Exhibit I
Articles of Incorporation

UNITED STATES OF AMERICA

The State of Michigan

RECEIVED
CORPORATIONS DIV
14 SEP 26 AM 10:18

Department of Licensing and Regulatory Affairs

Lansing, Michigan

This is to Certify That

KEPS TECHNOLOGIES, INC.

was validly incorporated on February 14, 1991, as a Michigan profit corporation and said corporation is validly in existence under the laws of this state

This certificate is issued pursuant to the provisions of 1972 PA 284, as amended to attest to the fact that the corporation is in good standing in Michigan as of this date and is duly authorized to transact business and for no other purpose

This certificate is in due form made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States

In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 24th day of September, 2014

Alan J Schefke, Director
Corporations Securities & Commercial Licensing Bureau

Sent by Facsimile Transmission
1264005

C&S-500 (5/90)

912BH1935 0215 ORG&FI $60.00

MICHIGAN DEPARTMENT OF COMMERCE — CORPORATION AND SECURITIES BUREAU

(FOR BUREAU USE ONLY)	Date Received
FILED FEB 14 1991 Administrator MICHIGAN DEPT OF COMMERCE Corporation & Securities Bureau	FC FEB 14 1991
EFFECTIVE DATE:	
CORPORATION IDENTIFICATION NUMBER	537-475

ARTICLES OF INCORPORATION

For use by Domestic Profit Corporations

(Please read information and instructions on last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, the undersigned corporation executes the following Articles:

Article I

The name of the corporation is:
KEPS TECHNOLOGIES, INC.

Article II

The purpose or purposes for which the corporation is formed is to engage in any activity within the purposes for which corporations may be formed under the Business Corporation Act of Michigan.

Article III

The total authorized shares:

1. Common Shares 60 000

   Preferred Shares

2. A statement of all or any of the relative rights, preferences and limitations of the shares of each class is as follows:

   ALL SHARES HAVE EQUAL RIGHTS, PREFERENCES & LIMITATIONS.

FC

Article IV

1. The address of the registered office is:

655 VIRGINIA E. LANSING, Michigan 48823
(Street Address) (City) (ZIP Code)

2. The mailing address of the registered office if different from the registered office address:

______, Michigan ______
(P.O. Box) (City) (ZIP Code)

3. The name of the resident agent at the registered office is: KEVIN C. SCHOEN

Article V

The name(s) and address(es) of the incorporator(s) is (are) as follows:

Name	Residence or Business Address
JOHN E. HUNT	106 BAILEY STE 200, E. LANSING, MI 48823

Article VI (Optional. Delete if not applicable)

When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing ¾ in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on this corporation.

Article VII (Optional. Delete if not applicable)

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if consents in writing, setting forth the action so taken, are signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. The written consents shall bear the date of signature of each shareholder who signs the consent. No written consents shall be effective to take the corporate action referred to unless, within 60 days after the record date for determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, written consents signed by a sufficient number of shareholders to take the action are

ARTICLE VII (CONTINUED)

delivered to the corporation. Delivery shall be to the corporation's registered office, its principal place of business, or an officer or agent of the corporation having custody of the minutes of the proceedings of its shareholders. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who have not consented in writing.

Use space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added. Attach additional pages if needed.

I ~~(We)~~, ~~the~~ incorporator~~(s)~~ sign my ~~(our)~~ name~~(s)~~ this 13th day of Feb., 1991.

C&S-500

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED IN THE BOX BELOW. Include name, street and number (or P.O. box), city, state and ZIP code.

John E. Hunt
106 Bailey Ste 200
E. Lansing, MI
48823

Name of person or organization remitting fees:

John E. Hunt

Preparer's name and business telephone number:

John E. Hunt

(517) 351-6102

INFORMATION AND INSTRUCTIONS

1. The articles of incorporation cannot be filed until this form, or a comparable document, is submitted.

2. Submit one original copy of this document. Upon filing, a microfilm copy will be prepared for the records of the Corporation and Securities Bureau. The original copy will be returned to the address appearing in the box above as evidence of filing.

   Since this document must be microfilmed, it is important that the filing be legible. Documents with poor black and white contrast, or otherwise illegible, will be rejected.

