

APPLICATION

050248-JX

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:

Tristar Communications Corp.

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

Tristar Communications Corp.

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

7040 W Palmetto Park Rd.

#4-712

Boca Raton, FL 33433

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

1441 SW 12th Ave., Suite A

Pompano Beach, FL 33069

6. **Structure of organization:**

() Individual

(X) Corporation

() Foreign Corporation

() Foreign Partnership

() General Partnership

() Limited Partnership

() 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:**

FID 650681257

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

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

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) NA 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: NA _____

14. Provide **F.E.I. Number**(if applicable): FID 650681257 _____

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.

NA

(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.

NA

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

(a) The application:

Name: Nathan Gross

Title: President

Address: 1441 SW 12th Ave, Suite A,

City/State/Zip: Pompano Beach, FL 33069

Telephone No.: 954.977.8081 Fax No.: 954.970.0991

Internet E-Mail Address: ngross@tristarcorp.net

Internet Website Address: www.tristarcorp.net

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

Name: Nathan Gross
Title: President
Address: 1441 SW 12th Ave.
City/State/Zip: Pompano Beach, FL 33069
Telephone No.: 954.977.8081 Fax No.: 954.970.0991

Internet E-Mail Address: ngross@tristarcorp.net
Internet Website Address: www.tristasrcorp.net

(c) Complaints/Inquiries from customers:

Name: Nathan Gross
Title: President
Address: 1441 SW 12th Ave.

City/State/Zip: Pompano Beach, FL 33069
Telephone No.: 954.977.8081 Fax No.: 954.970.0991

Internet E-Mail Address: ngross@tristarcorp.net
Internet Website Address: www.tristasrcorp.net

17. List the states in which the applicant:

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

Florida

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

NA

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

NA

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

NA

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

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

NA

18. 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.

18. A, B

Meet Nathan Gross: President of Tristar Communications

Shortly after graduating Florida Atlantic University, with a degree in Real Estate from the School of Business in 1990, Nathan had joined Northwestern Mutual Life Insurance as a Life Insurance agent. Nathan had hundreds of clients in South Florida and with his exceptional track record with law firms, was one of a few agents actually appointed by the Florida bar to handle their member benefit services. In 1994, Nathan had started "The Fidelity Group" an independent insurance and estate planning firm, which was later acquired.

In 1996, Nathan had started, and is currently the president of "Tristar Communications". He had built Tristar from the ground up, including selling services to customers, developing and running his own billing system, getting trained by Bell South for LENS and paper orders, developing online provisioning systems and procedures with its long distance carriers, building out the company's extensive data network, hiring and training the company employees, and much more. What started out as a one man show, he has built into a multimillion dollar organization. His company employs many people in south Florida as well as serving hundreds of businesses in the area with long distance, local, and data services as well. His employees are long standing and loyal and so are his clients, with a company track record of very low attrition. He has done all this with no outside investment, but rather his own capital and hard work. His business management skill set has allowed him to run at a profit every year, and show steady growth in both profits and revenues. This seems to be a unique accomplishment. Nathan has negotiated and has in place contracts with many of the major telecommunications carriers such as ATT, Qwest, MCI, Global Crossing, Bell South, and several others.

He presently lives in Boca Raton, FL and is married with two children. He is a member of Leadership of Palm Beach County, and active with in his community.

Nathan and his wife Elise, were the founders of the "Children's Genetic Research Foundation" a charitable foundation whose focus is to find a cure for congenital diseases, using stem cell and gene therapy.

Managing Local and Long Distance Customer Service

Mae Adkins: (25 years of local and long distance service)

Mae has been working with Tristar Communications for 2.5 years. She handles provisioning and Customer service. Prior to working with Tristar, she worked for Supra Communications for 2 years, and before that she had worked for Bell South for 20 years in the complex orders department. She is highly skilled in local, long distance and other telecom services. She is excellent at LENS, Paper orders, and very familiar with all Bell South systems. She is also experienced with more complex products such as feature group D, T-1's, etc.

Kevin Csaiko: (6.5 years of local and long distance service)

Kevin has been working for Tristar Communications approximately 2.5 years. He is responsible for provisioning and Customer Service. Prior to this, Kevin had worked for Mpower for 4 years as a provisioning and Customer Service Representative. Kevin has a bachelors of Science from University of Hawaii Pacific. He is an excellent employee and highly capable of many aspects of telecommunications and is outstanding in dealing with local service provisioning, trouble shooting, and servicing customers. He is well versed in LENS, paper orders, complex orders, and is very familiar with Bell South's systems.

Managing the Technical Department

Although we are primarily a reseller, it is helpful for many various reasons, including troubleshooting and turn up of new service to have a good technical staff. In addition, Tristar is an ISP as well which requires us to have an excellent technical staff.

Tony Dean:

Tony is highly skilled in Switches, Routers, Programming, and many Voice applications. He is an excellent trouble shooter, and an excellent all around technician. Tony more than over 10 years as a technician.

Lenir Santiago

Lenir is highly skilled in Switches, Routers, Telephony Billing, and many Voice applications. He has extensive experience in the turn up of T-1's He is an excellent trouble shooter, and an excellent all around technician. Lenir has more than 10 years as a technician.

Billing

Tristar has contracted with TDM Consulting Services, inc. for its billing services. They have more than twelve years experience in telephony billing, and that is all they do. They have a team of many billing experts, and are well versed with all forms of telephony billing, including local and long distance service. They are familiar with the many intricacies of telephony billing, including taxes, payphone surcharges, international calling, etc. They handle the billing for many of the Nations largest telephone providers, and we have been exceptionally pleased with their services.

Other:

Tristar has many other on staff and contracted workers. Ranging from technical to Customer service.

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.

