22,575.
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	

Part IV Summary (See page 7 of the instructions)

20 Listed property Enter amount from line 26	20	21.
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20 Enter here and on the appropriate lines of your return Partnerships and S corporations -- see instructions.	21	28,557.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	22	

Part V Listed Property -- Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A -- Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support business/investment use claimed? Yes No **23b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See page 7 of the instructions.):								
CELL. PHONE	04/12/91	100%	726.	726.	5 yr	S/L HY		
COMPUTER	05/14/91	100%	7,387.	7,387.	5 yr	S/L HY		
CELL PHONE	10/06/95	100%	111.	111.	5 yr	S/L HY	21.	
25 Property used 50% or less in a qualified business use (See page 7 of the instructions.):								
		%				S/L-		
		%				S/L-		
		%				S/L-		
26 Add amounts in column (h) Enter the total here and on line 20, page 1							26	21.
27 Add amounts in column (i). Enter the total here and on line 7, page 1							27	

Section B -- Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during year (DO NOT include commuting miles) . . .												
29 Total commuting miles driven during year . . .												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C -- Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1997 tax year:					
41 Amortization of costs that began before 1997					41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					42

Supporting Schedules

Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313

Form 4562 Schedules, Form 1120S RETAIL
Part I - Election to expense under Section 179

Description	Date in Service	Cost	Deducti
COMP.UPGRADE	2/13/97	1,195.	1,195.
LIB. RADIOS	5/09/97	1,766.	1,766.
2 LAPTOP COM	11/13/97	600.	600.
SHELVING	9/20/97	2,400.	2,400.
Total		5,961.	5,961.

Supporting Schedules
 Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313 19

Form 4562 Asset Listing, Form 1120S RETAIL

Asset #	Description	T	Acq. Date	Pct. Used	I C	Cost Basis	D M	C	Est Life	Prior Depr.	Sec 179	1991 Dep
1	TRUCK EQMT.	N	010189	100%	N	8256	3	HY	5			
2	FURNT./EQMT.	N	010189	100%	N	41383	3	HY	5	8256	0	
3	FURNITURE	N	010189	100%	N	6000	3	HY	5	41383	0	
4	FAX MACHINE	N	021591	100%	N	473	3	HY	5	6000	0	
5	CELL. PHONE	O	041291	100%	N	726	3	HY	5	473	0	
6	COMPUTER	O	051491	100%	N	7387	3	HY	5	726	0	
7	MICROWAVE	N	071591	100%	N	105	3	HY	5	7387	0	
8	PRINTER	N	080691	100%	N	275	3	HY	5	105	0	
9	89 DODGE P/U	N	030192	100%	N	5950	3	HY	5	275	0	
10	92 FORD RANG	N	030192	100%	N	15108	3	HY	5	5950	0	
11	L/H IMPROV.	N	063092	100%	N	4172	3	HY	5	15108	0	
12	90 FORD RANG	N	040193	100%	N	6612	3	F	5	4172	0	
13	TOPPER-TRK.	N	041493	100%	N	433	3	F	5	5288	0	1325
14	90 TOYOTA PU	N	092893	100%	N	8626	3	F	5	348	0	8
15	95 FORD TRCK	N	070395	100%	N	11823	3	F	5	5606	0	1725
16	COPIER	N	081793	100%	N	1044	3	F	5	3547	0	2365
17	RADIOS-8	N	100693	100%	N	1452	3	F	5	836	0	209
18	COMPUTER	N	101393	100%	N	1525	3	F	5	943	0	290
19	TOOLS/EQMT.	N	092493	100%	N	8000	3	F	5	991	0	305
20	TOPPER-TRK.	N	030794	100%	N	403	3	F	5	5200	0	1600
21	94 MAZDA TRK	N	033094	100%	N	12719	3	F	5	229	0	81
22	93 TOYOTA TR	N	062194	100%	N	8301	3	F	5	7208	0	2544
23	94 EXPLORER	N	122394	100%	N	25196	3	F	5	4150	0	1660
24	DESK/CHAIR	N	040894	100%	N	150	3	F	5	7970	0	1675
25	DSKTOP. COMP	N	113094	100%	N	249	3	F	5	83	0	30
26	4-LPTOP COMP	N	113094	100%	N	1033	3	F	5	108	0	50
27	TECH. LPTOPS	N	120294	100%	N	3247	3	F	5	448	0	207
28	PRINTER	N	121994	100%	N	1174	3	F	5	1352	0	649
29	VACUUM	N	122294	100%	N	108	3	F	5	490	0	235
30	95 FORD TRCK	N	070395	100%	N	11823	3	F	5	46	0	22
31	95 FORD TRCK	N	102395	100%	N	11890	3	HY	5	3547	0	2365
32	94 FORD VAN	N	103195	100%	N	11982	3	F	5	0	11890	0
33	VAN SHELVES	N	111495	100%	N	1594	3	F	5	1486	5610	1274
34	CELL PHONE	O	100695	100%	N	111	3	F	5	372	0	319
35	REFRIGERATOR	N	121995	100%	N	500	3	F	5	28	0	21
36	L/H IMPROV.	N	081095	100%	N	17306	3	F	20	108	- 0	100
37	OFFICE FURN.	N	030796	100%	N	3609	3	HY	5	4903	0	3461
38	OFFICE FURN.	N	032696	100%	N	430	3	HY	5	0	3609	0
39	FAX MACHINE	N	043096	100%	N	2242	3	HY	5	0	430	0
40	COMP.UPGRADE	N	021397	100%	N	1195	1	HY	5	0	2242	0
41	LIB. RADIOS	N	050997	100%	N	1766	1	HY	5	0	1195	0
42	2 LAPTOP COM	N	111397	100%	N	600	1	HY	5	0	1766	0
43	SHELVING	N	092097	100%	N	2400	1	HY	5	0	600	0

