

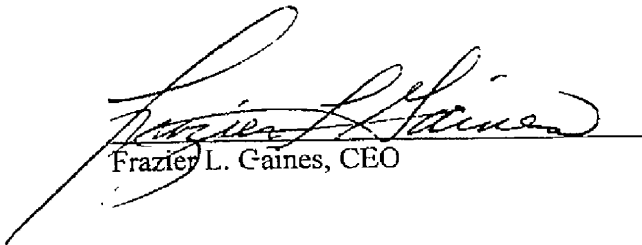
Docket # 020872-TS

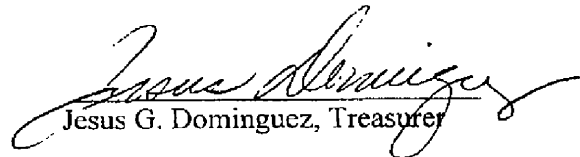
ORIGINAL

August 29, 2002

To Whom It May Concern:

The accompanying statements of LMG Enterprises, LLC for the year ended 12-31-2001 and the seven months ended July 31, 2002, have been prepared internally by us and are true and correct to the best of our knowledge and belief.


Frazier L. Gaines, CEO


Jesus G. Dominguez, Treasurer

9/4/02
Please place
the attached
in the above
docket file.

Thank you,
Brenda Hawkins

- AUS _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC
- OTH _____

DOCUMENT NUMBER-DATE
09372 SEP-5 02
COMM-COMMISSION CLERK

Basis

	<u>Jul 31, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 - First Union	2,376.50
1010 - First Union Money Market	47.80
Total Checking/Savings	<u>2,424.30</u>
Other Current Assets	
1135 - Goodwill	738,392.00
1140 - Prepayment	100.00
1210 - Employee Advances	3,870.00
1270 - Alva Property	44,173.23
1300 - Due from ATCA	56,957.77
Total Other Current Assets	<u>843,493.00</u>
Total Current Assets	845,917.30
Fixed Assets	
1540 - Office Equipment	29,770.40
1550 - Accum. Depr. - Office Equip	-17,611.96
Total Fixed Assets	<u>12,158.44</u>
Other Assets	
1590 - Investment H&G/CG	140,000.00
Total Other Assets	<u>140,000.00</u>
TOTAL ASSETS	<u><u>998,075.74</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	13,180.48
Total Accounts Payable	<u>13,180.48</u>
Other Current Liabilities	
2100 - Payroll Liabilities	
2100.15 - Benefits	-5,387.04
2100.20 - Bonuses	-76,750.00
2100 - Payroll Liabilities - Other	-204,193.68
Total 2100 - Payroll Liabilities	<u>-286,330.72</u>
2300 - Accruals	-1,864.94
2400 - Due to FLG	799,250.00
2450 - Due to Charles Willerson	-10,000.00
2500 - Due to ITS	31,384.62
Total Other Current Liabilities	<u>532,438.96</u>
Total Current Liabilities	<u>545,619.44</u>
Total Liabilities	545,619.44
Equity	
3400 - Opening Bal Equity	194,223.67
3700 - Retained Earnings	172,392.34
Net Income	85,840.29
Total Equity	<u>452,456.30</u>
TOTAL LIABILITIES & EQUITY	<u><u>998,075.74</u></u>

