

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

021165-TI

Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 16).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another company.

- ◆ If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480

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

Florida Phone Systems

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

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

3499 NW 97th Blvd

ste 8

Gainesville FL 32606

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

3499 NW 97th Blvd, Ste 8

Gainesville FL 32606 6.

Select type of business your company will be conducting (check all that apply):

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. 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 _____ | |

8. **If individual**, provide:

Name: _____
Title: _____
Address: _____
City/State/Zip: _____
Telephone No.: _____ Fax No.: _____
Internet E-Mail Address: _____
Internet Website Address: _____

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

(a) **The Florida Secretary of State Corporate Registration number:**
_____ EIN 59-2862084 _____

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

(a) **The Florida Secretary of State Corporate Registration number:**
_____ N/A _____

11. **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:**
_____ No fictitious name _____

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

(a) **The Florida Secretary of State registration number:** _____ N/A _____

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

Name: _____
Title: _____ **N/A** _____
Address: _____
City/State/Zip: _____
Telephone No.: _____ Fax No.: _____
Internet E-Mail Address: _____
Internet Website Address: _____

14. **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:** _____ **N/A** _____
15. Provide **F.E.I. Number** (if applicable): _____

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
 Yes () No

(b) If not, who will bill for your services?

Name: _____
Title: _____
Address: _____
City/State/Zip: _____
Telephone No.: _____ Fax No.: _____

(c) How is this information provided?

17. Who will receive the bills for your service?

- Residential Customers Business Customers
 PATs providers PATs station end-users
 Hotels & motels () Hotel & motel guests
 Universities Universities dormitory residents
 Other: (specify) _____

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

(a) The application:

Name: Leian McInnis

Title: Telco Manager

Address: 3499 NW 97th Blvd, Ste 8

City/State/Zip: Gainesville FL 32606

Telephone No.: 352 333-3553 Fax No.: 352-333-3545

Internet E-Mail Address: leian@florida phone.com

Internet Website Address: none

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

Name: Brad Diuguid

Title: President

Address: 3499 NW 97th Blvd, Ste 8
City/State/Zip: Gainesville FL 32606

Telephone No.: 352-331-0424 Fax No.: 352-333-3545
Internet E-Mail Address: brad@florida-phone.com
Internet Website Address: none

(c) Complaints/Inquiries from customers:

Name: Brad Diuguid

Title: President

Address: 3499 NW 97th Blvd Ste 8
City/State/Zip: Gainesville FL 32606

Telephone No.: 352-331-0424 Fax No.: 352-333-3545
Internet E-Mail Address: brad@florida-phone.com
Internet Website Address: none

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

Florida Phone Systems has never operated
as an IXC in any state.

(b) has applications pending to be certificated as an interexchange telecommunications company.

Florida Phone Systems has no pending
applications as an IXC

(c) is certificated to operate as an interexchange telecommunications company.

Florida Phone Systems is not certified to operate as an IXC in any state.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

Florida Phone Systems has not been denied to operate as an IXC in any state.

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

Florida Phone Systems has had no regulatory penalties imposed for violations in any state.

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

Florida Phone Systems has not been involved in any civil court proceeding with an IXC, LEC, or other telecommunications entity in any state.

20. 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. If so, please explain.

No officers, directors or stockholders have previously been adjudged bankrupt mentally incompetent, or found guilty of any felony or any crime.

(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.

No officers, directors or stockholders have previously been an officer, director, partner or stockholder in any other Florida certificated telephone company.

21. The applicant will provide the following interexchange carrier services (check all that apply):

M-Toll service

a. _____ MTS with distance sensitive per minute rates

_____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

b. _____ MTS with route specific rates per minute

_____ Method of access is FGA
_____ Method of access is FGB
_____ Method of access is FGD
_____ Method of access is 800

c. _____ MTS with statewide flat rates per minute (i.e. not distance sensitive)

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

d. _____ **MTS for pay telephone service providers**

e. _____ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. _____ **800 service (toll free)**

g. _____ **WATS type service (bulk or volume discount)**

- _____ Method of access is via dedicated facilities
- _____ Method of access is via switched facilities

h. _____ **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

i. _____ **Travel service**

- _____ Method of access is 950
- _____ Method of access is 800

j. _____ **900 service**

k. _____ **Operator services**

- _____ Available to presubscribed customers
- _____ Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
- _____ Available to inmates

We will be strictly reselling long-distance services.

1. **Services included are:**

- _____ Station assistance
- _____ Person-to-person assistance
- _____ Directory assistance
- _____ Operator verify and interrupt
- _____ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

attached

23. Submit the following:

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

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.

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

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 its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Brad Diuguid
Print Name

President
Title

352 331 0424 352 333-3545
Telephone No. Fax No.