Prior Year Totals
 Current Year Totals

249378	145122	23781	
		5961	22596

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

1997

Attachment
Sequence No. 27

Name(s) shown on return

BUSINESS COMMUNICATIONS, INC.

Identifying number

59-2740313

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements & expense of sale	(g) GAIN or (LOSS) for entire year. Subtr. (f) from the sum of (d) and (e)	(h) 28% RATE GAIN or (LOSS) * (see instr. below)
2							
3	Gain, if any, from Form 4684, line 39					3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37.					4	712.
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5	
6	Gain, if any, from line 32, from other than casualty or theft.					6	
7	Combine lines 2 through 6 in columns (g) & (h). Enter gain or (loss) here, & on appropriate line as follows: Partnerships -- Enter the gain or (loss) on Form 1065, Schedule K, lines 6a and 6b. Skip lines 8, 9, 11, and 12 below. S corporations -- Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7, column (g) is a gain and the S corporation is subject to the capital gains tax. All others -- If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8 and 9. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, and 12 below.					7	712.
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8	
9	Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on appropriate line as follows (see instr.): S corporations -- Enter only the gain in column (g) on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below. All others -- If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below, and enter gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D.					9	712. 0.

* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain. 28% rate gain or loss includes all gains and losses in column (g) from sales, exchanges, or conversions (including installment payments received) either (a) before 5/7/97 or (b) after 7/28/97 for assets held more than 1 year but not more than 18 months.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11	Loss, if any, from line 7, column (g)	11	
12	Gain, if any, from line 7, column (g) or amount from line 8, column (g) if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)	17	
18	Combine lines 10 through 17 in column (g). Enter gain or (loss) here, and on appropriate line as follows: a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed b For individual returns.	18	
	(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040) Identify as from "Form 4797, line 18b(1)." See instructions	18b(1)	
	(2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14.	18b(2)	

Installment Sale Income

Department of the Treasury Internal Revenue Service

See separate instructions. Attach to your tax return. Use a separate form for each sale or other disposition of property on the installment method.

1997 Attachment Sequence No. 79

Name(s) shown on return BUSINESS COMMUNICATIONS, INC. Identifying number 59-2740313

1 Description of property BLDG./LAND
2a Date acquired (month, day, year) 05/01/88 b Date sold (month, day, year) 05/24/93
3 Was the property sold to a related party after May 14, 1980? No
4 Was the property you sold to a related party a marketable security? No

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

Table with 18 rows for Part I. Columns include line numbers and descriptions. Values: 5 (Selling price), 6 (Mortgages), 7 (Subtract line 6 from line 5), 8 (Cost or other basis), 9 (Depreciation), 10 (Adjusted basis), 11 (Commissions), 12 (Income recapture), 13 (Add lines 10, 11, and 12), 14 (Subtract line 13 from line 5), 15 (Total of lines 14 and 22), 16 (Gross profit), 17 (Subtract line 13 from line 6), 18 (Contract price).