18.C. Financial Capability

1. Tristar has been operating at a profit since existence. Each year, its profits have been more than sufficient to allow the company to continue to grow, hire employees, invest in infrastructure, and pay its vendors and providers. Tristar owns all of its equipment (in full), pays its providers regularly, and has no long term debt. You will see three years tax returns which show steady growth in both revenues and profits. You will also see hundreds of thousands of dollars of net, net, net profits. I believe that Tristar will always maintain its financial stability in that it refuses to take on debt. Tristar purchases all equipment and supplies in full, otherwise it does not buy it or does not expand until it has the capital. While this may have slowed some of our growth, it has maintained Tristar's strong financial stability.
2. In addition to having large profits and no debt, Tristar has secured a six figure line of credit from its banker, in case there were ever a temporary cash flow shortage. As far as ability to maintain the requested service, Tristar has no additional capital outlay. It already has a working business for these services, there are no additional employees to hire, equipment to purchase or any additional expenses.
3. As far as lease obligations, Tristar has no leases on any equipment or any long term debt. The only lease it has its office, which it owns.

Tristar Communications

Company

Signature
Nathan Gross

Printed Name
3-31-05

Date

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

UTILITY OFFICIAL:

Nathan Gross
Print Name

[Signature]
Signature

President
Title

3-31-05
Date

954.577.8001
Telephone No.

954.970.0991
Fax No.

Address: 1441 Sw. 12th Ave.
Suite A
Impco Pch., Ft 35009

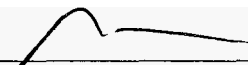
THIS PAGE MUST BE COMPLETED AND SIGNED

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.

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>Nathan Green</u> Print Name	 Signature
<u>President</u> Title	<u>3-31-05</u> Date
<u>554.577.8081</u> Telephone No.	<u>557.570.0981</u> Fax No.

Address: 1441 SW 12th Ave.
Homestead, FL 33069

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: _____

TRISTAR COMMUNICATIONS, INC.
BALANCE SHEET
As of December 31, 2004

ASSETS

CURRENT ASSETS

NATIONS BANK	\$ 30,299.85
ACCOUNTS RECEIVABLE	<u>361,425.55</u>

Total Current Assets

391,725.40

PROPERTY AND EQUIPMENT

MACHINERY & EQUIPMENT	104,850.83
FURNITURE & FIXTURES	7,151.53
COMPUTERS & SOFTWARE	129,293.17
OFFICE EQUIPMENT	7,625.00
VEHICLES	0.05
Less: Accumulated Depreciation	<u>(194,152.06)</u>

Net Property and Equipment

54,768.52

OTHER ASSETS


SECURITY DEPOSITS	<u>21,347.34</u>
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Total Other Assets

21,347.34

TOTAL ASSETS

\$ 467,841.26

X 
Not the owner

TRISTAR COMMUNICATIONS, INC.
BALANCE SHEET
As of December 31, 2004

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

720 TAX	\$ 25,000.00
ACCRUED - FWT TAXES	45,234.08
ACCRUED - FICA TAXES	5,765.95
941 PAYMENTS	(55,888.56)
ACCRUED - SUTA TAXES	(90.09)
940 PAYMENTS	(500.00)
ACCRUED - FUTA TAXES	<u>456.94</u>

Total Current Liabilities 19,978.32

LONG-TERM LIABILITIES

NOTE PAYABLE - STOCKHOLDER	<u>74,795.90</u>
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Total Long-Term Liabilities 74,795.90


Total Liabilities 94,774.22

STOCKHOLDERS' EQUITY

COMMON STOCK	1,000.00
CURRENT INCOME	<u>372,067.04</u>

Total Stockholders' Equity 373,067.04

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 467,841.26

X 
N.M. Co.

TRISTAR COMMUNICATIONS, INC.
INCOME STATEMENT
For the 1 Month and 12 Months Ended December 31, 2004

	1 Month Ended December 31, 2004	%	12 Months Ended December 31, 2004	%
Sales				
SALES	\$ 195,275.89	100.00	\$ 2,345,310.88	100.00
Less Returns & Allowances	0.00	0.00	0.00	0.00
Total Sales	195,275.89	100.00	2,345,310.88	100.00
Cost of Goods Sold				
PURCHASES	81,609.90	41.79	1,042,628.49	44.46
SUPPLIES & EXPENSE	250.49	0.13	2,937.33	0.13
FREIGHT & DELIVERY EXPENS	261.42	0.13	4,325.44	0.18
OUTSIDE SERVICES	12,677.98	6.49	244,021.03	10.40
Total Cost of Goods Sold	94,799.79	48.55	1,293,912.29	55.17
Gross Profit	100,476.10	51.45	1,051,398.59	44.83
Operating Expenses				
SALARIES	0.00	0.00	300.00	0.01
OFFICER'S SALARIES	4,000.00	2.05	31,244.81	1.33
FICA EXPENSE	841.50	0.43	2,882.99	0.12
SUTA EXPENSE	0.00	0.00	3.31	0.00
FUTA EXPENSE	0.00	0.00	20.33	0.00
INSURANCE	5,149.13	2.64	9,727.03	0.41
LEASING EXPENSES	587.00	0.30	7,708.39	0.33
COMMISSION	0.00	0.00	16.69	0.00
RENT	0.00	0.00	30,811.03	1.31
UTILITIES	1,724.14	0.88	6,447.27	0.27
TELEPHONE & YELLOW PAGES	25,750.08	13.19	92,576.83	3.95
CELLULAR PHONE EXPENSE	0.00	0.00	3,973.02	0.17
PAGING SERVICE	0.00	0.00	275.40	0.01
ANSWERING SERVICE	490.05	0.25	706.60	0.03
OFFICE SUPPLIES & EXPENSE	183.45	0.09	14,966.64	0.64
EQUIPMENT REPAIR & MANT	0.00	0.00	1,200.00	0.05
POSTAGE	438.95	0.23	5,406.75	0.23
CREDIT REPORT CHECK	78.10	0.04	814.99	0.03
BANK CHARGES	737.52	0.38	2,053.67	0.09
CREDIT CARD SERVICES	0.00	0.00	4,459.49	0.19
SUBSCRIPTIONS	0.00	0.00	41.00	0.00
SECURITY EXPENSE	73.12	0.04	239.38	0.01
ACCOUNTING FEES	600.00	0.31	6,650.00	0.28
PAYROLL LEASING EXPENSE	17,789.07	9.11	191,202.46	8.15
LEGAL FEES	4,331.38	2.22	10,252.38	0.44
PROFESSIONAL FEES	0.00	0.00	7,437.06	0.32
SIMPLE IRA	7,000.00	3.58	7,000.00	0.30
ADVERTISING	3,910.07	2.00	3,910.07	0.17
PROMOTION EXPENSES	0.00	0.00	200.00	0.01
MISCELLANEOUS EXPENSE	6,639.01	3.40	200,550.19	8.55