Brad Diuguid
Signature

11-15-02
Date

Address:

Florida Phone Systems
3499 NW 9th Blvd, Ste 8
Gainesville FL 32606

THIS PAGE MUST BE COMPLETED AND SIGNED

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please ✓ check one):

- (✓) The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.
(The bond must accompany the application.)

UTILITY OFFICIAL:

Brad Dluguid
Print Name

+ Brad Dluguid
Signature

President
Title

11-15-02
Date

352-331-0424
Telephone No.

352 333 3545
Fax No.

Address: Florida Phone Systems
3499 NW 97th Blvd, 8 Suite
Gainesville FL 32606

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 interexchange telecommunications 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.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

<u>Brad Divguid</u> Print Name	<u>x Brad Divguid</u> Signature
<u>President</u> Title	<u>11-15-02</u> Date
<u>352 331 0424</u> Telephone No.	<u>352 333 3545</u> Fax No.

Address: Florida Phone Systems
3499 NW 97th Blvd, Ste 8
Gainesville FL 32606

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** () or **has not** () previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

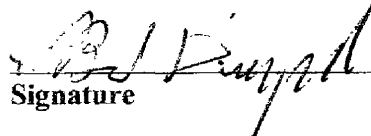
N/A

b) If the services are not currently offered, when were they discontinued?

N/A

UTILITY OFFICIAL:

Brad Diuguid
Print Name


Signature

President
Title

11-15-02
Date

352 331 0424
Telephone No.

352 333-3045
Fax No.

Address: Florida Phone Systems
3499 NW 97th Blvd Ste 8
Gainesville FL 32606

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) N/A,
(Title) _____ of

(Name of Company)

and current holder of Florida Public Service Commission Certificate Number

N/A, have reviewed this application and join in the petitioner's request
for a:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Florida Phone Systems, Inc., with principal offices at 3499 NW 97th Boulevard, Suite 7, Gainesville, FL 32606. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet (s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original

ISSUED: November 4, 2002

EFFECTIVE: _____

By:

Brad Dinguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

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Gainesville, FL 32606

EFFECTIVE: _____

SYMBOLS SHEET

D - Delete Or Discontinue

I - Change Resulting In An Increase to A Customer's Bill

M - Moved From Another Tariff Location

N - New

R - Change Resulting In A Reduction To A Customer's Bill

T - Change In Text Or Regulation But No Change In Rate Or Charge

ISSUED. November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

TARIFF FORMAT SHEETS

A. Sheet Numbering - Sheet Numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 13 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc, the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1. (a) .
2.1.1.A.1. (a) .I.
2.1.1.A.1. (a) .I. (i) .
2.1.1.A.1. (a) .I. (i) . (1) .

D. Check Sheets - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

ISSUED: November 4, 2002

By:

Brad Dinguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement with connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - Florida Phone Systems, Inc.

Customer - The person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Day - From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.

Evening - from 5:00 PM up to but not including 11:00 PM local time Sunday through Friday.

Holidays - The Company's recognized holidays are New Year's Day, July 4th, Thanksgiving Day, Christmas Day.

Night/Weekend - From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 2 - RULES AND REGULATIONS**2.1. Undertaking of the Company**

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff.

The Company installs, operates, and maintains the communications services provided herein accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or initiates when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2. Limitations

- 2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.
- 2.2.2 The Company reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this tariff.
- 2.2.3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.
- 2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.3. Liabilities of the Company

- 2.3.1 The Company's liability arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur, unless ordered by the Commission.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 2 - RULES AND REGULATIONS continued

2.3 Liabilities of the Company (Cont.)

- 2.3.2 The Company shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the company's facilities.
 - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

2.4 Interruption of Service

- 2.4.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the customer, or due to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in Subsection 2.3.1. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, or equipment, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
- 2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
- 2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

$$\text{Credit} = A/720 \times C$$

- "A" - outage time in hours
- "B" - each month is considered to have 720 hours
- "C" - total monthly charge for affected facility

2.5 Disconnection of Service by Carrier

The Company (carrier), upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

ISSUED: November 4, 2002

EFFECTIVE: _____

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

SECTION 2 - RULES AND REGULATIONS continued**2.5 Disconnection of Service by Carrier (Cont.)**

- 2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2.5.2 A violation of any regulation governing the service under this tariff.
- 2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.5.4 The Company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.
- 2.5.5 Service may be disconnected with out notice for tampering with Company equipment, for interfering with the service to other customers, for fraud, or in the event of a hazardous condition.

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed on customer bills as separate line items and are into included in the quoted rates.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicated that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

ISSUED: November 4, 2002

EFFECTIVE: _____

By:

Brad Diuguid, President
3499 NW 97th Blvd. Ste. 7
Gainesville, FL 32606

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Timing of Calls

3.1.1 When Billing Charges Begin and End For Phone Calls

The customer's long distance usage charge is based on the actual usage of the company's network. usage begins when the called party picks up the receiver. (i.e. when 2 way communication, often referred to as "conversation time" is possible). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1 minute increments.

