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Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

Arizona Corporation Commission
DOCKETED

SEP 27 2001

| | |
|-------------|------------|
| DOCKETED BY | <i>mac</i> |
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Re: TeleCents Communications, Inc.
Docket No. T-03958A-00-0914; Decision No. 63527

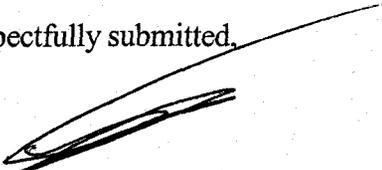
Dear Sir/Madam:

Enclosed please find for filing an original and ten (10) copies of TeleCents Communications, Inc.'s Financial Statements for the period ending March 31, 2001 and year ending December 31, 2000.

After the Commission's review of applicant's financial viability, please waive the bonding requirements needed to sustain the Certificate.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for TeleCents Communications, Inc.

Enclosures
cc: Jeffrey P. Lauzon

TELECENTS COMMUNICATIONS, INC.
(a Michigan S-corporation)
WALLED LAKE, MICHIGAN

FINANCIAL
STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND MARCH 31, 2000

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PFEFFER • HANNIFORD • PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
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225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
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May 17, 2001

To the Stockholder
Telecents Communications, Inc.
8615 Richardson Road
Walled Lake, Michigan 48390

We have compiled the accompanying balance sheets of Telecents Communications, Inc. (an S-corporation) as of March 31, 2001 and 2000, and the related statements of operations for the three months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures, and the statements of cash flows required by generally accepted accounting principles. If the omitted disclosures and statements of cash flows were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The company, with the consent of its shareholder, has elected under the Internal Revenue Code, to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements as of March 31, 2001 and 2000, and for the three months then ended.

Pfeffer, Hanniford & Palka

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

TELECENTS COMMUNICATIONS, INC.
BALANCE SHEETS
MARCH 31, 2001 AND 2000

ASSETS

| | <u>3-31-01</u> | <u>3-31-00</u> |
|------------------------------------|-----------------------|-----------------------|
| CURRENT ASSETS | | |
| Cash | \$ 111,952 | \$ 72,450 |
| Employee advances | | 6,000 |
| | <u>111,952</u> | <u>78,450</u> |
| Total current assets | | |
| FURNITURE AND EQUIPMENT | | |
| Office furniture and equipment | 55,983 | 29,538 |
| Operating equipment | <u>315,741</u> | <u>263,096</u> |
| | 371,724 | 292,634 |
| Less accumulated depreciation | <u>202,365</u> | <u>105,991</u> |
| | <u>169,359</u> | <u>186,643</u> |
| Net furniture and equipment | | |
| Total assets | <u>\$ 281,311</u> | <u>\$ 265,093</u> |

See accountants' report

LIABILITIES AND STOCKHOLDER'S EQUITY

| | <u>3-31-01</u> | <u>3-31-00</u> |
|---|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 67,700 | \$ 35,525 |
| Note payable - National City Bank | <u>7,686</u> | <u>6,981</u> |
| Total current liabilities | <u>75,386</u> | <u>42,506</u> |
| LONG-TERM LIABILITIES | | |
| Note payable - National City Bank | 23,610 | 31,300 |
| Note payable - officer | <u>47,772</u> | <u>55,622</u> |
| Total long-term liabilities | <u>71,382</u> | <u>86,922</u> |
| Total liabilities | <u>146,768</u> | <u>129,428</u> |
| STOCKHOLDER'S EQUITY | | |
| Common stock | 1,000 | 1,000 |
| Retained earnings | <u>133,543</u> | <u>134,665</u> |
| Total stockholder's equity | <u>134,543</u> | <u>135,665</u> |
| Total liabilities and stockholder's' equity | <u>\$ 281,311</u> | <u>\$ 265,093</u> |

TELECENTS COMMUNICATIONS, INC.
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

| | March 31, 2001 | | March 31, 2000 | |
|--|--------------------|---------------|-------------------|---------------|
| | Amount | Percent | Amount | Percent |
| REVENUE | | | | |
| Sales | <u>\$1,601,413</u> | <u>100.00</u> | <u>\$ 779,612</u> | <u>100.00</u> |
| COST OF SALES | | | | |
| Card costs | 68,248 | 4.30 | 33,351 | 4.30 |
| Phone lines | 1,007,272 | 62.90 | 437,368 | 56.10 |
| Licenses, fees, permits | 13,640 | .80 | 24,802 | 3.20 |
| Depreciation | 15,496 | 1.00 | 13,530 | 1.70 |
| Freight | <u>5,662</u> | <u>.30</u> | <u>3,675</u> | <u>.50</u> |
| Total cost of sales | <u>1,110,318</u> | <u>69.30</u> | <u>512,726</u> | <u>65.80</u> |
| Gross profit | <u>491,095</u> | <u>30.60</u> | <u>266,886</u> | <u>34.20</u> |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Advertising | 16,651 | 1.00 | 514 | .10 |
| Auto expenses | 4,475 | .20 | 3,150 | .40 |
| Bank charges | 729 | | 200 | |
| Contracted services | 1,632 | .10 | 17,918 | 2.30 |
| Depreciation | 3,185 | .10 | 2,050 | .30 |
| Entertainment and meals | 1,499 | | 471 | .10 |
| Insurance | 3,832 | .20 | 4,730 | .60 |
| Legal and accounting | 77,580 | 4.80 | 25,855 | 3.30 |
| Lease - equipment and vehicle | 764 | | 7,999 | 1.00 |
| Office expense | 32,880 | 2.00 | 5,949 | .80 |
| Rent building | 22,400 | 1.30 | 4,225 | .50 |
| Phone - office and cellular | 5,764 | .30 | 4,319 | .60 |
| Taxes | 17,405 | 1.00 | 5,068 | .70 |
| Wages | <u>93,332</u> | <u>5.80</u> | <u>51,753</u> | <u>6.50</u> |
| Total general and administrative expenses | <u>282,128</u> | <u>17.60</u> | <u>134,201</u> | <u>17.20</u> |
| Operating income | <u>208,967</u> | <u>13.00</u> | <u>132,685</u> | <u>17.00</u> |
| OTHER INCOME (EXPENSE) | | | | |
| Miscellaneous income | | | 11,460 | 1.50 |
| Interest expense | <u>(780)</u> | | <u>(945)</u> | <u>(.20)</u> |
| Total other income (expense) | <u>(780)</u> | | <u>10,515</u> | <u>1.30</u> |
| Net income | <u>\$ 208,187</u> | <u>13.00</u> | <u>\$ 143,200</u> | <u>18.30</u> |