X 

Nathan Gross

TRISTAR COMMUNICATIONS, INC.
INCOME STATEMENT
For the 1 Month and 12 Months Ended December 31, 2004

	1 Month Ended December 31, 2004	%	12 Months Ended December 31, 2004	%
TAXES AND LICENSES	616.69	0.32	36,255.97	1.55
Total Operating Expenses	80,940.26	41.45	679,331.55	28.97
Operating Income (Loss)	19,535.84	10.00	372,067.04	15.86
Net Income (Loss)	\$ 19,535.84	10.00	\$ 372,067.04	15.86

X 

Stephen Lewis

Form **1120S**

U.S. Income Tax Return for an S Corporation

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

See separate instructions.

REDACTED COPY 2001 OMB No. 1545-0130

Department of the Treasury Internal Revenue Service

Header section containing: A Effective date of election as an S corporation (1/01/90), B Business code no. (812990), C Employer identification no. (65-0681257), D Date incorporated (6/28/96), E Total assets (93,726), and F Check applicable boxes.

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 11 of the instructions for more information.

Main table with 26 rows for Income, Deduction, and Tax and Payments. Includes sub-rows for depreciation (14a, 14b) and tax payments (23a, 23b, 23c). Total income is 462,929 and total deductions are 303,696, resulting in ordinary income of 159,233.

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.

May the IRS discuss this rtn. with the preparer shown below (see page 3)? [X] Yes [] No

Signature of officer: N GROSS, Date: 4-7-05, Title: []

Paid Preparer's Use Only

Preparer's signature, Date: 4/04/05, Check if self-employed, Firm's name: Accu-Tax & Accounting Services, Inc., EIN: 65-0418052

REDACTED

1	Inventory at beginning of year	1	
2	Purchases	2	517,935
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	1,265
6	Total. Add lines 1 through 5	6	519,200
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	519,200

- 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 checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2	Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity ▶ LONG DISTANCE SVC (b) Product or service ▶ 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		<input checked="" type="checkbox"/>
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		<input checked="" type="checkbox"/>
5	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"/>		
6	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"/>		
7	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 17 of the instructions) ▶ \$		
8	Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) ▶ <input type="checkbox"/>		

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach

Schedule N (I)

Schedule I

	(a) Pro rata share items		(b) Total amount	
1	Ordinary income (loss) from trade or business activities (page 1, line 21)		1	159,233
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	
b	Ordinary dividends		4b	
c	Royalty income		4c	
d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))		4d	
e	(1) Net long-term capital gain (loss) (attach Schedule D (Form 1120S))		4e(1)	
	(2) 28% rate gain (loss) ▶ (3) 5-year gain ▶			
f	Other portfolio income (loss) (attach schedule)		4f	
5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)		5	
6	Other income (loss) (attach schedule)		6	

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

		(a) Pro rata share items	(b) Total amount	
Deductions:	7	Charitable contributions (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	24,000
	9	Deductions related to portfolio income (loss) (itemize)	9	
	0	Other deductions (attach schedule)	10	
Investment Interest	1a	Interest expense on investment debts	11a	
	b (1)	Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	
	(2)	Investment expenses included on line 9 above	11b(2)	
Credits	2a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	b	Low-income housing credit:		
	(1)	From partnerships to which section 42(j)(5) applies	12b(1)	
	(2)	Other than on line 12b(1)	12b(2)	
	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	
3	Other credits	13		
Adjustments and Tax Preference Items	14a	Depreciation adjustment on property placed in service after 1986	14a	-1,073
	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	Name of foreign country or U.S. possession ▶	15b	
	b	Gross income from all sources	15b	
	c	Gross income sourced at shareholder level	15c	
	d	Foreign gross income sourced at corporate level:		
	(1)	Passive	15d(1)	
	(2)	Listed categories (attach schedule)	15d(2)	
	(3)	General limitation	15d(3)	
	e	Deductions allocated and apportioned at shareholder level:		
	(1)	Interest expense	15e(1)	
	(2)	Other	15e(2)	
	f	Deductions allocated and apportioned at corporate level to foreign source income:		
(1)	Passive	15f(1)		
(2)	Listed categories (attach schedule)	15f(2)		
(3)	General limitation	15f(3)		
g	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15g		
h	Reduction in taxes available for credit (attach schedule)	15h		
Other	16	Section 59(e)(2) expenditures:	16b	
		a Type ▶ b Amount ▶		
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses	19	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	0
	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, 15g, and 16b	23	135,233	

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		8,527		29,984
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets Stmt 3		8,704		
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments				
10a	Buildings and other depreciable assets	66,454		117,189	
b	Less accumulated depreciation	37,198	29,256	74,794	42,395
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 sch.) Stmt 4		16,347		21,347
15	Total assets		62,834		93,726
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities Stmt 5		2,498		346
19	Loans from shareholders		23,219		44,722
20	Mortgages, notes, bonds payable in 1 year or more		36,117		30,162
21	Other liabilities (att. sch.) Stmt 6				17,496
22	Capital stock		1,000		1,000
23	Additional paid-in capital				
24	Retained earnings				0
25	Adjustments to shareholders' equity (attach schedule)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		62,834		93,726

Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to on ln. 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	135,233	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, 15g, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15g, and 16b, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	0
b	Travel and entertainment \$		7	Add lines 5 and 6	
			8	Income (loss) (Schedule K, line 23).	