3.1.3 Per Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

3.2 Calculation of Distance

Usage charges for ll mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V& H Coordinates Tape and Bell's NECA Tariff No. 4.

Formula:

The square root of:
$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd. Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 3 - DESCRIPTION OF SERVICE continued**3.3 Minimum Call completion Rate**

A customer can expect a call completion rate (number of calls completed/number of calls attempted) of not less than 90% during peak use periods for all Feature Group D services ("1+" dialing).

3.4 Service Offerings**3.4.1 Florida Phone Systems, Inc. Long Distance Service**

Florida Phone Systems, Inc. Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

3.4.2 Florida Phone Systems, Inc. 800/888 (Inbound) Long Distance Service

Florida Phone Systems, Inc. 800/888 (Inbound) Long Distance Service is offered to residential and business customers. The service permits inbound 800/888 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. A \$ 10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

3.4.3 Florida Phone Systems, Inc. Calling Card Service

Florida Phone Systems, Inc. Calling Card Service is a calling card service offered to residential and business customers who subscribe to the Florida Phone Systems, Inc. Long Distance Service Calling plan. Customers using the Carrier's calling card service access the service by dialing a 1-800 number followed by an account identification number and the number being called. This service permits subscribers utilizing the Carrier's calling card to make calls at a single per minute rate. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges.

3.4.4 Operator Services

The Company's operator services are provided to residential and business customers who "**presubscribe**" to this service for intrastate calling. Operator services include the completion of collect, station-to station, person-to-person, third party billing and credit card calls with the assistance of a Carrier operator. Each completed operator assisted call consists of two charge elements (except as otherwise indicated herein): (i) a fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station-to-station or person-to-person); and (ii) a measured usage charge dependent upon the duration, distance and /or time of day of the call.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 3 - DESCRIPTION OF SERVICE continued

3.4.4.A Operator Dialed Surcharge

This surcharge applies to calls when the customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. the surcharge does not apply to:

- 1) Calls where a customer cannot otherwise dial the call due to defective equipment or trouble on the Florida Phone Systems, Inc. network, and
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

SECTION 4 - RATES

4.1 Florida Phone Systems, Inc. Long Distance Service

Rate per minute - \$0.059.

Plan is billed in six second increments with a six second minimum.

4.2 Florida Phone Systems, Inc. 800/888 (Inbound) Long Distance Service

Rate per minute - \$0.069.

Plan is billed in six second increments with a six second minimum.

4.3 Florida Phone Systems, Inc. Calling Card Service

Rate per minute - \$0.23.

Plan is billed in six second increments with a thirty second minimum.

4.4 Operator Services (For presubscribed customers)

- 4.4.1 Usage Rates: The appropriate rate found under 4.1 or 4.3 shall apply.

ISSUED: November 4, 2002

EFFECTIVE: _____

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

SECTION 4 - RATES continued**4.4.2 Operator Charges:**

Collect Station-to-Station	\$1.00
Collect Person-to-Person	\$3.25
Person-to-Person	\$3.25
Station-to-Station	\$1.00
Customer Dialed Calling Card	\$1.00
Operator Dialed Calling Card	\$1.75
Operator Dialed Surcharge	\$0.75

4.5 Determining Applicable Rate in Effect

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period. If the call continues into a different rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

4.6 Payment of Calls**4.6.1 Late Payment Charges**

A late payment charge of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

4.6.2 Return Check Charges

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, whichever is greater.

4.7 Restoration of Service

A reconnection fee of \$29.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd, Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

SECTION 4 - RATES continued**4.8 Special Promotions**

The company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates, and be made part of this tariff.

4.9 Special Rates For The Handicapped**4.9.1 Directory Assistance**

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.9.2. Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.9.3. Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50% off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call shall not apply to per call charges such as a credit card surcharge.

ISSUED: November 4, 2002

By:

Brad Diuguid, President
3499 NW 97th Blvd. Ste. 7
Gainesville, FL 32606

EFFECTIVE: _____

**FLORIDA
PHONE
SYSTEMS**



FLORIDA PHONE SYSTEMS

(352) 331-042

3499 N.W. 97th Blvd., No.
GAINESVILLE, FL 32607

Managerial Resume:

Florida Phone Systems was founded on the idea of renting business phone systems and has developed over time from a one person operation to a business operating with 14 employees. Brad Diuguid has handled all major business decisions as well a marketing and sales. It now branches out into CTI, computer network wiring, routers, sales/lease/purchase of phone systems and voice mail systems. Florida Phone Systems is now branching out into Voice over IP, and Long Distance.