See accountants' report

TELECENTS COMMUNICATIONS, INC.
(a Michigan S-corporation)
WALLED LAKE, MICHIGAN

FINANCIAL
STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2000

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(810) 229-5550
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March 3, 2001.

To the Stockholder
Telecents Communications, Inc.
8615 Richardson Road
Walled Lake, Michigan 48390

We have compiled the accompanying balance sheet of Telecents Communications, Inc. (an S-corporation) as of December 31, 2000, and the related statement of operations for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

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Pfeffer, Hanniford & Palka

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

TELECENTS COMMUNICATIONS, INC.
BALANCE SHEET
DECEMBER 31, 2000

ASSETS

CURRENT ASSETS

Cash

\$ 71,534

FURNITURE AND EQUIPMENT

Office furniture and equipment
Operating equipment

50,642

315,741

366,383

183,684

Less accumulated depreciation

Net furniture and equipment

182,699

Total assets

\$ 254,233

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

| | | |
|-----------------------------------|--------------|--|
| Accounts payable | \$ 173,648 | |
| Note payable - National City Bank | <u>7,506</u> | |

| | | |
|---------------------------|--|------------|
| Total current liabilities | | \$ 181,154 |
|---------------------------|--|------------|

LONG TERM LIABILITIES

| | | |
|-----------------------------------|---------------|---------------|
| Note payable - National City Bank | 25,601 | |
| Note payable - officer | <u>47,772</u> | <u>73,373</u> |

| | | |
|-------------------|--|---------|
| Total liabilities | | 254,527 |
|-------------------|--|---------|

STOCKHOLDER'S EQUITY

| | | |
|-----------------------------|----------------|--|
| Common stock | 1,000 | |
| Retained earnings (deficit) | <u>(1,294)</u> | |

| | | |
|--------------------------------------|--|--------------|
| Total stockholder's equity (deficit) | | <u>(294)</u> |
|--------------------------------------|--|--------------|

| | | |
|---|--|-------------------|
| Total liabilities and stockholder's' equity | | <u>\$ 254,233</u> |
|---|--|-------------------|

TELECENTS COMMUNICATIONS, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <u>Amount</u> | <u>Percent</u> |
|--|---------------------|----------------|
| REVENUE | | |
| Sales | <u>\$ 4,744,033</u> | <u>100.00</u> |
| COST OF SALES | | |
| Card costs | 182,700 | 3.90 |
| Phone lines | 3,524,378 | 74.30 |
| Licenses, fees, permits | 125,501 | 2.60 |
| Depreciation | 80,853 | 1.70 |
| Freight | <u>13,533</u> | <u>.30</u> |
| Total cost of sales | <u>3,926,965</u> | <u>82.80</u> |
| Gross profit | <u>817,068</u> | <u>17.20</u> |
| SELLING AND ADMINISTRATIVE EXPENSES | | |
| Advertising | 21,745 | .50 |
| Auto expenses | 13,293 | .30 |
| Bank charges | 3,622 | |
| Contracted services | 35,306 | .70 |
| Depreciation | 12,420 | .30 |
| Education and seminars | 8,792 | .11 |
| Entertainment and meals | 2,850 | .10 |
| Insurance | 19,574 | .40 |
| Legal and accounting | 65,138 | 1.40 |
| Lease - equipment and vehicle | 9,562 | .20 |
| Office expense | 46,751 | .90 |
| Rent building | 35,875 | .80 |
| Repairs and maintenance | 1,217 | |
| Phone - office and cellular | 17,473 | .40 |
| Taxes | 38,930 | .80 |
| Travel | 18,676 | .40 |
| Utilities | 960 | |
| Wages | <u>319,838</u> | <u>6.70</u> |
| Total general and administrative expenses -- | <u>672,022</u> | <u>14.10</u> |
| Operating income | <u>145,046</u> | <u>3.10</u> |
| OTHER INCOME (EXPENSES) | | |
| Miscellaneous income | 11,505 | .20 |
| Interest expense | <u>(5,688)</u> | <u>(.10)</u> |
| Total other income | <u>5,817</u> | <u>.10</u> |
| Net income | <u>\$ 150,863</u> | <u>3.20</u> |

See accountants' report