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year		
2	Ordinary income from page 1, line 21	159,233	
3	Other additions		
4	Loss from page 1, line 21		
5	Other reductions Stmt 7	24,000	
6	Combine lines 1 through 5	135,233	
7	Distributions other than div. distributions	135,233	
8	Balance at end of tax year. Subtract ln. 7 from ln. 6	0	

65-0681257

Federal Statements

FYE: 12/31/2001

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
INSURANCE	\$ 3,466
LEASING EXPENSES	9,079
COMMISSIONS	37,500
UTILITIES	3,100
CELLULART PHONE EXPENSE	2,529
PAGING SERVICE	35
OFFICE SUPPLIES & EXPENSE	6,989
COMPUTER NETWORK EXPENSE	2,499
POSTAGE	963
COMPUTER SUPPORT EXPENSE	1,000
JANITORIAL EXPENSES	1,320
CREDIT REPORT EXPENSE	75
BANK CHARGES	1,124
CREDIT CARD CHARGES	1,752
SUBSCRIPTIONS	936
CONTINUING EDUCATION EXPENSE	230
SECURITY EXPENSE	279
INTERNET SERVICE	15,523
PROFESSIONAL FEES	3,580
PROMOTION EXPENSES	1,142
VEHICLE - GAS & MAINTENANCE	6,383
TOLLS	329
MEALS & ENTERTMNT LESS 50%	4,502
TRAVELLING EXPENSES	2,786
OUTSIDE SERVICES	86,103
Total	<u>\$ 193,224</u>

65-0681257

Federal Statements

FYE: 12/31/2001

Statement 2 - Form 1120S, Page 2, Schedule A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
SUPPLIES & EXPENSE	\$ 86
FREIGHT & DELIVERY EXPENSE	1,179
Total	<u>\$ 1,265</u>

Federal Statements

Statement 3 - Form 1120S, Page 4, Schedule L, Line 6 - Other Current Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
DUE FROM AFFILIATE	\$ 8,704	\$
Total	\$ 8,704	\$ 0

Statement 4 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
SECURITY DEPOSITS	\$ 16,347	\$ 21,347
Total	\$ 16,347	\$ 21,347

Statement 5 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
TAXES	\$ 2,498	\$ 346
Total	\$ 2,498	\$ 346

Statement 6 - Form 1120S, Page 4, Schedule L, Line 21 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
NOTE PAYABLE - AFFILIATE	\$	\$ 17,496
Total	\$ 0	\$ 17,496

Statement 7 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

<u>Description</u>	<u>Amount</u>
Sec 179 Expense	\$ 24,000
Total	\$ 24,000

▶Do not file this form unless the corporation has timely filed

Form 2553 to elect to be an S corporation.

▶See separate instructions.

2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002, or tax year beginning _____, and ending _____

A Effective date of election as an S corporation 1/01/90	Use IRS label. Otherwise, print or type.	Name Number, street, & room or suite no. (If a P.O. box, see page 11 of the instr.) TRISTAR COMMUNICATIONS, INC	C Employer identification no. 65-0681257
		3350 NW 22ND TERRACE SUITE 1100B	D Date incorporated 6/28/96
B Business code no (see pages 29-31) 812990		City or town, state, and ZIP code POMPANO BEACH FL 33069	E Total assets (see page 11) \$ 97,991
F Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input checked="" type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return			

Caution: In

information.

Income	1 Income before adjustments		1c	1,609,995
	2 Adjustments		2	937,402
	3 Total income		3	672,593
	4		4	
	5		5	
	6		6	672,593
	7		7	8,000
	8		8	45,257
	9		9	1,283
	10		10	
	11		11	29,207
	12		12	5,826
	13		13	1,927
	14a		14a	26,148
	14b		14b	
	15		15	
	16		16	4,078
	17		17	7,000
	18		18	
	19		19	250,493
	20		20	379,219
21		21	293,374	
Deductions (see page 12 of the instructions for limitations)	22a		22a	
	22b		22b	
	22c		22c	
	23d		23d	
	24		24	
	25		25	
Tax and Payments	26		26	
	27		27	
	28		28	
	29		29	

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.		May the IRS discuss this rtn. with the preparer shown below (see instr.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Signature of officer N GROSS	Date	Title PRESIDENT	
Paid Preparer's Use Only	Preparer's signature	Date 4/04/05	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	Accu-Tax & Accounting Services, Inc.		EIN 65-0418052
		P.O. Box 5032	Deerfield Beach, FL 33442	Phone no. 954-574-0081

1	Inventory at beginning of year	1	
2	Purchases	2	732,053
		3	
		Stmt 2	205,349
			937,402

inventory computed under LIFO

9d		Yes	<input checked="" type="checkbox"/>	No
		Yes	<input checked="" type="checkbox"/>	No

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity ▶ LONG DISTANCE SVC (b) Product or service ▶ 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		<input checked="" type="checkbox"/>
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		<input checked="" type="checkbox"/>
5 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"/>		
6 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.		
7 If the corporation: (a) 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 (b) 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 17 of the instructions) ▶ \$		
8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) ▶ <input type="checkbox"/>		
9 Are the corporation's total receipts (see page 29 of the instructions) for the tax year and total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		<input checked="" type="checkbox"/>

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach

Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

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

	(a) Pro rata share items		(b) Total amount	
1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1		1	293,374
2 Net income (loss) from rental real estate activities (attach Form 8825)	2		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	
b Ordinary dividends			4b	
c Royalty income			4c	
d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))			4d	
e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1120S))			4e(1)	
(2) 28% rate gain (loss) ▶ (3) Qualified 5-year gain ▶				
f Other portfolio income (loss) (attach schedule)			4f	
5 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)	5		5	
6 Other income (loss) (attach schedule)	6		6	

	(a) Pro rata share items	(b) Total amount
Deductions	7 Charitable contributions (attach schedule)	7
	8 Section 179 expense deduction (attach Form 4562)	8 24,000
	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)
	(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 section 42(j)(5) applies	12b(1)
	(2) Other than on line 12b(1)	12b(2)
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	
	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
	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 Name of foreign country or U.S. possession ▶	
	b Gross income from all sources	15b
	c Gross income sourced at shareholder level	15c
	d Foreign gross income sourced at corporate level:	
	(1) Passive	15d(1)
	(2) Listed categories (attach schedule)	15d(2)
	(3) General limitation	15d(3)
	e Deductions allocated and apportioned at shareholder level:	
	(1) Interest expense	15e(1)
	(2) Other	15e(2)
f Deductions allocated and apportioned at corporate level to foreign source income:		
(1) Passive	15f(1)	
(2) Listed categories (attach schedule)	15f(2)	
(3) General limitation	15f(3)	
	g Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15g
	h Reduction in taxes available for credit (attach schedule)	15h
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
	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, 15g, and 16b	23 269,374	