**FLORIDA
PHONE
SYSTEMS**



FLORIDA PHONE SYSTEMS

(352) 331-042

3499 N.W. 97th Blvd., No. 1
GAINESVILLE, FL 32606

Technical Resume:

Florida Phone has been in operation for the past 19 years as an interconnect. Steve Jones is exclusively responsible for training and supervision of all technicians. Thoroughly knowledgeable in all aspects of different phone systems marketed by the company. Mr. Jones also plans wiring installation of computer networks.

**FLORIDA
PHONE
SYSTEMS**



FLORIDA PHONE SYSTEMS

(352) 331-0423

3499 N.W. 97th Blvd., No. 1
GAINESVILLE, FL 32609

Financial Resume:

To maintain the business at its current level of operation, Florida Phone now has a credit line of \$120,000 available. Should further assets be required for expansion of the business, an additional line of credit will be obtained.

**FLORIDA
PHONE
SYSTEMS**



FLORIDA PHONE SYSTEMS

(352) 331-042

3499 N.W. 97th Blvd., No.
GAINESVILLE, FL 32606

FINANCIAL STATEMENT AFFIRMATION

The Financial Statements included in this packet are unaudited, and are true and correct to the best of my knowledge. Also included are the Balance Sheet (Assets, Liabilities & Equity), Income Statement for year end 2000, 2001, and end of third quarter (September) 2002, and a financial resume.

A handwritten signature in black ink, appearing to read "Brad Diuguid". The signature is written in a cursive, flowing style.

Brad Diuguid
President

11-15-02
Date

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Balance Sheet

As of September 2002

11/15/02

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Assets

General Checking Account	\$46,220.34
Payroll Checking Account	\$12,466.14
Accounts Receivable	\$142,229.05
Inventory	\$124,183.13
Fixed Assets	
Computers	\$20,842.77
Automobiles	\$93,558.00
Equipment Rentals	\$241,629.00
Equipment back from rentals	\$18,356.79
Total Fixed Assets	\$374,386.56
Rec. Office Building	\$35,200.00
Rec Land	\$8,800.00
Office Furniture & Fixtures	\$5,004.26
Accumulated Depreciation	(\$301,112.00)
Refundable Deposits	(\$424.50)
Total Assets	<u>\$446,952.98</u>

Liabilities

Accounts Payable	\$6,225.28
Sales Tax Collected	\$664.76
Federal Withholdings	\$1,546.90
Unemployment Compensation	(\$34.84)
State Unemployment	(\$38.96)
Barnet Bank Credit Line	\$100.00
Isuzu Truck payments	\$35,538.20
Steve Smith House	\$33,463.72
Total Liabilities	<u>\$77,465.06</u>

Equity

Stockholders Distribution	(\$10,000.00)
Paid in Capital	\$500.00
Accumulated Adjustments	\$264,469.39
Current Earnings	\$114,518.53
Total Equity	<u>\$369,487.92</u>
Total Liability & Equity	<u>\$446,952.98</u>

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Profit & Loss [With Year to Date]

