

Pay Tel Communications, Inc.  
4230 Beechwood Drive  
Greensboro, NC 27410

March 25, 2019  
**Via Overnight Delivery**

Mr. Mac McArthur  
Alabama Public Service Commission  
100 North Union, Suite 950  
Montgomery, AL 36104

RE: AL Annual Financial Statements - INMATE

Dear Mr. McArthur:

Enclosed please find financial statements for Pay Tel Communications, Inc. for their fiscal year ended 2018. This information is being supplied to you in compliance with the Alabama Public Service Commission requirement for Annual Report submission.

A copy of this report has been emailed to [Dee.Stroud@psc.alabama.gov](mailto:Dee.Stroud@psc.alabama.gov), [Tom.Jones@psc.alabama.gov](mailto:Tom.Jones@psc.alabama.gov) and [Darrell.Baker@psc.alabama.gov](mailto:Darrell.Baker@psc.alabama.gov).

Questions pertaining to this filing should be addressed to my attention at 407-740-3014. Thank you for your assistance.

Sincerely,

Tammie King  
Compliance Reporting Specialist

enclosures

cc: , Pay Tel Communications, Inc.  
file: Pay Tel Communications, Inc. - Reporting- Alabama

**Pay Tel Communications, Inc.**  
**Balance Sheet**

<b>ASSETS</b>	<u><b>12/31/2018</b></u>
Current Assets	
Cash	\$548,192
Accounts Receivable-Net	\$1,288,625
Deposits & Prepaids	\$389,547
Total Current Assets	<u>\$2,226,363</u>
Fixed Assets	
Inventory	\$484,751
Assets in Progress	\$931,520
Property & Equipment - Net	\$5,100,364
Total Fixed Assets	<u>\$6,516,635</u>
Other Assets	
Loan to Irrevocable Trust	\$230,082
A/R - Officer Life Insurance	\$53,118
Advances to Stockholder	\$0
Patents	\$0
Loan Origination Fees - Net	\$0
Prepaid Client Commissions - Net	\$236,077
Prepaid Sales Commissions - Net	\$441,525
Prepaid Contract Expenses - Net	\$46,898
A/R - Bad Debt Retainage	\$0
Total Other Assets	<u>\$1,007,699</u>
 <b>Total Assets</b>	 <b><u><u>\$9,750,697</u></u></b>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$799,848
Unearned Revenue	\$1,268,234
Salaries Payable	\$402,838
Taxes Payable	\$276,273
Contract Commitments	\$39,843
Accrued Expenses	\$1,160,616
Chargeback Reserve	-\$9,546
Unclaimed Revenue - Net	\$7,200
Bad Debt Deferred Liability	\$67,079
S/T Notes Payable	\$307,653
S/T Capital Lease Payable	\$167,042
Total Current Liabilities	\$4,487,081
Long Term Liabilities	
Loan from Shareholder	\$592,991
L/T Capital Lease Payable	\$157,988
L/T Notes Payable	\$0
Total Long Term Liabilities	<u>\$750,979</u>
 <b>Total Liabilities</b>	 <b>\$5,238,060</b>
<b>EQUITY</b>	
Common Stock	\$10,000
Additional Paid in Capital	\$12,500
Stockholders Distribution (Taxes)	-\$1,316,453
Retained Earnings	\$3,971,762
<b>Total Stockholder's Equity</b>	<b><u>\$2,677,808</u></b>
 Year to Date Net Income	 \$1,834,829
<b>Total Liabilities and Stockholders Equity</b>	<b><u>\$9,750,697</u></b>

**Pay Tel Communications, Inc.**  
**Income Statement**

12/31/2018

<b>REVENUE</b>	
In House Revenue	\$13,615,189
Debit Revenue	\$12,530,966
Prepaid Card Revenue	\$433,036
LEC Billed Revenue	\$0
Payment Fee Revenue	\$2,894,704
Prepaid Card Breakage Revenue	\$612,802
Bill Fee Revenue	\$0
Other Revenue	\$449,262
<b>Total Revenue</b>	<b>\$30,535,959</b>
<b>COST OF SALES</b>	
Facility Support	
Wages & Related Expenses	\$675,229
Travel, Meals & Lodging	\$169,199
Other Employee Expense	\$10,756
Repairs	\$363,680
Freight	\$21,242
Telephone/DSL/T1/SIP	\$1,217,907
Inmate Phone Supplies	\$113,807
Loss on Inventory	\$9,667
<b>Total Facility Support Expense</b>	<b>\$2,581,487</b>
Facility Overhead	
Client Commissions	\$10,904,922
Third Party Expense	\$963,086
Billing & Collection Expense	\$1,527,363
Call Center Expense	\$160,002
Bad Debt	\$95,304
Post Billing Adjustments	\$4,912
<b>Total Facility Overhead Expense</b>	<b>\$13,655,589</b>
<b>Total Cost of Sales</b>	<b>\$16,237,077</b>
<b>GROSS PROFIT</b>	<b>\$14,298,882</b>
<b>SELLING, GENERAL &amp; ADMIN</b>	
Salaries & Related Expenses	\$7,163,150
Other Employee Expenses	\$169,284
Outside Labor	\$238,285
Accounting Services	\$101,162
Travel & Entertainment Expense	\$310,774
Service Fees	\$17,958
Charitable Donations & Gifts	\$163,028
Computer Licenses & Maintenance	\$639,213
Headquarters Internet Expense	\$57,651
Computer Supplies	\$40,878
Consulting Expense	\$223,064
Dues & Publications	\$97,908
Equipment Lease	\$8,308
Equipment Maintenance & Supplies	\$20,596
Freight	\$19,696
Insurance - General	\$150,304
Legal Expenses	\$349,800
Marketing Expense	\$220,644
Office/Building Supply Expense	\$62,043
Postage	\$27,478
Printing Expense	\$25,043

**Pay Tel Communications, Inc.**  
**Income Statement**

	<u>12/31/2018</u>
Taxes & Regulatory Fees	\$212,750
Telephone Service	\$121,505
Disaster Recovery Expense	\$115,252
Rent	\$423,474
Repairs & Maintenance	\$181,974
Utilities	\$124,361
Other Expense	\$3,912
Allocated Overhead	-\$905,503
<b>Total Selling, General &amp; Admin</b>	<b>\$10,383,994</b>
<b>EBITDA</b>	<b>\$3,914,889</b>
<b>OTHER INCOME AND EXPENSE</b>	
Depreciation & Amortization	\$2,056,247
Interest Expense	\$17,000
Other Non Operating Expense	\$6,812
<b>Total Other Income &amp; Expense</b>	<b>\$2,080,059</b>
<b>EBT (Earnings Before Taxes)</b>	<b>\$1,834,829</b>