Note: The corporation is not required to complete Scl

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		29,984		9,687
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments				
10a Buildings and other depreciable assets	117,189		191,899	
b Less accumulated depreciation	74,794	42,395	124,942	66,957
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 sch.) Stmt 3		21,347		21,347
15 Total assets		93,726		97,991
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				52,490
18 Other current liabilities Stmt 4		346		396
19 Loans from shareholders		44,722		24,209
20 Mortgages, notes, bonds payable in 1 year or more		30,162		
21 Other liabilities (att. sch.) Stmt 5		17,496		19,896
22 Capital stock		1,000		1,000
23 Additional paid-in capital				
24 Retained earnings				
25 Adjustments to shareholders' equity (attach schedule)				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity		93,726		97,991

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return	
1 Net income (loss) per books	269,374
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15g, and 16b (itemize):	
a Depreciation \$	
b Travel and entertainment \$	
4 Add lines 1 through 3	269,374
5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
a Tax-exempt interest \$	
6 Deductions included on Schedule K, lines 1 through 11a, 15g, and 16b, not charged against book income this year (itemize):	
a Depreciation \$	
7 Add lines 5 and 6	
8 Income (loss) (Schedule K, line 23). Line 4 less line 7	269,374

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 26 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			
2 Ordinary income from page 1, line 21	293,374		
3 Other additions			
4 Loss from page 1, line 21			
5 Other reductions Stmt 6	24,000		
6 Combine lines 1 through 5	269,374		
7 Distributions other than div. distributions	269,374		
8 Balance at end of tax year. Subtract ln. 7 from ln. 6	0		

SCHEDULE K-1
(Form 1120S)

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

See separate instructions.

REDACTED
2002

Department of the Treasury
Internal Revenue Service

For calendar year 2002 or tax year

beginning

and ending

Shareholder's identifying number

Corporation's identifying number **65-0681257**

Shareholder's name, address, and ZIP code

Corporation's name, address, and ZIP code

NATHAN GROSS
7239 CARMEL CT
BOCA RATON FL 33433

TRISTAR COMMUNICATIONS, INC
3350 NW 22ND TERRACE SUITE 1100B
POMPANO BEACH FL 33069

- A** Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) **▶ 100.000000%**
B Internal Revenue Service Center where corporation filed its return **▶ Ogden, UT 84201**
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 column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	293,374	See page 4 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). Sch. B, Part I, line 1 Sch. B, Part II, line 5 Sch. E, Part I, line 4 Sch. D, line 5, col. (f) Sch. D, line 12, col. (f) Sch. D, line 12, col. (g) Line 5 of worksheet for Sch. D, line 29 (Enter on applicable ln. of your rtn.) See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable ln. of your rtn.)
	2 Net income (loss) from rental real estate activities		
	3 Net income (loss) from other rental activities		
	4 Portfolio income (loss):		
	a Interest	4a	
	b Ordinary dividends	4b	
	c Royalties	4c	
	d Net short-term capital gain (loss)	4d	
	e (1) Net long-term capital gain (loss)	4e(1)	
	(2) 28% rate gain (loss)	4e(2)	
(3) Qualified 5-year gain	4e(3)		
f Other portfolio income (loss) (attach schedule)	4f		
5 Net section 1231 gain (loss) (other than due to casualty or theft)	5		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)		Sch. A, line 15 or 16
	8 Section 179 expense deduction	24,000	See pages 5 and 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss)		
	10 Other deductions (attach schedule)		
Investment Interest	11a Interest expense on investment debts		
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	(2) Investment expenses included on line 9 above	11b(2)	
Credits	12a Credit for alcohol used as fuel		Form 6478, line 10
	b Low-income housing credit:		See pages 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	(1) From section 42(j)(5) partnerships		
	(2) Other than on line 12b(1)		
	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	
	e Credits related to other rental activities	12e	
13 Other credits	13		

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

REDACTED

Depreciation and Amortization

(Including Information on Listed Property)

2002

Department of the Treasury
Internal Revenue Service

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

Attachment
Sequence No. **67**

Name(s) shown on return

TRISTAR COMMUNICATIONS, INC

Identifying number

65-0681257

Note: If you have any listed property, complete Part V before you complete Part I.

	1	24,000
	2	74,709
	3	200,000
	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see pg. 2 of the instr.	5	24,000
(a) Description of property	(b) Cost (business use only)	(c) Elcated cost
6 EQUIPMENT	7,691	7,691
7 Listed property. Enter the amount from line 29	7	16,309
	8	24,000
	9	24,000
	10	
	11	24,000
	12	24,000
13 Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	
14 Special depreciation allowance for qualified prop. (other than listed prop.) placed in service during the tax year (see pg. 3 of the instr.)	14	
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16 Other depreciation (including ACRS) (see page 4 of the instructions)	16	9,789

17 MACRS deductions for assets placed in service in tax years beginning before 2002	17	
18 If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B-Assets Placed in Service During 2002 Tax Year Using the General Depreciation System

	(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
19a 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	
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

21 Listed property. Enter amount from line 28	21	16,359
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	26,148
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

24a Do you have evidence to support the business/investment use claimed?					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	24b If "Yes," is the evidence written?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
(a) Type of prop. (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			
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 7 of the instructions)								25			
26 Property used more than 50% in a qualified business use (see page 7 of the instructions):											
See Statement 1			111,451	95,142			16,359	16,309			
		%									
		%									
		%				S/L-					
		%				S/L-					
							28	16,359			
								29			
								16,309			

If you provided vehicles to your employees, first answer the questions in

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

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 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		
39 Do you treat all use of vehicles by employees as personal use?		
40 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?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
43 Amortization of costs that began before your 2002 tax year					43
44 Total. Add amounts in column (f). See page 9 of the instructions for where to report					44