September 2002

11/15/02

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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
Sales	\$55,668.68	63.9%	\$491,042.41	58.7
BTI/Long Distance	\$545.68	0.6%	\$3,533.83	0.4
New Edge Technologies	\$0.00	0.0%	\$1.00	0.0
Bell South	\$3,925.80	4.5%	\$60,723.60	7.3
Rentals	\$10,575.37	12.1%	\$147,215.90	17.6
Network Cabling	\$5,145.00	5.9%	\$35,051.50	4.2
Service & Installation	\$11,287.50	13.0%	\$99,491.38	11.9
Service Contracts	\$0.00	0.0%	\$1.00	0.0
Returns and Allowances	\$8.00	0.0%	\$42.18	0.0
Total Income	\$87,156.03	100.0%	\$837,102.80	100.0
Cost Of Sales				
Materials	\$26,198.69	30.1%	\$207,456.68	24.8
Rebate	\$0.00	0.0%	(\$4,705.00)	(0.6)
Total Cost Of Sales	\$26,198.69	30.1%	\$202,751.68	24.2
Gross Profit	\$60,957.34	69.9%	\$634,351.12	75.8
Expenses				
Newspapers	\$90.72	0.1%	\$90.72	0.0
Magazines	\$0.00	0.0%	\$500.00	0.1
Public Relations/Gifts	\$0.00	0.0%	\$323.68	0.0
TV/Radio	\$500.00	0.6%	\$3,000.00	0.4
Yellow Page Advertising	\$1,142.90	1.3%	\$11,654.14	1.4
Automobile Repairs	\$501.33	0.6%	\$5,002.72	0.6
Automobile Rentals	\$0.00	0.0%	\$1,290.66	0.2
Auto Gas & Oil	\$2,014.89	2.3%	\$12,268.41	1.5
Oil Changes (Maintenance)	\$70.59	0.1%	\$173.88	0.0
Mileage	\$1,072.02	1.2%	\$5,906.56	0.7
Bad Debt Account	\$2,038.98	2.3%	\$6,018.26	0.7
Freight Paid	\$250.57	0.3%	\$1,532.24	0.2
Bank Service Charges	\$20.72	0.0%	\$163.58	0.0
Life Insurance	\$0.00	0.0%	\$132.50	0.0
Charitable Contributions	\$150.00	0.2%	\$975.00	0.1
Due & Subscriptions	\$335.00	0.4%	\$835.60	0.1
Entertainment	\$477.06	0.5%	\$4,576.63	0.5
Freight Out	\$162.24	0.2%	\$2,119.02	0.3
Insurance Ford 1998	\$0.00	0.0%	\$1,103.00	0.1
Insurance Isuzu 00	\$0.00	0.0%	\$2,412.00	0.3
Insurance Ford 90	\$0.00	0.0%	\$270.50	0.0
Insurance - Isuzu 99	\$0.00	0.0%	\$1,138.10	0.1
Insurance Dodge 1996	\$0.00	0.0%	\$1,003.00	0.1
Insurance Isuzu 99	\$0.00	0.0%	\$1,080.00	0.1
Insurance Eldo Bus 1993	\$0.00	0.0%	\$1,141.00	0.1
Health Insurance	\$2,942.38	3.4%	\$19,383.36	2.3
Insurance Workmans Comp.	\$879.00	1.0%	\$5,996.00	0.7
Insurance Liability	\$0.00	0.0%	\$1,981.00	0.2
Miscellaneous	\$128.67	0.1%	\$859.06	0.1
Legal Services	\$0.00	0.0%	\$4,578.00	0.5
Miscellaneous Tax	\$0.00	0.0%	\$200.00	0.0
Office Supplies	\$1,464.07	1.7%	\$6,117.91	0.7
Office Shirts	\$0.00	0.0%	\$3,881.75	0.5
Office Equipment Rental	\$0.00	0.0%	\$430.10	0.1
Wages & Salaries	\$29,664.72	34.0%	\$273,967.03	32.7
Payroll Expenses	\$2,378.83	2.7%	\$21,864.23	2.6

Florida Phone Systems, Inc.

Profit & Loss [With Year to Date]

September 2002

11/15/02
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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Sub Contract Worker	\$0.00	0.0%	\$9,649.50	1.2
Postage	\$157.50	0.2%	\$1,460.00	0.2
Rent Office	\$1,765.50	2.0%	\$15,889.50	1.9
Repairs	\$83.86	0.1%	\$2,136.72	0.3
Software Support	\$863.36	1.0%	\$7,151.23	0.9
Supplies	\$3,776.66	4.3%	\$35,762.03	4.5
Taxes State Unemployment	\$0.00	0.0%	\$432.46	0.1
Federal Unemployment	\$0.00	0.0%	\$159.64	0.0
Tax Intangible Tax.	\$0.00	0.0%	\$277.00	0.0
Corporate Tax	\$0.00	0.0%	\$575.00	0.1
Telephone LDDS	\$226.93	0.3%	\$2,551.48	0.3
Telephone MCI	\$0.00	0.0%	\$342.60	0.0
Telephone Cellular Phones	\$2,075.01	2.4%	\$9,517.28	1.1
Southern Bell	\$1,150.11	1.3%	\$9,180.01	1.1
United Telephone (Sprint)	\$73.16	0.1%	\$812.75	0.1
Telephone Pages/Radios	\$0.00	0.0%	\$94.85	0.0
Travel Expense	\$85.12	0.1%	\$2,997.77	0.4
Utilities	\$346.04	0.4%	\$3,146.16	0.4
Total Expenses	\$56,887.94	65.3%	\$506,105.62	60.5
Operating Profit	\$4,069.40	4.7%	\$128,245.50	15.3
Other Expenses				
Investment Exp 39th House	\$459.58	0.5%	\$4,136.22	0.5
Isuzu Truck Payments	\$1,560.82	1.8%	\$9,590.75	1.1
Total Other Expenses	\$2,020.40	2.3%	\$13,726.97	1.6
Net Profit/(Loss)	\$2,049.00	2.4%	\$114,518.53	13.7