Profit & Loss
January through July 2002

	<u>Jan - Jul 02</u>
Ordinary Income/Expense	
Income	
4500 - Dividends	186,107.00
4600 - Miscellaneous Income	150,710.26
4700 - Interest Income	2,973.42
4900 - Uncategorized Income	120.00
	<hr/>
Total Income	339,910.68
Cost of Goods Sold	
5210 - Scrap Metal	13,285.55
	<hr/>
Total COGS	13,285.55
	<hr/>
Gross Profit	326,625.13
Expense	
6020 - Auto Lease	2,357.68
6030 - Automobile Expense	
6030.05 - Auto - Gas	1,131.49
6030.10 - Auto Repairs	1,590.81
	<hr/>
Total 6030 - Automobile Expense	2,722.30
6040 - Bank Service Charge	252.09
6060 - Building Supplies	514.00
6100 - Dues & Subscriptions	4,749.70
6130 - Insurance	
6130.10 - Dental Insurance	77.22
6130.25 - Health Insurance	1,633.00
6130.35 - Life Insurance	6,372.09
	<hr/>
Total 6130 - Insurance	8,082.31
6140 - Interest Expense	
6140.15 - Loan Interest	181.36
	<hr/>
Total 6140 - Interest Expense	181.36
6170 - Licenses & Permits	2,596.23
6180 - Miscellaneous Expense	1,602.45
6190 - Office Supplies	2,261.02
6200 - Payroll Expenses	1,481.18
6210 - Postage & Delivery	354.26
6220 - Printing	3,749.57
6230 - Professional Fees	
6230.05 - Accounting Fees	545.00
6230.10 - Legal Fees	6,324.47
6230.20 - Management Fees	3,000.00
	<hr/>
Total 6230 - Professional Fees	9,869.47
6240 - Rent	14,497.22
6260 - Salaries	178,044.56
6290 - Taxes	
6290.20 - State Tax	100.00
6290.25 - Tangible Tax	710.50
6290.30 - Intangible Tax	207.00
	<hr/>
Total 6290 - Taxes	1,017.50
6300 - Telephone	
6300.05 - Cellular	240.51
6300.10 - Internet Connection	143.40
6300.15 - Local	1,390.51
6300.20 - Long Distance	106.84
	<hr/>
Total 6300 - Telephone	1,881.26

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L.M.G. Corp.

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Profit & Loss
January through July 2002

	<u>Jan - Jul 02</u>
6320 - Travel & Entertainment	
6320.10 - Meals	3,665.98
6320.15 - Travel	<u>904.70</u>
Total 6320 - Travel & Entertainment	4,570.68
Total Expense	<u>240,784.84</u>
Net Ordinary Income	<u>85,840.29</u>
Net Income	<u><u>85,840.29</u></u>

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U.S. Return of Partnership Income

For calendar year 2001, or tax year beginning and ending

2001

of the Treasury Department

See separate instructions.

business activity MANAGEMENT product or service	Use the IRS label. Otherwise, print or type.	Name of partnership IMG ENTERPRISES, LLC	D Employer identification number 58-2584328
		Number, street, and room or suite no. if a P.O. box, see page 13 of the instructions. 800 W. CYPRESS CREEK ROAD, #470	E Date business started 11/21/00
		City or town, state, and ZIP code FORT LAUDERDALE FL 33309	F Total assets (see page 14 of the instructions) \$ 645,007

applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return
 accounting method: (1) Cash (2) Accrual (3) Other (specify) _____
 number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____ 2

Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

1a	Gross receipts or sales	1a	90,673	1c	90,673
b	Less returns and allowances	1b			
2	Cost of goods sold (Schedule A, line 8)	2	20,315		
3	Gross profit. Subtract line 2 from line 1c	3	70,358		
4	Ordinary Inc. (loss) from other partnerships, estates, & trusts (att. sch.)	4			
5	Net farm profit (loss) (attach Schedule F (Form 1040))	5			
6	Net gain (loss) from Form 4797, Part II, line 18	6			
7	Other income (loss) (attach schedule)	7			
8	Total income (loss). Combine lines 3 through 7	8	70,358		
9	Salaries and wages (other than to partners) (less employment credits)	9	148,583		
10	Guaranteed payments to partners	10	15,000		
11	Repairs and maintenance	11			
12	Bad debts	12			
13	Rent	13	18,389		
14	Taxes and licenses	14	172		
15	Interest	15			
16a	Depreciation (if required, attach Form 4562)	16a	1,780		
b	Less depreciation reported on Schedule A and elsewhere on return	16b		16c	1,780
17	Depletion (Do not deduct oil and gas depletion.)	17			
18	Retirement plans, etc.	18			
19	Employee benefit programs	19	8,661		
20	Other deductions (attach schedule)	20	32,381		
21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	224,966		
22	Ordinary income (loss) from trade or business activities. Subtract line 21 from line 8	22	-154,608		