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
INSURANCE	\$ 6,402
LEASING EXPENSES	12,334
UTILITIES	3,496
TELEPHONE & YELLOW PAGES EXP	61,511
CELLULAR PHONE EXP	5,304
PAGING SERVICES	46
OFFICE SUPPLIES & EXP	6,306
PRINTING	326
WEB HOSTING EXP	181
POSTAGE	10,334
JANITORIAL SERVICES	4,419
BANK & CREDIT CARD CHARGES	4,088
DUES & SUBSCRIPTIONS	2,750
SECURITY EXP	242
INTERNET SERVICES	11,768
PROFESSIONAL FEES	4,600
CONTINUING EDUCATION EXP	445
ADMINISTRATION FEES	105,000
VEHICLE-GAS & MAINTENANCE	5,421
MEALS & ENT LESS 50%	3,387
TRAVELLING EXP	2,133
Total	<u>\$ 250,493</u>

Statement 2 - Form 1120S, Page 2, Schedule A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
SUPPLIES & EXPENSES	\$ 261
FREIGHT & DELIVERY EXP	2,224
OUTSIDE SERVICES	202,864
Total	<u>\$ 205,349</u>

Federal Statements

Statement 3 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

Description	Beginning of Year	End of Year
SECURITY DEPOSITS	\$ 21,347	\$ 21,347
Total	<u>\$ 21,347</u>	<u>\$ 21,347</u>

Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

Description	Beginning of Year	End of Year
PAYROLL TAXES	\$ 346	\$ 396
Total	<u>\$ 346</u>	<u>\$ 396</u>

Statement 5 - Form 1120S, Page 4, Schedule L, Line 21 - Other Liabilities

Description	Beginning of Year	End of Year
DUE FROM AFFILIATES	\$ 17,496	\$ 19,896
Total	<u>\$ 17,496</u>	<u>\$ 19,896</u>

Statement 6 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

Description	Amount
Sec 179 Expense	\$ 24,000
Total	<u>\$ 24,000</u>

Regular Depreciation

Statement 1 - Form 4562, Line 26, Additional Property Used More Than 50%

	Property Type							
	Date in Service	Busn Use %	Cost or Basis	Basis For Depr	Per	Meth	Deduct	Sec 179
COMPUTER	5/01/98	100.00	\$ 51,200	\$ 51,200	5.0	200DB	\$ 5,898	\$
COMPUTER	1/01/99	100.00	6,780	6,780	5.0	200DB	781	
COMPUTER	8/01/01	100.00	17,031	17,031	5.0	200DB	5,450	
LAPTOP	1/01/01	100.00	1,696	1,696	5.0	200DB	543	
COMPUTER	1/01/02	100.00	13,011		5.0	200DB		13,011
COMPUTER	1/01/02	100.00	18,435	18,435	5.0	200DB	3,687	
COPIER	1/01/02	100.00	3,298		5.0	200DB		3,298
Total			<u>\$ 111,451</u>	<u>\$ 95,142</u>			<u>\$ 16,359</u>	<u>\$ 16,309</u>

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

A Effective date of election as an S corporation 1/01/90	Use the IRS label. Otherwise, print or type.	Name Number, street, and room or suite no. (If a P.O. box, see page 12 of the instr.) TRISTAR COMMUNICATIONS, INC	C Employer identification number 65-0681257
B Business code number (see pages 31-33 of the Instr.) 812990		3350 NW 22ND TERRACE SUITE 1100B City or town, state, and ZIP code POMPANO BEACH FL 33069	D Date incorporated 6/28/96
F Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return		E Total assets (see page 12 of instructions) \$ 81,662	

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 12 of the instructions for more

	1a Gross rcpt. or sales	2,393,347	b Less rtn. and allowances			1c	2,393,347
Income	2 Cost of goods sold (Schedule A, line 8)					2	1,598,074
	3 Gross profit. Subtract line 2 from line 1c					3	795,273
	4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)					4	
	5 Other income (loss) (attach schedule)					5	
	6 Total income (loss). Add lines 3 through 5					6	795,273
	Deductions <small>(see page 13 of the instructions for limitations)</small>	7 Compensation of officers					7
8 Salaries and wages (less employment credits)						8	221,479
9 Repairs and maintenance						9	1,382
10 Bad debts						10	
11 Rents						11	36,312
12 Taxes and licenses						12	18,006
13 Interest						13	1,308
14a Depreciation (Attach Form 4562)			23,93			14a	
						14c	23,939
						15	
						16	4,645
					17	8,000	
					18		
					19	143,141	
					20	462,212	
					21	333,061	
Tax and Payments	22 Tax: a Excess net passive income tax (attach sch.)			22a			
	b Tax from Schedule D (Form 1120S)			22b			
	for additional taxes)					22c	
	23 Payments: a 2003 estimated tax payments and amount applied from 2002 return			23a			
	b Tax deposited with Form 7004			23b			
	c Credit for Federal tax paid on fuels (attach Form 4136)			23c			
d Add lines 23a through 23c					23d		
24 Estimated tax penalty (See page 17 of instructions). Check if Form 2220 is attached					24		
25 Tax due. If line 23d is smaller than the total of lines 22c and 24, enter amount owed.					25		
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid					26		

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, this return is true and correct. I am a preparer of this return and I am not a partner in the business.

May the IRS discuss this return with the preparer **PREPARED BY**

Here ▶	Signature of officer GROSS	Date	Title PRESIDENT
Paid Preparer's Use Only	Preparer's signature	Date 4/04/05	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP code	Accu-Tax & Accounting Services, Inc. P.O. Box 5032 Deerfield Beach, FL 33442	Preparer's SSN or PTIN
		EIN 65-0418052	Phone no. 954-574-0081

1	Inventory at beginning of year	1	
2	Purchases	2	1,282,536
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	315,538
6	Total. Add lines 1 through 5	6	1,598,074
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	1,598,074

(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 If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

Schedule B Other Information (see page 19 of instructions)

- | | Yes | No |
|---|-----|-------------------------------------|
| 1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶ | | |
| 2 See pages 31 through 33 of the instructions and enter the:
(a) Business activity ▶ LONG DISTANCE SVC (b) Product or service ▶ SERVICE | | |
| 3 At the end of the tax year, did the corporation 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 | | |
| 4 Was the corporation a member of a controlled group subject to the provisions of section 1561? | | |
| 5 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"/> | | |
| 6 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/>
If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | |
| 7 If the corporation: (a) 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 (b) 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 ▶ \$ <input type="text"/> | | |
| 8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year ▶ <input type="checkbox"/> | | |
| 9 Are the corporation's total receipts (see page 19 of the instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1. <input type="checkbox"/> | | <input checked="" type="checkbox"/> |