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Balance Sheet

As of December 2001

11/15/02

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Assets	
General Checking Account	\$84,130.49
Payroll Checking Account	\$12,894.40
Cash- Savings	\$0.00
Cash Secondary	\$0.00
Accounts Receivable	\$45,106.21
Deposits with Vendors	\$0.00
Inventory	\$86,442.08
Inventory Secondary	(\$500.00)
Fixed Assets	
Computers	\$20,842.77
Automobiles	\$93,558.00
Equipment Rentals	\$244,079.43
Equipment back from rentals	\$18,356.79
Total Fixed Assets	\$376,836.99
Rec. Office Building	\$35,200.00
Rec Land	\$8,800.00
Office Furniture & Fixtures	\$5,004.26
Total Fixed Assets	\$0.00
Accumulated Depreciation	(\$306,112.00)
Accumulated Adjustments Office	\$0.00
Refundable Deposits	(\$424.50)
Prepaid Expenses	\$0.00
Total Assets	\$347,377.93
Liabilities	
Accounts Payable	\$10,907.48
Steve Smith (39th House)	\$0.00
Sales Tax Collected	\$2,472.94
Loan for Bosses	\$0.00
Deposits Collected	\$0.00
Child Support	\$0.00
Federal Withholdings	\$0.00
FICA Withholding Payable	\$0.00
FICA Withholding Employer	\$0.00
Unemployment Compensation	(\$34.84)
State Unemployment	(\$38.96)
State of FL (Other Tax)	\$0.00
Dividends	\$0.00
Barnet Bank Credit Line	\$100.00
Barnet Loan	\$0.00
Truck Payment Ford 98'	\$0.00
Isuzu Truck payments	\$35,538.20
Steve Smith House	\$33,463.72
Total Liabilities	\$82,408.54
Equity	
Stockholders Distribution	\$0.00
Common Stock	\$0.00
Paid in Capital	\$500.00
Accumulated Adjustments	\$191,225.37
Current Earnings	\$73,244.02
Historical Balancing Account	\$0.00
Total Equity	\$264,969.39

Florida Phone Systems, Inc.

Balance Sheet

As of December 2001

11/15/02
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Total Liability & Equity

\$347,377.93

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Profit & Loss [With Year to Date]

December 2001

11/15/02
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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
Sales	\$37,069.12	77.7%	\$561,580.91	54.2
Sales Secondary	\$0.00	0.0%	\$8,966.00	0.9
Bell South	\$2,154.00	4.5%	\$58,545.04	5.6
Rentals	\$12.00	0.0%	\$200,384.83	19.3
Service & Installation	\$8,467.75	17.8%	\$206,754.45	19.9
Late Fees Collected	\$0.00	0.0%	\$150.20	0.0
Returns and Allowances	\$0.00	0.0%	\$484.22	0.0
Total Income	\$47,702.87	100.0%	\$1,036,865.65	100.0
Cost Of Sales				
Materials	\$17,910.74	37.5%	\$247,183.92	23.8
Rebate	\$0.00	0.0%	(\$15,615.42)	(1.5)
Total Cost Of Sales	\$17,910.74	37.5%	\$231,568.50	22.3
Gross Profit	\$29,792.13	62.5%	\$805,297.15	77.7
Expenses				
Newspapers	\$0.00	0.0%	\$267.25	0.0
Magazines	\$0.00	0.0%	\$797.00	0.1
TV/Radio	\$0.00	0.0%	\$3,000.00	0.3
Yellow Page Advertising	\$1,388.75	2.9%	\$19,726.26	1.9
Automobile Repairs	\$215.11	0.5%	\$6,730.38	0.6
Automotive Rentals	\$493.97	1.0%	\$3,290.29	0.3
Auto Gas & Oil	\$927.97	1.9%	\$18,376.51	1.8
Oil Changes (Maintenance)	\$32.32	0.1%	\$499.22	0.0
Mileage	\$576.22	1.2%	\$7,164.81	0.7
Bad Debt Account	\$0.00	0.0%	\$8,665.94	0.8
Freight Paid	\$9.23	0.0%	\$1,877.10	0.2
Bank Service Charges	\$9.00	0.0%	\$259.45	0.0
Interest Paid	(\$6,935.01)	(14.5%)	(\$6,935.01)	(0.7)
Life Insurance	\$0.00	0.0%	\$124.00	0.0
Charitable Contributions	\$0.00	0.0%	\$350.00	0.0
Due & Subscriptions	\$310.00	0.6%	\$1,800.04	0.2
Entertainment	\$691.48	1.4%	\$5,950.74	0.6
Freight Out	\$190.28	0.4%	\$3,150.77	0.3
Insurance Ford 1998	\$0.00	0.0%	\$3,665.60	0.4
Insurance Isuzu 00	\$0.00	0.0%	\$500.00	0.0
Insurance - Isuzu 99	\$237.40	0.5%	\$474.80	0.0
Insurance Eldo Bus 1993	\$0.00	0.0%	\$2,662.40	0.3
Health Insurance	\$2,224.84	4.7%	\$24,606.54	2.4
Insurance Workmans Comp.	\$1,081.00	2.3%	\$10,832.40	1.0
Insurance Liability	\$0.00	0.0%	\$1,012.00	0.1
Miscellaneous	\$1,113.47	2.3%	\$13,417.89	1.3
Legal Services	\$0.00	0.0%	\$2,012.50	0.2
Miscellaneous Tax	\$0.00	0.0%	\$2,084.89	0.2
Office Supplies	\$206.61	0.4%	\$7,213.73	0.7
Office Shirts	\$124.72	0.3%	(\$148.86)	0.0
Office Equipment Rental	\$0.00	0.0%	\$492.06	0.0
Wages & Salaries	\$31,682.34	66.4%	\$404,755.71	39.0
Payroll Expenses	\$2,579.66	5.4%	\$32,327.18	3.1
Postage	\$157.50	0.3%	\$2,244.65	0.2
Rent Office	\$1,749.00	3.7%	\$19,139.00	1.8
Repairs	\$156.00	0.3%	\$2,836.66	0.3
Software Support	\$1,997.90	4.2%	\$9,342.92	0.9
Supplies	\$2,718.08	5.7%	\$54,482.08	5.3