3. This document is to be used pursuant to the provisions of Act 284, P.A. of 1972, by one or more persons for the purpose of forming a domestic profit corporation.

4. Article I — The corporate name of a domestic profit corporation is required to contain one of the following words or abbreviations: "Corporation", "Company", "Incorporated", "Limited", "Corp.", "Co.", "Inc.", or "Ltd.".

5. Article II — State, in general terms, the character of the particular business to be carried on. Under section 202(b) of the Act, it is sufficient to state substantially, alone or with specifically enumerated purposes, that the corporation may engage in any activity within the purposes for which corporations may be formed under the Act. The Act requires, however, that educational corporations state their specific purposes.

6. Article IV — A post office box may not be designated as the address of the registered office.

7. Article V — The Act requires one or more incorporators. Educational corporations are required to have three (3) incorporators. The address(es) should include a street number and name (or other designation), city and state.

8. The duration of the corporation should be stated in the articles only if the duration is not perpetual.

9. This document is effective on the date approved and filed by the Bureau. A later effective date, no more than 90 days after the date of delivery, may be stated as an additional article.

10. The articles must be signed in ink by each incorporator. The names of the incorporators as set out in article V should correspond with the signatures.

11. FEES: NONREFUNDABLE FEES (Make remittance payable to the State of Michigan).

Include corporation name on check or money order)	$10.00
Franchise fee: first 60,000 authorized shares or portion thereof	$50.00
each additional 20,000 authorized shares or portion thereof	$30.00
Total minimum fees	$60.00

12. Mail form and fee to:

    Michigan Department of Commerce
    Corporation and Securities Bureau
    Corporation Division
    P.O. Box 30054
    6546 Mercantile Way
    Lansing, Michigan 48909
    Telephone: (517) 334-6302

<u>Exhibit II</u>
<u>Certificate of Authority to Transact Business in Illinois</u>

File Number 6984-203-8

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

KEPS TECHNOLOGIES INC., INCORPORATED IN MICHIGAN AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON DECEMBER 03, 2014, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 6TH *day of* JANUARY *A.D.* 2015 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1500602646

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

Exhibit III
Resumes of Key Personnel

Key Personnel of KEPS Technologies, d/b/a ACD.Net

Kevin Schoen, CEO

In 1994, Mr. Schoen founded ACD.net, an Internet Service Provider. In 1999, Mr. Schoen founded ACD Telecom, Inc., a licensed local exchange carrier operating out of Lansing. n. Under Mr. Schoen's guidance, ACD Telecom has grown to become one of the largest competitive providers in Michigan, constructing and operating an extensive fiber optic network throughout the State.

Kirk Shewchuck, CFO.

Kirk Shewchuck has overseen financial operations at various large companies during his career. Prior to ACD he served as CFO for Floracraft, in Ludington Michigan, which had revenue in excess of $80 million. Mr. Shewchuck has been with ACD for 6 years. He is a Certified Management Accountant (CMA), and holds a bachelors degree from Michigan State University.

Russell Allswede, Director of Outside Plant

Russell Allswede has 35 years of experience in the communications and data networking industry. Prior to working at ACD, Mr. Allswede managed outside wiring infrastructure and construction for cable TV companies in the North East. Mr. Allswede also previously worked for the Chicago Board of Trade managing wiring design and infrastructure. At ACD, Mr. Allswede oversees a department of 40 people that build, engineer, design and constructs fiber optic networks. Mr. Allswede holds a degree in communications from ITT.

Sanjeev Verma, Director of Service Delivery

Sanjeev Verma has 15 years of experience managing customer technical support centers in India for Dell, IBM, and various other companies. Mr. Verma has extensive knowledge regarding telecommunications routing, switching, and most aspects of data networking. Mr Verma manages approximately 35 people at ACD. Mr. Verma holds a graduate engineering degree from and Indian University.

Connor McDevitt, Network Deployment Operations Manager

Connor McDevitt has 10 years of experience, deploying network equipment and supporting customers. Mr. McDevitt handles the deployment of core routing and switching equipment in central offices, aggregation huts and cabinets to connect customers to the ACD network. Mr. McDevitt oversees the 10 engineers at ACD responsible for this handling this function.