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach

Schedule N (I)

Schedule I

		(a) Pro rata share items	(b) Total amount
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 333,061
	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):	4
	a	Interest income	4a
	b	Dividends: (1) Qualified dividends ▶ (2) Total ordinary dividends ▶	4b(2)
	c	Royalty income	4c
	d	Net short-term capital gain (loss): (1) Post-May 5, 2003 ▶ (2) Entire year ▶	4d(2)
	e	Net long-term capital gain (loss): (1) Post-May 5, 2003 ▶ (2) Entire year ▶	4e(2)
	f	Other portfolio income (loss) (attach schedule)	4f
5	Net section 1231 gain (loss) (attach Form 4797): (a) Post-May 5, 2003 ▶ (b) Entire year ▶	5(b)	
6	Other income (loss) (attach schedule)	6	

Form 1120S
Schedule C

		(a) Pro rata share items	(b) Total amount	
Deductions	7	Charitable contributions (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	45,271
	9	Deductions related to portfolio income (loss) (itemize)	9	
	0	Other deductions (attach schedule)	10	
Investment Interest	1a	Interest expense on investment debts	11a	
	b (1)	Investment income included on lines 4a, 4b(2), 4c, and 4f on page 2	11b(1)	
	(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 section 42(j)(5) applies	12b(1)	
	(2)	Other than on line 12b(1)	12b(2)	
	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	
	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	Name of foreign country or U.S. possession ▶		
	b	Gross income from all sources	15b	
	c	Gross income sourced at shareholder level	15c	
	d	Foreign gross income sourced at corporate level:		
	(1)	Passive	15d(1)	
	(2)	Listed categories (attach schedule)	15d(2)	
	(3)	General limitation	15d(3)	
	e	Deductions allocated and apportioned at shareholder level:		
	(1)	Interest expense	15e(1)	
	(2)	Other	15e(2)	
f	Deductions allocated and apportioned at corporate level to foreign source income:			
(1)	Passive	15f(1)		
(2)	Listed categories (attach schedule)	15f(2)		
(3)	General limitation	15f(3)		
g	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15g		
h	Reduction in taxes available for credit (attach schedule)	15h		
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	
	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, 15g, and 16b	23	287,790	

Note: The corporation is not required to complete Schedules L and M-1 if question 9 of Schedule B is answered "Yes."

Schedule L	Balance Sheets per Books		Beginning of tax year		End of tax year	
			(a)	(b)	(c)	(d)
Assets						
1	Cash			9,687		17,298
2a	Trade notes and accounts receivable					
b	Less allowance for bad debts					
3	Inventories					
4	U.S. government obligations					
5	Tax-exempt securities					
6	Other current assets					
7	Loans to shareholders					
8	Mortgage and real estate loans					
9	Other investments					
10a	Buildings and other depreciable assets		191,899		237,169	
b	Less accumulated depreciation		124,942	66,957	194,152	43,017
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 sch.) Stmt 3			21,347		21,347
15	Total assets			97,991		81,662
Liabilities and Shareholders' Equity						
16	Accounts payable					
17	Mortgages, notes, bonds payable in less than 1 year			52,490		25,000
18	Other current liabilities Stmt 4			396		443
19	Loans from shareholders			24,209		31,123
20	Mortgages, notes, bonds payable in 1 year or more					
21	Other liabilities (attach sch.) Stmt 5			19,896		24,096
22	Capital stock			1,000		1,000
23	Additional paid-in capital					
24	Retained earnings					
25	Adjustments to shareholders' equity (attach schedule)					
26	Less cost of treasury stock					
27	Total liabilities and shareholders' equity			97,991		81,662

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1	Net income (loss) per books	287,790	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, 15g, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15g, and 16b, not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Travel and entertainment \$		7	Add lines 5 and 6	
4	Add lines 1 through 3	287,790	8	Income (loss) (Schedule K, line 23). Line 4 less line 7	287,790

1	Balance at beginning of tax year		(c) Shareholders' undistributed taxable income previously taxed
2	Ordinary income from page 1, line 21	333,061	
3	Other additions		
4	Loss from page 1, line 21		
5	Other reductions Stmt 6	45,271	
6	Combine lines 1 through 5	287,790	
7	Distributions other than dividend distributions	287,790	
8	Balance at end of tax year. Subtract line 7 from line 6	0	

▶ See separate instructions.

For calendar year 2003 or tax year
, and ending

2003

Department of the Treasury

Shareholder's identifying number ▶

1

Corporation's identifying number ▶ **65-0681257**

Shareholder's name, address, and ZIP code

**NATHAN GROSS
7239 CARMEL CT
BOCA RATON FL 33433**

Corporation's name, address, and ZIP code

**TRISTAR COMMUNICATIONS, INC
3350 NW 22ND TERRACE SUITE 1100B
POMPANO BEACH FL 33069**

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 column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	333,061	See page 4 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 1040, line 8a Form 1040, line 9b Form 1040, line 9a Sch. E, Part I, line 4 Sch. D, line 5, col. (g) Sch. D, line 5, col. (f) Sch. D, line 12, col. (g) Sch. D, line 12, col. (f) (Enter on applicable ln. of your rtn.) See Shareholder's Instructions for Schedule K-1 (Form 1120S). (Enter on applicable ln. of your rtn.) Sch. A, line 15 or 16 See page 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 4952, line 1 See Shareholder's Instructions for Schedule K-1 (Form 1120S). Form 6478, line 10 Form 8586, line 5 See page 6 and 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities		
	3 Net income (loss) from other rental activities		
	4 Portfolio income (loss):		
	a Interest income	4a	
	b (1) Qualified dividends	4b(1)	
	(2) Total ordinary dividends	4b(2)	
	c Royalty income	4c	
	d (1) Net short-term capital gain (loss) (post-May 5, 2003)	4d(1)	
	(2) Net short-term capital gain (loss) (entire year)	4d(2)	
	e (1) Net long-term capital gain (loss) (post-May 5, 2003)	4e(1)	
	(2) Net long-term capital gain (loss) (entire year)	4e(2)	
	f Other portfolio income (loss) (attach schedule)	4f	
5a Net section 1231 gain (loss) (post-May 5, 2003)	5a		
b Net section 1231 gain (loss) (entire year)	5b		
6 Other income (loss) (attach schedule)	6		
Deductions	7 Charitable contributions (attach schedule)	7	
	8 Section 179 expense deduction	45,271	
	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	
	b (1) Investment income included on lines 4a, 4b(2), 4c, and 4f above	11b(1)	
	(2) Investment expenses included on line 9 above	11b(2)	
Credits	12a Credit for alcohol used as fuel	12a	
	b Low-income housing credit:		
	(1) From section 42(j)(5) partnerships	12b(1)	
	(2) Other than on line 12b(1)	12b(2)	
	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	
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) 2003