Florida Phone Systems, Inc.

Profit & Loss [With Year to Date]

December 2001

11/15/02
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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Taxes State Unemployment	\$0.00	0.0%	\$879.01	0.1
Federal Unemployment	\$0.00	0.0%	\$942.70	0.1
Tangible Property Tax	\$0.00	0.0%	\$4,139.08	0.4
Tax Intangible Tax.	\$0.00	0.0%	\$234.00	0.0
Corporate Tax	\$0.00	0.0%	\$250.00	0.0
Telephone LDDS	\$270.81	0.6%	\$1,982.33	0.2
Telephone MCI	\$301.83	0.6%	\$2,138.85	0.2
Telephone Cellular Phones	\$844.76	1.8%	\$11,202.22	1.1
Southern Bell	\$2,141.79	4.5%	\$14,375.52	1.4
United Telephone (Sprint)	\$67.42	0.1%	\$1,362.11	0.1
Telephone Pages/Radios	\$31.55	0.1%	\$379.96	0.0
Travel Expense	\$456.35	1.0%	\$2,857.98	0.3
Utilities	\$381.32	0.8%	\$4,298.37	0.4
Total Expenses	\$48,433.67	101.5%	\$714,091.03	68.9
Operating Profit	(\$18,641.54)	(39.1%)	\$91,206.12	8.8
Other Expenses				
Investment Exp 39th House	\$0.00	0.0%	\$5,514.96	0.5
Isuzu Truck Payments	\$513.10	1.1%	\$12,447.14	1.2
Total Other Expenses	\$513.10	1.1%	\$17,962.10	1.7
Net Profit/(Loss)	(\$19,154.64)	(40.2%)	\$73,244.02	7.1

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Balance Sheet

As of December 2000

11/15/02

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Assets	
General Checking Account	\$79,841.98
Payroll Checking Account	\$10,154.47
Cash Secondary	\$1,856.21
Accounts Receivable	\$58,588.48
Inventory	\$65,149.96
Inventory Secondary	\$3,131.95
Fixed Assets	
Computers	\$19,283.70
Automobiles	\$93,558.00
Equipment Rentals	\$208,455.79
Equipment back from rentals	\$49,803.21
Total Fixed Assets	\$371,100.70
Rec. Office Building	\$35,200.00
Rec Land	\$8,800.00
Office Furniture & Fixtures	\$5,004.26
Accumulated Depreciation	(\$302,401.00)
Refundable Deposits	(\$424.50)
Total Assets	<u>\$336,002.51</u>
Liabilities	
Accounts Payable	\$11,043.27
Sales Tax Collected	\$235.26
Child Support	\$65.38
FICA Withholding Payable	\$1,092.41
Unemployment Compensation	(\$34.84)
State Unemployment	(\$38.96)
Barnet Bank Credit Line	\$100.00
Truck Payment Ford 98'	\$9,846.92
Isuzu Truck payments	\$38,654.72
Steve Smith House	\$36,877.09
Total Liabilities	<u>\$97,841.25</u>
Equity	
Paid in Capital	\$500.00
Accumulated Adjustments	\$169,711.61
Current Earnings	\$67,949.65
Total Equity	<u>\$238,161.26</u>
Total Liability & Equity	<u>\$336,002.51</u>

Florida Phone Systems, Inc.

3499 NW 97th Blvd

Suite 7

Gainesville, FL

Profit & Loss [With Year to Date]

