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Arizona Corporation Commission  
DOCKETED

NOV - 3 2006

November 2, 2006

DOCKETED BY	nr
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Docket Control  
Arizona Corporation Commission  
Telecommunications Division  
1200 West Washington  
Phoenix, AZ 85007

RE: Staff's Second Set of Data Requests to IBFA Acquisition Company, LLC  
Docket No. T-04314A-05-0338

Dear Mr. McNeil:

In accordance with Staff Member, Armando Fimbres' request, please find an original and thirteen (13) copies of Staff's First Set of Data Requests in the above-referenced docket.

Should you have any questions concerning this filing, please contact my assistant, Teresa Bitterling or myself.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/tlb

RECEIVED  
2006 NOV - 3 A 11: 37  
AZ CORP COMMISSION  
DOCUMENT CONTROL

ARIZONA CORPORATION COMMISSION  
STAFF'S THIRD SET OF DATA REQUESTS  
TO IBFA ACQUISITION COMPANY, LLC, ("IBFA")  
Docket T-04314A-05-0338

**Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.**

AFF 3.1 Please provide the information requested via email on July 24, 2006 as noted below.

**From:** Armando Fimbres  
**Sent:** Monday, July 24, 2006 4:23 PM

**To:** 'pcrocker@earlylennon.com'

**Subject:** FW: re IBFA Acquisition Company, LLC, 05-0338

Mr. Crocker,

I would like to finish processing the CC&N application for IBFA in the above matter but find I need to ask for full year 2005 Financials. Would you be able to immediately email me updated financials (2005) for those submitted in the original IBFA application, Section (B-2), Attachment C?

Please call me if you feel we should speak on this topic.

Armando Fimbres  
Analyst  
Arizona Corporation Commission  
602-542-0742

**Please see attached December 31, 2005 financial statements.**

IBFA ACQUISITION CO., LLC  
1850 HOWARD STREET, SUITE C  
ELK GROVE VILLAGE IL 60007

BALANCE SHEET  
December 31, 2005

ASSETS

CURRENT ASSETS

CASH IN BANK-CHECKING	\$	(81.23)	
ACCOUNTS RECEIVABLE-TRADE		1,158,424.73	
ACCOUNTS RECEIVABLE-SELLER		282.75	
PREPAID RENT		<u>4,997.51</u>	

TOTAL CURRENT ASSETS \$ 1,163,623.76

PROPERTY AND EQUIPMENT

EQUIPMENT	\$	220,832.04	
ACCUM DEP-EQUIPMENT		<u>(44,166.00)</u>	
			176,666.04

TOTAL PROP & EQUIP 176,666.04

OTHER ASSETS

GOODWILL	1,086,000.00	
ACCUM AMORT GOODWILL	<u>(72,400.00)</u>	
		1,013,600.00
ADVANCE-EMPLOYEE		1,000.00
NOTE RECEIVABLE-J GRABOWSKI		3,500.00
NOTE REC-C WOJCIECHOWSKI		<u>3,500.00</u>

TOTAL OTHER ASSETS 1,021,600.00

TOTAL ASSETS \$ 2,361,889.80

SEE ACCOUNTANTS' COMPILATION REPORT

IBFA ACQUISITION CO., LLC  
1850 HOWARD STREET, SUITE C  
ELK GROVE VILLAGE IL 60007

BALANCE SHEET  
December 31, 2005

LIABILITIES AND  
PARTNERS' CAPITAL

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 821,322.04	
ACCRUED USAGE TAX	<u>102,782.08</u>	
TOTAL CURRENT LIABILITIES		\$ 924,104.12

NOTES PAYABLE		
NOTE PAYABLE-SELLER	\$ <u>640,000.00</u>	
TOTAL NOTES PAYABLE		<u>640,000.00</u>

TOTAL LIABILITIES		1,564,104.12
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PARTNERS' CAPITAL		
RETAINED EARNINGS	<u>797,785.68</u>	
TOTAL PARTNERS CAPITAL		<u>797,785.68</u>

TOTAL LIAB & PARTNERS CAPITAL		<u>\$ 2,361,889.80</u>
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SEE ACCOUNTANTS' COMPILATION REPORT