There are no amounts for Page 2

Depreciation and Amortization

OMB No. 1545-0172

Form **4562**

(Including Information on Listed Property)

2003

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. **67**

Name(s) shown on return

TRISTAR COMMUNICATIONS, INC

Identifying number
65-0681257

1 Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	100,000
2 Total cost of section 179 property placed in service (see page 2 of the instructions)	2	45,271
3 Threshold cost of section 179 property before reduction in limitation	3	400,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
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	100,000

(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6 EQUIPMENT	21,894	21,894	
COMPUTERS	23,377	23,377	
7 Listed property. Enter the amount from line 29	7		
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7			45,271
9 Tentative deduction. Enter the smaller of line 5 or line 8			45,271
10 Carryover of disallowed deduction from line 13 of your 2002 Form 4562			
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)			100,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11			45,271
13 Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12	▶ 13		

14 Special depreciation allowance for qualified prop. (other than listed prop.) placed in service during the tax year (see pg. 3 of the instr.)	14	
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16 Other depreciation (including ACRS) (see page 4 of the instructions)	16	12,459

17 MACRS deductions for assets placed in service in tax years beginning before 2003	17	0
18 If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B-Assets Placed in Service During 2003 Tax Year Using the General Depreciation System

(a) Description 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
19a 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			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C-Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System

20a Class life	(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
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

21 Listed property. Enter amount from line 28	21	11,480
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	23,939
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	▶ 23	

24a Do you have evidence to support the business/investment use claimed?		<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		24b If "Yes," is the evidence written?		<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
(a) Type of prop. (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	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 6 of the instructions)							25				
26 Property used more than 50% in a qualified business use (see page 6 of the instructions):											
See Statement 7											
		%	95,142	95,142			11,480				
		%									
27 Property used 50% or less in a qualified business use (see page 6 of the instructions):											
		%				S/L-					
		%				S/L-					
							28	11,480			
											29

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

		Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?			
38 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			
39 Do you treat all use of vehicles by employees as personal use?			
40 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?			
41 Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.)			
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2003 tax year (see page 9 of the instructions):					
43 Amortization of costs that began before your 2003 tax year					43
44 Total. Add amounts in column (f). See page 9 of the instructions for where to report					44
					0

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Federal Statements

FYE: 12/31/2003

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

<u>Description</u>	<u>Amount</u>
INSURANCE	\$ 10,674
LEASING EXPENSES	5,251
UTILITIES	5,860
TELEPHONE & YELLOW PAGES EXP	26,855
CELLULAR PHONE EXP	2,904
OFFICE SUPPLIES & EXP	10,759
PRINTING	598
WEB HOSTING EXP	350
POSTAGE	5,803
JANITORIAL SERVICES	80
BANK & CREDIT CARD CHARGES	5,353
DUES & SUBSCRIPTIONS	906
SECURITY EXP	426
INTERNET SERVICES	4,628
PROFESSIONAL FEES	9,238
VEHICLE-GAS & MAINTENANCE	5,229
MEALS & ENT LESS 50%	8,820
TRAVELLING EXP	10,792
SUPPLIES & EXP	2,473
CREDIT REPORT EXP	266
MOVING EXPENSE	1,300
CONSULTING FEES	24,336
IRA EMPLOYEE DEDUCTION EXP	240
Total	<u>\$ 143,141</u>

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Federal Statements

FYE: 12/31/2003

Statement 2 - Form 1120S, Page 2, Schedule A, Line 5 - Other Costs

<u>Description</u>	<u>Amount</u>
OUTSIDE SERVICES	\$ 315,538
Total	<u>\$ 315,538</u>

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Federal Statements

FYE: 12/31/2003

Statement 3 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
SECURITY DEPOSITS	\$ 21,347	\$ 21,347
Total	<u>\$ 21,347</u>	<u>\$ 21,347</u>

Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
PAYROLL TAXES	\$ 396	\$ 443
Total	<u>\$ 396</u>	<u>\$ 443</u>

Statement 5 - Form 1120S, Page 4, Schedule L, Line 21 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
DUE FROM AFFILIATES	\$ 19,896	\$ 24,096
Total	<u>\$ 19,896</u>	<u>\$ 24,096</u>

Statement 6 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

<u>Description</u>	<u>Amount</u>
Sec 179 Expense	\$ 45,271
Total	<u>\$ 45,271</u>

Federal Statements

Regular Depreciation

Statement 7 - Form 4562, Part V, Line 26 - Property Used More Than 50% in Qualified Business

Property Type	Date in Service	Busn Use %	Cost or Basis	Basis For Depr	Per	Meth	Deduct	Sec 179
COMPUTER	5/01/98	100.00	\$ 51,200	\$ 51,200	5.0	200DB	\$ 2,949	\$
COMPUTER	1/01/99	100.00	6,780	6,780	5.0	200DB	781	
COMPUTER	8/01/01	100.00	17,031	17,031	5.0	200DB	1,525	
LAPTOP	1/01/01	100.00	1,696	1,696	5.0	200DB	326	
COMPUTER	1/01/02	100.00	18,435	18,435	5.0	200DB	5,899	
Total			\$ <u>95,142</u>	\$ <u>95,142</u>			\$ <u>11,480</u>	\$ <u>0</u>