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

Table with 6 rows for Part II. Columns include line numbers, descriptions, and values. Values: 19 (Gross profit percentage: 28.806%), 20 (For year of sale only), 21 (Payments received during year: 2,471), 22 (Add lines 20 and 21: 2,471), 23 (Payments received in prior years: 14,250), 24 (Installment sale income: 712), 25 (Part of line 24 that is ordinary income), 26 (Subtract line 25 from line 24: 712).

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party
28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? No
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.
a The second disposition was more than 2 years after the first disposition...
b The first disposition was a sale or exchange of stock to the issuing corporation
c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition
d The second disposition occurred after the death of the original seller or buyer.
e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.
30 Selling price of property sold by related party
31 Enter contract price from line 18 for year of first sale
32 Enter the smaller of line 30 or line 31
33 Total payments received by the end of your 1997 tax year
34 Subtract line 33 from line 32. If zero or less, enter -0-
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale
36 Part of line 35 that is ordinary income under recapture rules. See instructions.
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions.

Form 1120S - Income, Line 5
 Other Income or Loss

Description	Amount
-----	-----
COMMISSIONS INCOME	
TOTAL	2,000

	2,000
	=====

Form 1120S - Deductions, Line 19
 Other Deductions

Description	Amount
-----	-----
AUTO AND TRUCK	
BANK CHARGES	
COMPUTER	29,213.
DUES AND SUBSCRIPTIONS	80.
INSURANCE	2,090.
PROFESSIONAL FEES	2,297.
OFFICE	69,286.
SUPPLIES	3,111.
TELEPHONE	21,676.
UNIFORMS	422.
UTILITIES	32,053.
CONTRACT LABOR	851.
PEST CONTROL	5,738.
TRAVEL	195.
COMMISSIONS	6.
SCHOOL EXPENSE	2,202.
Meals & entertainment expenses	477.
	196.
TOTAL	1,167.

	171,060.
	=====

Form 1120S - Schedule A, Line 5
 Other Costs

Description	Amount
-----	-----
WARRANTY COSTS	
TOTAL	6,001.

	6,001.
	=====

Form 1120S - Schedule K, Line 19
 Nondeductible Expenses

Description	Amount
Meals & entertainment expenses	1,167
Life Insurance	2,120
TOTAL	3,287

Form 1120S - Schedule L, Line 6
 Other Current Assets

Description	Beginning	Ending
PREPAID TAXES	2,565.	
TOTAL	2,565.	

Form 1120S - Schedule L, Line 14
 Other Assets

Description	Beginning	Ending
DEPOSITS	3,567.	3,567.
MORTGAGE RECEIVABLE	51,194.	48,723.
TOTAL	54,761.	52,290.

Form 1120S - Schedule L, Line 18
 Other Current Liabilities

Description	Beginning	Ending
TAXES PAYABLE		653.
FEDERAL INCOME TAX PAYABLE	418.	249.
TOTAL	418.	902.

Form 1120S - Schedule L, Line 21
 Other Liabilities

Description	Beginning	Ending
UNREALIZED GAIN		
TOTAL	14,619.	13,907
	14,619.	13,907
	=====	=====

Form 1120S - Schedule M-1, Line 3
 Other Expenses Recorded on Books not Deductible

Description	Amount
LIFE INSURANCE	
TOTAL	2,120.
	2,120.
	=====

Form 1120S - Schedule M-1, Line 6
 Other Deductions not Charged Against Book Income

Description	Amount
SECTION 1374 TAX	
TOTAL	249.
	249.
	=====

S-Corporation Form 1120S
 Schedule M-2 - Other Additions

Description	Accumulated Adjustments Account	Other Adjustments Account
Interest income		
Net Sec. 1231 gain	5,717.	
ROUNDING ADJ.	463.	
TOTAL	1.	
	6,181.	
	=====	=====

Supporting Schedules - 1997

Page:

Company: BUSINESS COMMUNICATIONS, INC.

EIN: 59-2740313

S-Corporation Form 1120S
 Schedule M-2 - Other Reductions

Description	Accumulated Adjustments Account	Other Adjustment Account
Charitable contributions	7,540.	
Section 179 expense	5,961.	
Nondeductible expenses	3,287.	
DIVIDEND DISTRIBUTIONS	64,218.	
TOTAL	81,006.	