IBFA ACQUISITION CO., LLC  
1850 HOWARD STREET, SUITE C  
ELK GROVE VILLAGE IL 60007

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

PARTNERS' CAPITAL-December 31, 2005

ADD: NET INCOME/(LOSS)  
PARTNERS' CAPITAL-END

797,785.68  
\$ 797,785.68

SEE ACCOUNTANTS' COMPILATION REPORT

IBFA ACQUISITION CO., LLC  
 1850 HOWARD STREET, SUITE C  
 ELK GROVE VILLAGE IL 60007

STATEMENT OF EARNINGS

	12 Months Ended Dec. 31, 2005	Pct
<b>INCOME</b>		
SALES-INTERNET	\$ - 394,822.14	4.51
SALES-ACCESS FEES	701,446.50	8.00
SALES-LOCAL	- 898,636.87	10.25
SALES-LD USAGE	- 5,294,934.90	60.42
BILLING FEES	60,247.93	0.69
SALES-USAC	91,454.31	1.04
USAGE TAX	1,045,356.43	11.93
SALES-OTHER	4357,898.33	4.08
LESS: RETURNS & ALLOWANCES	-(18,331.10)	(0.21)
LESS: CUSTOMER CREDITS	-(63,535.22)	(0.73)
TOTAL INCOME	<u>\$ 8,762,931.09</u>	<u>100.00</u>
<b>DIRECT COSTS</b>		
USAC EXPENSE	224,544.37	2.56
CARRIER COSTS	- 68,818.08	0.79
BILLING EXPENSE	482,757.64	5.51
CHECK PROCESSING	- 82,892.38	0.95
CARRIER COSTS-LOCAL	- 700,633.60	8.00
CARRIER COSTS-INTERNET	- 154,762.17	1.77
CARRIER COSTS-LONG DISTANCE	- 3,554,564.31	40.56
USF FEES	60,896.16	0.69
USAGE TAX	789,169.69	9.01
CUSTOMER SUPPORT	1,289.35	0.01
TECH SUPPORT	- 20,192.17	0.23
INSTALLMENT EXPENSE-LOCAL	- 5,817.85	0.07
VERIFICATION EXPENSE	- (2,448.43)	0.03
ROYALTY EXPENSE <i>- paid 38k +</i>	- 26,160.00	0.30
TOTAL DIRECT COSTS	<u>\$ 6,174,946.20</u>	<u>70.47</u>
GROSS PROFIT	<u>\$ 2,587,984.89</u>	<u>29.53</u>
<b>OPERATING EXPENSES</b>		
ADVERTISING	15,788.04	0.18
AUTO EXPENSE	2,109.20	0.02
BANK CHARGES	24,153.04	0.28
COMMISSIONS	230,617.06	2.63
CONSULTING	240,000.00	2.74
CONTINUING EDUCATION	1,660.00	0.02
CONVENTION-MTG-SEMINAR	900.00	0.01
DATA PROCESSING/COMP SVCS	3,042.26	0.03
DONATIONS	100.00	0.00
DUES AND SUBSCRIPTIONS	1,793.12	0.02
EMPLOYEE MEDICAL	1,061.32	0.01
ENTERTAINMENT AND PROMOTION	2,110.90	0.02
EQUIPMENT RENTAL	1,299.54	0.01
FREIGHT AND DELIVERY	5,686.60	0.06
INSURANCE-GENERAL	4,462.67	0.05

SEE ACCOUNTANTS' COMPILATION REPORT

INSURANCE-HOSPITALIZATION	36,467.02	0.42
LEASE PAYMENTS	15,298.00	0.17
LICENSES	7,598.96	0.09
OFFICE MAINTENANCE	11,136.62	0.13
OFFICE SUPPLIES	57,916.47	0.66
OUTSIDE LABOR	105,689.59	1.21
PAYROLL SERVICE	1,308.28	0.01
POSTAGE	6,135.03	0.07
PRINTING	1,000.00	0.01
PROFESSIONAL FEES	176,851.88	2.02
PROFESSIONAL FEES-ATLANTAX	46,165.74	0.53
RENT	55,503.97	0.63
REPAIRS	845.19	0.01
SALARY-GENERAL	470,564.12	5.37
SALES EXPENSE	25,688.76	0.29
SECURITY	399.53	0.00
TAXES-FICA	35,998.28	0.41
TAXES-STATE U/C	9,255.96	0.11
TAXES-FEDERAL U/C	1,127.43	0.01
TAXES-FRANCHISE	16,276.00	0.19
TELEPHONE	15,602.07	0.18
TELEPHONE ANSWERING SERVICES	100.75	0.00
TRAVEL-LODGING AND FARES	23,710.68	0.27
VERIFICATION EXPENSE	386.30	0.00
UTILITIES-ELECTRIC	10,759.43	0.12
UTILITIES-GAS	5,270.42	0.06
TOTAL OPERATING EXPENSES	<u>\$ 1,671,840.23</u>	<u>19.08</u>
OPERATING PROFIT OR (LOSS)	\$ 916,144.66	10.45
DEPRECIATION/AMORTIZATION		
DEPREC-EQUIPMENT	44,166.00	0.50
AMORTIZATION-GOODWILL	72,400.00	0.83
TOTAL DEPRECIATION/AMORT	<u>\$ 116,566.00</u>	<u>1.33</u>
PROFIT/(LOSS) AFTER DEP/AMORT	\$ 799,578.66	9.12
OTHER INCOME AND (EXPENSE)		
INTEREST EXPENSE	(1,792.98)	(0.02)
TOTAL OTHER INCOME/(EXP)	<u>\$ (1,792.98)</u>	<u>(0.02)</u>
NET PROFIT OR (LOSS)	<u>\$ 797,785.68</u>	<u>9.10</u>

SEE ACCOUNTANTS' COMPILATION REPORT