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. I understand that anyone who furnishes false or misleading information on this return or who omits material or information on this return may be guilty of tax evasion, tax fraud, and filing a fraudulent return, which is a crime that may result in imprisonment.

TAXPAYER'S COPY

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Signature of general partner or limited liability company member

Date

Paid Preparer's Use Only

Preparer's signature <i>Evelyn F. Parkes</i>	Date 5/09/02	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed) EVELYN F. PARKES, CPA, P.A.	EIN 65-0592349	Phone no. 561-689-2700	
address, and ZIP code 2240 PALM BEACH LAKES BLVD STE 100 WEST PALM BEACH, FL 33409-3403			

e A Cost of Goods Sold (see page 18 of the instructions)

Inventory at beginning of year	1	
Less: cost of items withdrawn for personal use	2	20,315
Cost of labor	3	
Additional section 263A costs (attach schedule)	4	
Other costs (attach schedule)	5	
1. Add lines 1 through 5	6	20,315
Inventory at end of year	7	
Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	20,315

Check all methods used for valuing closing inventory:

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

Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) Yes No

Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) Yes No

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

Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

Module B Other Information

What type of entity is filing this return? Check the applicable box:

- Domestic general partnership
- Domestic limited liability company
- Foreign partnership
- Domestic limited partnership
- Domestic limited liability partnership
- Other ▶

	Yes	No
Are any partners in this partnership also partnerships?		X
During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, see instructions for required attachment		X
Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes," see Designation of Tax Matters Partner below		
Does this partnership meet all three of the following requirements? The partnership's total receipts for the tax year were less than \$250,000; The partnership's total assets at the end of the tax year were less than \$600,000; and Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1		
Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See page 20 of the instructions		X
Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?		X
At any time during calendar year 2001, did the partnership 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 20 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
During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See page 20 of the instructions		X
Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership on page 8 of the instructions		X
Enter the number of Forms 8865 attached to this return ▶		

Designation of Tax Matters Partner (see page 20 of the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶ FRAZIER L. GAINES Identifying number of TMP ▶ _____

