

# Legacy Inmate Communications

## Income Statement

01/01/2018 to 12/31/2018

	January 01, 2018	December 31, 2018
Income		
Service Revenues		
OSP - BSG LEC Billed	590,873.55	3.0 %
OSP - Long Distance Services	34,979.42	0.2 %
OSP - CLEC Dial Tone	97,564.95	0.5 %
Inmate - BSG Lec Billed	267,628.52	1.3 %
Inmate - Credit Card Collect	4,303,957.53	21.7 %
Billing Services	1,452,800.50	7.3 %
OSP - Cox Lec Billed	20,140.84	0.1 %
OSP Credit Card Collect	2,087,507.99	10.5 %
Inmate - Fees Billed	1,407,678.74	7.1 %
Inmate - Payment Kiosk	1,478,174.98	7.4 %
Inmate - Prepaid	5,051,953.79	25.5 %
Inmate - Debit	3,367,055.29	17.0 %
Aramark Kiosk Sales	102,932.00	0.5 %
TOTAL Service Revenues	20,263,248.10	102.1 %
Rejects - Rev. BSG Billing Services	(66,399.17)	-0.3 %
Rejects - Rev. BSG Inmate	(35,404.99)	-0.2 %
Rejects - Rev. BSG OSP	(134,727.90)	-0.7 %
Rejects - LD Service 0+ Cox	(1,861.60)	0.0 %
Credit Card Chargebacks Inmate	(78,380.16)	-0.4 %
Credit Card Charge Backs OSP	(97,311.26)	-0.5 %
TOTAL Income	19,849,163.02	100.0 %
NET INCOME	19,849,163.02	100.0 %
Cost of Goods Sold		
Network operating expenses		
Twilio - Termination	192,140.90	1.0 %
Level 3 - CIC Origination	8,353.43	0.0 %
AT&T - COPT Dial Tone Expense	96,193.25	0.5 %
Century Link-SIP Origination Termination	454,912.76	2.3 %
Network and Switch Expense	381.28	0.0 %
Directory Assitance	315.00	0.0 %
BC BETI - Validation	211,463.49	1.1 %
Inmate Facilities Technicians	498,086.81	2.5 %
Inmate Facilities Bandwidth	408,233.15	2.1 %
Impact (Excel) - Termination	53,087.70	0.3 %
SMS / 800	1,202.75	0.0 %

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TOTAL Network Operating Expense	1,924,370.52	9.7 %
BSG		
BSG Short-term Dilution	249,869.13	1.3 %
BSG True-up	(1,054.54)	0.0 %
BSG Bill Fees	166,840.27	0.8 %
BSG Inquiry Fees	5,174.37	0.0 %
BSG LEC Fees	339,734.50	1.7 %
BSG Bad Debt	31,215.97	0.2 %
BSG Finance Chg	5,882.75	0.0 %
BSG Customer Credits	31,503.50	0.2 %
TOTAL BSG Billing Expenses	829,165.95	4.2 %
Credit Card Fees - OSP	348,449.41	1.8 %
Credit Card Fees - Inmate	571,695.60	2.9 %
Lec Fees - Cox	2,843.25	0.0 %
Trinity Commissary Processing Fee	14,993.27	0.1 %
Fresno Technology Grant	42,411.60	0.2 %
OSP Commission Expense	2,273,096.70	11.5 %
Inmate Facility Commissions	7,478,005.52	37.7 %
Patent Royalty Expense	92,113.90	0.5 %
Customer Operations Expenses		
Salaries Client Relations	141,415.30	0.7 %
Medical Insurance Client Relations	15,369.04	0.1 %
Employ. Incent./Bonuses Client Relatio	50.00	0.0 %
Other facilities/office Client Relations	9.99	0.0 %
Travel /lodging Client Relations	880.60	0.0 %
Travel /Lodging Client Relations	25.19	0.0 %
Meals and entertainment Client Relations	70.06	0.0 %
Meals and Entertainment Client Relations	62.36	0.0 %
Regulatory Fees	148,547.03	0.7 %
TOTAL Operations Expenses	306,429.57	1.5 %
TOTAL Cost of Goods Sold	13,883,575.29	69.9 %
GROSS PROFIT	5,965,587.73	30.1 %
Expenses		
Operations expenses		
Salaries - Operations	163,322.80	0.8 %
Salaries Operator Center	448,167.84	2.3 %
Salaries Customer Service	128,070.02	0.6 %
Medical Insurance Operations	19,217.61	0.1 %
Medical Insurance Op Center	19,639.66	0.1 %
Medical Insurance Customer Service	25,085.38	0.1 %
Employ. Incent. / Bonus Operations	986.00	0.0 %
Employ. Incent. / Bonus OP Center	982.20	0.0 %
Employ. Incent. / Bonus Customer Service	299.99	0.0 %

