

08/30/2002

Touchtone Communications Inc
BALANCE SHEET
August 31, 2002

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ASSETS

CURRENT ASSETS

Checking Account	\$	62,889.01
Petty Cash		<u>1,575.00</u>

TOTAL CURRENT ASSETS	\$	64,464.01
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PROPERTY AND EQUIPMENT

Equipment	\$	540.60
Furniture and Fixtures		<u>(33.92)</u>

TOTAL PROPERTY AND EQUIPMENT	\$	<u>506.68</u>
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TOTAL ASSETS	\$	64,970.69
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Touchtone Communications Inc
BALANCE SHEET
August 31, 2002

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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	(1,118.09)
Sales Taxes Payable		(10,762.94)
PAYROLL TAXES PAYABLE		<u>(5,381.89)</u>

TOTAL CURRENT LIABILITIES	\$	(17,262.92)
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EQUITY

NET INCOME (LOSS)	\$	<u>82,233.61</u>
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TOTAL EQUITY	\$	<u>82,233.61</u>
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TOTAL LIABILITIES AND EQUITY	\$	<u>64,970.69</u> =====
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Touchtone Communications Inc
INCOME STATEMENT
For The Period

	July 01, 2002 To August 31, 2002	January 01, 2002 To August 31, 2002
SALES		
Sales	\$ 595,832.26	\$ 595,832.26
Total SALES	\$ 595,832.26	\$ 595,832.26
COST OF SALES		
Local Access Charges (clec)	\$ 3,091.59	\$ 3,091.59
LEC Special Services	40.83	40.83
PICC	383.40	383.40
ISP Network Expense	1,430.00	1,430.00
Carrier Fees	297,374.81	297,374.81
Billing Expense	3,947.11	3,947.11
Inquiry Fees	8.04	8.04
Customer Credit	593.50	593.50
Total COST OF SALES	\$ 306,869.28	\$ 306,869.28
Total GROSS PROFIT	\$ 288,962.98	\$ 288,962.98
SELLING EXPENSES		
Advertising	\$ 8,754.77	\$ 8,754.77
Travel	2,106.52	2,106.52
Total SELLING EXPENSES	\$ 10,861.29	\$ 10,861.29
GENERAL & ADMINISTRATIVE		
Net Payroll	\$ 32,422.08	\$ 32,422.08
Payroll Tax	47,639.73	47,639.73
Agent Commissions	23,446.09	23,446.09
Fuel	243.09	243.09
Bank Service Charges	0.34	0.34
Consultant Expense	150.00	150.00
Credit Card Services	225.00	225.00
State and Federal Licence	11,310.00	11,310.00
Equipment Leasing	478.04	478.04
Utilities	1,493.02	1,493.02
Insurance - Employee Group	9,461.63	9,461.63
Internet Expense	30.00	30.00
Legal & Accounting	21,251.58	21,251.58

Touchtone Communications Inc
INCOME STATEMENT
For The Period

	<u>July 01, 2002</u> <u>To</u> <u>August 31, 2002</u>	<u>January 01, 2002</u> <u>To</u> <u>August 31, 2002</u>
Miscellaneous Expense	\$ 75.20	\$ 75.20
Office Expense	1,370.57	1,370.57
Office Supply Expense	3,994.24	3,994.24
Outside Services	4,385.30	4,385.30
Dun & Bradstreet	415.29	415.29
Printing Expense	3,482.88	3,482.88
Postage Expense	15,890.73	15,890.73
Rent Expense	8,869.58	8,869.58
Telephone	2,385.55	2,385.55
Meals & Entertainment	2,093.95	2,093.95
Travel	25.00	25.00
Trade Show (registratio/misc.)	<u>4,729.19</u>	<u>4,729.19</u>
Total GENERAL & ADMINISTRATIVE	\$ <u>195,868.08</u>	\$ <u>195,868.08</u>
Total NET OPERATING INCOME (LOSS)	\$ <u>82,233.61</u>	\$ <u>82,233.61</u>
NET INCOME (LOSS) BEFORE TAX	\$ <u>82,233.61</u>	\$ <u>82,233.61</u>
NET INCOME (LOSS)	\$ <u>82,233.61</u> =====	\$ <u>82,233.61</u> =====