Address of designated TMP ▶ 636 NE 13TH COURT

POMPANO BEACH FL 33062

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

(a) Distributive share items		(b) Total amount
1	Ordinary income (loss) from trade or business activities (page 1, line 22)	1 -154,608
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 sch.)	3b
c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
4	Portfolio income (loss): a Interest income	4a
b	Ordinary dividends	4b 100,000
c	Royalty income	4c
d	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	4d
e	(1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))	4e(1)
	(2) 28% rate gain (loss) ▶ (3) Qualified 5-year gain ▶	
f	Other portfolio income (loss) (attach schedule)	4f
5	Guaranteed payments to partners	5 15,000
6	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	6
7	Other income (loss) (attach schedule)	7
8	Charitable contributions (attach schedule)	8
9	Section 179 expense deduction (attach Form 4562)	9 0
10	Deductions related to portfolio income (itemize)	10
11	Other deductions (attach schedule)	11
12a	Low-income housing credit:	
	(1) From partnerships to which section 42(j)(5) applies	12a(1)
	(2) Other than on line 12a(1)	12a(2)
b	Qualified rehabilitation expenditures related to rental real estate act. (att. Form 3468)	12b
c	Credits (other than cr. shown on lines 12a & 12b) related to rental real estate activities	12c
d	Credits related to other rental activities	12d
13	Other credits	13
14a	Interest expense on investment debts	14a
b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	14b(1) 100,000
	(2) Investment expenses included on line 10 above	14b(2)
15a	Net earnings (loss) from self-employment	15a
b	Gross farming or fishing income	15b
c	Gross nonfarm income	15c 90,673
16a	Depreciation adjustment on property placed in service after 1986	16a 445
b	Adjusted gain or loss	16b
c	Depletion (other than oil and gas)	16c
d	(1) Gross income from oil, gas, and geothermal properties	16d(1)
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)
e	Other adjustments and tax preference items (attach schedule)	16e
17a	Name of foreign country or U.S. possession ▶	17b
b	Gross income from all sources	17c
c	Gross income sourced at partner level	
d	Foreign gross income sourced at partnership level:	
	(1) Passive ▶ (2) Listed categories (attach sch.) ▶ (3) General limitation ▶	17d(3)
e	Deductions allocated and apportioned at partner level:	
	(1) Interest expense ▶ (2) Other ▶	17e(2)
f	Deductions allocated & apptn. at ptnrshp. level to foreign source inc.:	
	(1) Passive ▶ (2) Listed categories (attach sch.) ▶ (3) General limitation ▶	17f(3)
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	17g
h	Reduction in taxes available for credit (attach schedule)	17h
18	Section 59(e)(2) expenditures:	
	a Type ▶ b Amount ▶	18b
19	Tax-exempt interest income	19
20	Other tax-exempt income	20
21	Nondeductible expenses SEE STMT 3	21 385
22	Distributions of money (cash and marketable securities)	22 100,000
23	Distributions of property other than money	23
24	Other items & amounts required to be reported separately to partners (att. sch.)	

Part L Analysis of Net Income (Loss)

Income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the amount from Schedule K, lines 8 through 11, 14a, 17g, and 18b						1	-39,608
Analysis by type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
Number of partners:			-39,608				

Part M Balance Sheets per Books (Not required if Question 5 on Schedule B is answered "Yes.")

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Cash				4,162
Accounts notes and accounts receivable				
Allowance for bad debts				
Inventory				
U.S. government obligations				
Tax-exempt securities				
Other current assets (attach schedule)	SEE STMT 4			6,644
Mortgage and real estate loans				
Other investments (attach schedule)	SEE STMT 5			623,953
Buildings and other depreciable assets			12,028	
Less accumulated depreciation			1,780	10,248
Depletable assets				
Less accumulated depletion				
Land (net of any amortization)				
Intangible assets (amortizable only)				
Less accumulated amortization				
Other assets (attach schedule)				
Total assets				645,007
Liabilities and Capital				
Accounts payable				
Mortgages, notes, bonds payable in less than 1 year				
Other current liabilities (attach schedule)				
All nonrecourse loans				
Mortgages, notes, bonds payable in 1 year or more				
Other liabilities (attach schedule)				
Partners' capital accounts				645,007
Total liabilities and capital				645,007

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (Not required if Question 5 on Schedule B is answered "Yes.")

Net income (loss) per books	-54,993	6	Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):	
Income included on Sch. K, ln. 1 through 4, 6, and 7, not recorded on books this year (itemize):			a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)	15,000	7	Deductions included on Schedule K, lines 1 through 11, 14a, 17g, and 18b, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize):			a Depreciation \$	
a Depreciation \$				
b Travel and entertainment \$	385			
	385	8	Add lines 6 and 7	
5 Add lines 1 through 4	-39,608	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	-39,608

Schedule M-2 Analysis of Partners' Capital Accounts (Not required if Question 5 on Schedule B is answered "Yes.")

1 Balance at beginning of year		6 Distributions:	a Cash	100,000
2 Capital contributed during year	800,000		b Property	
3 Net income (loss) per books	-54,993	7	Other decreases (itemize):	
4 Other increases (itemize):				
		8	Add lines 6 and 7	100,000
5 Add lines 1 through 4	745,007	9	Balance at end of year. Subtract ln. 8 from ln. 5	645,007