December 2000

11/15/02

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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
Sales	\$20,097.91	59.9%	\$621,903.57	55.1
Bell South	\$3,622.00	10.8%	\$60,311.50	5.3
Rentals	\$0.00	0.0%	\$269,076.57	23.8
Service & Installation	\$9,786.14	29.2%	\$176,096.78	15.6
Late Fees Collected	\$0.00	0.0%	\$831.79	0.1
Returns and Allowances	\$21.00	0.1%	\$117.50	0.0
Total Income	\$33,527.05	100.0%	\$1,128,337.71	100.0
Cost Of Sales				
Materials	\$25,605.85	76.4%	\$300,624.78	26.6
Freight	\$0.00	0.0%	\$186.21	0.0
Rebate	(\$1,082.28)	(3.2%)	(\$46,024.42)	(4.1)
Total Cost Of Sales	\$24,523.57	73.1%	\$254,786.57	22.6
Gross Profit	\$9,003.48	26.9%	\$873,551.14	77.4
Expenses				
Newspapers	\$0.00	0.0%	\$310.44	0.0
Magazines	\$0.00	0.0%	\$3,405.00	0.3
Public Relations/Gifts	\$0.00	0.0%	\$84.80	0.0
TV/Radio	\$0.00	0.0%	\$3,500.00	0.3
Yellow Page Advertising	\$3,143.15	9.4%	\$17,169.40	1.5
Automobile Repairs	\$1,358.66	4.1%	\$6,656.94	0.6
Automotive Rentals	\$0.00	0.0%	\$930.68	0.1
Auto Gas & Oil	\$2,901.36	8.7%	\$33,671.94	3.0
Bad Debt Account	\$31.98	0.1%	\$17,858.53	1.6
Freight Paid	\$74.58	0.2%	\$1,968.81	0.2
Bank Service Charges	\$0.00	0.0%	\$401.45	0.0
Interest Paid	\$0.00	0.0%	\$251.15	0.0
Life Insurance	\$0.00	0.0%	\$116.50	0.0
Charitable Contributions	\$0.00	0.0%	\$100.00	0.0
Due & Subscriptions	\$160.00	0.5%	\$1,430.60	0.1
Entertainment	\$683.68	2.0%	\$3,414.02	0.3
Freight Out	\$259.12	0.8%	\$5,659.13	0.5
Insurance Ford 1998	\$0.00	0.0%	\$5,853.00	0.5
Insurance Isuzu 00	\$0.00	0.0%	\$254.15	0.0
Insurance - Isuzu 99	\$220.20	0.7%	\$510.70	0.0
Health Insurance	\$2,644.76	7.9%	\$24,884.38	2.2
Insurance Workmans Comp.	\$1,018.60	3.0%	\$6,641.16	0.6
Insurance Liability	\$810.00	2.4%	\$2,606.00	0.2
Miscellaneous	\$0.00	0.0%	\$6,637.33	0.6
Legal Services	\$0.00	0.0%	\$2,990.00	0.3
Miscellaneous Tax	\$0.00	0.0%	\$5,989.32	0.5
Office Supplies	\$1,735.49	5.2%	\$16,956.41	1.5
Office Shirts	\$0.00	0.0%	\$3,427.94	0.3
Office Equipment Rental	\$0.00	0.0%	\$477.06	0.0
Wages & Salaries	\$33,630.47	100.3%	\$400,154.12	35.5
Payroll Expenses	\$2,729.85	8.1%	\$30,676.92	2.7
Bonuses	\$1,850.00	5.5%	\$1,850.00	0.2
Postage	\$0.00	0.0%	\$2,371.87	0.2
Rent Office	\$3,498.00	10.4%	\$16,377.50	1.5
Repairs	\$346.00	1.0%	\$5,309.43	0.5
Software Support	\$440.92	1.3%	\$9,206.71	0.8
Supplies	\$3,122.73	9.3%	\$100,036.18	8.9
Tangible Property Tax	\$0.00	0.0%	\$5,446.22	0.5

Florida Phone Systems, Inc.

Profit & Loss [With Year to Date]

December 2000

11/15/02
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	Selected Period	% of Sales	Year to Date	% of YTD Sales
Tax Intangible Tax.	\$0.00	0.0%	\$45.24	0.0
Telephone LDDS	\$154.97	0.5%	\$1,748.76	0.2
Telephone MCI	\$7.32	0.0%	\$1,584.89	0.1
Telephone Cellular Phones	\$1,230.79	3.7%	\$11,980.83	1.1
Southern Bell	\$809.71	2.4%	\$10,501.51	0.9
United Telephone (Sprint)	\$579.29	1.7%	\$6,591.59	0.6
Telephone Pages/Radios	\$123.68	0.4%	\$5,305.68	0.5
Travel Expense	\$0.00	0.0%	\$1,781.34	0.2
Utilities	\$301.43	0.9%	\$2,773.93	0.2
Total Expenses	\$63,866.74	190.5%	\$787,899.56	69.8
Operating Profit	(\$54,863.26)	(163.6%)	\$85,651.58	7.6
Other Expenses				
Investment Exp 39th House	\$0.00	0.0%	\$5,514.96	0.5
Isuzu Truck Payments	\$513.10	1.5%	\$12,186.97	1.1
Total Other Expenses	\$513.10	1.5%	\$17,701.93	1.6
Net Profit/(Loss)	(\$55,376.36)	(165.2%)	\$67,949.65	6.0