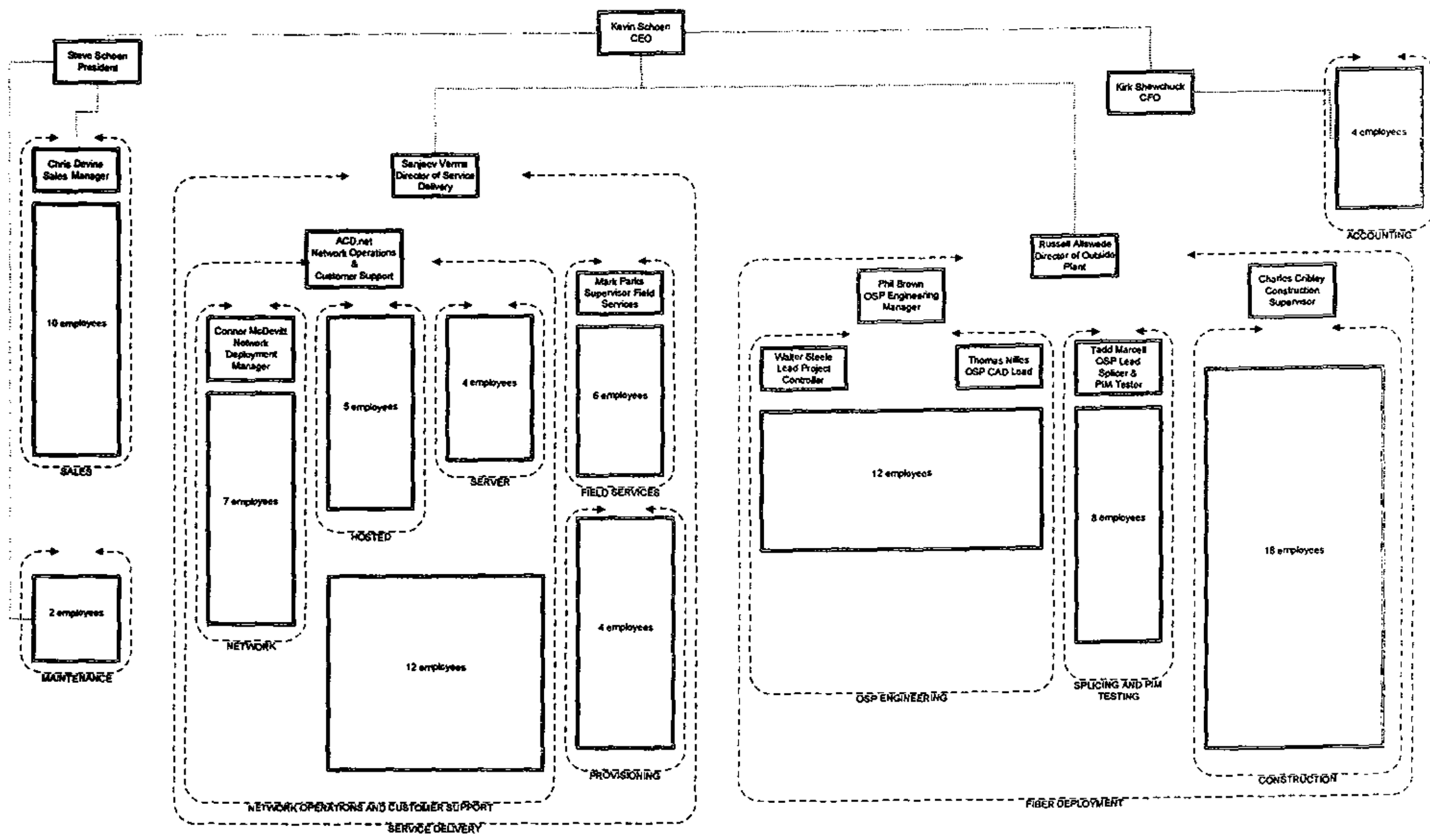
Phil Brown, Manager Outside Plant Engineering

Phil Brown has 10 years experience in the technical fields, and a degree in mathematics. Mr. Brown oversees 12 outside plant engineers that draw, design and permit fiber optic cable and other communication technologies.