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Other facilities/office Op Center	2,253.71	0.0 %
Equipment Operations	1,322.80	0.0 %
Postage/Shipping Operations	750.00	0.0 %
Express Shipping Operations	121.36	0.0 %
Express Shipping Op Center	90.49	0.0 %
Travel / lodging Operations	263.74	0.0 %
Travel / lodging Op Center	8,557.00	0.0 %
Meals and Entertainment Op Center	2,384.85	0.0 %
Dues and subscriptions Op Center	599.99	0.0 %
<b>TOTAL Operations expenses</b>	<b>822,115.44</b>	<b>4.1 %</b>
Business Development/Services Expenses		
Salaries Business Services	153,623.33	0.8 %
Salaries Business Development	242,554.38	1.2 %
Medical Insurance Business Services	17,962.87	0.1 %
Medical Insurance Business Development	16,985.22	0.1 %
Employ. Incent. / Bonuses Business Serv.	65,032.60	0.3 %
Employ. Incent. / Bonuses Business Dev.	2,550.00	0.0 %
Other facilities/office Business Service	4,933.95	0.0 %
Other facilities/office Business Dev.	9,112.86	0.0 %
Equipment Business Services	5,816.14	0.0 %
Express Shipping Business Services	1,535.88	0.0 %
Express Shipping Business Development	8,161.57	0.0 %
Travel / lodging Business Services	58,054.57	0.3 %
Travel / lodging Business Development	4,081.95	0.0 %
Meals and entertainment Business Service	6,136.48	0.0 %
Meals and entertainment Business Dev.	1,471.01	0.0 %
Dues and subscriptions Business Services	1,432.36	0.0 %
Dues and subscriptions Business Dev.	17,845.49	0.1 %
Trade Shows Business Development	14,843.59	0.1 %
<b>TOTAL Business Services/Development Expenses</b>	<b>632,134.25</b>	<b>3.2 %</b>
IT Expenses		
Salaries IT	456,658.92	2.3 %
Medical Insurance IT	42,550.89	0.2 %
Employ. Incent. / Bonus IT	850.00	0.0 %
Other facilities/office IT	66,571.38	0.3 %
Equipment IT	4,156.25	0.0 %
Express Shipping IT	1,762.92	0.0 %
Travel / lodging IT	2,685.65	0.0 %
Meals and entertainment IT	543.40	0.0 %
Dues and subscriptions IT	21,520.38	0.1 %
Test Calls IT	8,701.71	0.0 %
<b>TOTAL IT Expenses</b>	<b>606,001.50</b>	<b>3.1 %</b>
Network Maintenance		
Salaries Network Maintenance	645,145.11	3.3 %
Medical Insurance Network Maintenance	56,052.11	0.3 %

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Employ. Incent. / Bonus Network Maintena	5,150.00	0.0 %
Legacy Cell Phones	18,937.19	0.1 %
Other facilities/office Network Maintena	204,849.88	1.0 %
Equipment Maint. Network Maintenance	6,526.79	0.0 %
Travel Network Maintenance	40,377.21	0.2 %
Telephone/Utilities Network Maintenance	22,045.50	0.1 %
Express Shipping Network Maintenance	96,776.48	0.5 %
Travel / Lodging Network Maintenance	56,262.60	0.3 %
Meals and Entertainment Network	11,618.34	0.1 %
TOTAL Network Maintanance	1,163,741.21	5.9 %
<b>General and Administrative</b>		
Salaries - Executive Operations	197,166.09	1.0 %
Salaries - Finance	233,454.33	1.2 %
Medical Insurance Executive Operations	10,614.58	0.1 %
Medical Insurance Finance	20,539.04	0.1 %
Bonuses - Executive Operations	50.00	0.0 %
Bonuses - Finance	100.00	0.0 %
Life ins. - Executive Operations	70.30	0.0 %
Employer payroll taxes - ALL	245,620.89	1.2 %
Accrued Vacation Expenses	34,251.02	0.2 %
401K Expense	31,208.49	0.2 %
Rent - Corp. G&A	274,198.73	1.4 %
Tele. / utilities - Finance	23,269.19	0.1 %
Other facilities/office - Executive Oper	7,875.62	0.0 %
Other facilities/office - Finance	27,337.55	0.1 %
Equipment Corp G&A	9,195.39	0.0 %
Postage / shipping - Finance	2,703.52	0.0 %
Express Shipping Executive Operations	80.46	0.0 %
Express Shipping Finance	1,855.76	0.0 %
Travel / lodging - Executive Operations	23,362.00	0.1 %
Meals and entertain Executive Operations	3,462.84	0.0 %
Meals and entertain. - Finance	1,965.52	0.0 %
Insurance - Bonds	22,003.46	0.1 %
Corporate Legal Services	3,691.00	0.0 %
Accounting and auditing	14,000.00	0.1 %
Other professional services	45.13	0.0 %
Bank/ADP expense	19,080.54	0.1 %
Loan Fees	13,755.79	0.1 %
TMI - Regulatory Compliance	74,882.55	0.4 %
Annual Regulatory Membership	65.57	0.0 %
Dues and subscriptions Executive	439.97	0.0 %
Dues and subscrip. - Finance	1,040.95	0.0 %
Business License & Registration	628.30	0.0 %
Property Taxes	1,264.50	0.0 %
Sales Taxes	19,173.99	0.1 %
Misc. exp. - Finance	475.20	0.0 %

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TOTAL General and Admin	1,318,928.27	6.6 %
Depreciation and Amortization	219,312.15	1.1 %
TOTAL Expenses	4,762,232.82	24.0 %
OPERATING PROFIT	1,203,354.91	6.1 %
Other Income & Expenses		
Interest income	964.43	0.0 %
TOTAL Other Income & Expenses	964.43	0.0 %
PROFIT BEFORE TAXES	1,204,319.34	6.1 %
Provisions for Taxes		
Federal income tax provision	90,000.00	0.5 %
TOTAL Provisions for Taxes	90,000.00	0.5 %
NET PROFIT	1,114,319.34	5.6 %