Exhibit IV
Organization Chart

ACD.net

09-09-14



Confidential Exhibit V
Financial statements for the years 2013 and 2012

KEPS TECHNOLOGIES, INC. (DBA ACD.NET)

Financial Statements
With Independent Accountant's
Review Report

December 31, 2013 and 2012

McCartney & Company, P.C.
Certified Public Accountants

Okemos, Michigan

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McCartney & Company, P.C.
Certified Public Accountants
2121 University Park Drive,
Suite 150 • Okemos, Michigan 48864
Telephone (517) 347-5000
Fax (517) 347-5007

Jeffery A. Irwin, CPA
Edward B. Rebman, CPA
Susan J. Schanski, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
KEPS Technologies, Inc. (DBA ACD.net)
Lansing, Michigan

We have reviewed the accompanying balance sheets of KEPS Technologies, Inc. (a Michigan corporation) as of December 31, 2013, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The 2012 financial statements of KEPS Technologies, Inc. were reviewed by other accountants, whose report dated May 30, 2013, stated that based on their procedures, with the exception of the matters described in the following paragraphs, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exception of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2 to the financial statements, the Company's management has not analyzed goodwill for impairment. Accounting principles generally accepted in the United States of America require the Company to test goodwill for impairment at least annually. Management has informed us that goodwill is stated in the accompanying financial statements at cost, and the effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

As disclosed in Note 2 to the financial statements, accounting principles generally accepted in the United States of America require the consolidation of variable interest entities. Management has informed us that no consolidation of other entities is stated in the accompanying financial statements, and that the effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

McCartney & Company, P.C.

August 29, 2014

KEPS Technologies, Inc. (DBA ACD.net)
Lansing, Michigan

Balance Sheets
As of December 31, 2013 and 2012

ASSETS

	2013	2012
Current Assets		
Cash and cash equivalents	$ 33,578	$ 912,095
Receivables		
Trade, net of allowance	724,441	991,465
Employees	7,491	5,974
Inventories	344,789	370,392
Prepaid expenses	0	56,800
Deferred income taxes	159,424	149,000
Total Current Assets	1,269,723	2,485,726
Property and Equipment		
Plant under construction	290,340	0
Computer, internet and telecom equipment	3,942,723	3,255,110
Leasehold improvements	264,591	259,591
Furniture and fixtures	8,169	8,169
Vehicles	362,535	282,041
Subtotal	4,868,358	3,804,911
Accumulated depreciation	(1,649,557)	(1,343,002)
Net Property and Equipment	3,218,801	2,461,909
Other Assets		
Goodwill	1,796,760	1,796,760
Fiber optic cable use agreements, net	199,378	220,520
Data connections, net	0	2,782
Total Other Assets	1,996,138	2,020,062
Total Assets	$ 6,484,662	$ 6,967,697

See accompanying notes and independent accountant's review report.

LIABILITIES AND STOCKHOLDERS' EQUITY

		2013		2012
Current Liabilities				
Accounts payable	$	600,679	$	954,981
Accrued expenses				
Compensation		131,775		176,216
Interest		50,763		41,470
Income taxes		40,795		1,015,132
Deferred subscription services		41,338		57,108
Customer deposits and deferred revenue		142,500		538,366
Other current liabilities		9,649		0
Total Current Liabilities		1,017,499		2,783,273
Long-term Liabilities				
Long-term debt, including related party, net of current portion		526,142		126,032
Due to related party		260,479		245,729
Deferred income taxes		1,256,931		1,049,000
Total Long-term Liabilities		2,043,552		1,420,761
Total Liabilities		3,061,051		4,204,034
Stockholders' Equity				
Preferred series A convertible stock		0		86,375
Common stock		163		160
Additional paid-in capital		444,779		352,667
Retained earnings		2,978,669		2,324,461
Total Stockholders' Equity		3,423,611		2,763,663
Total Liabilities and Stockholders' Equity	$	6,484,662	$	6,967,697

See accompanying notes and independent accountant's review report.

KEPS Technologies, Inc. (DBA ACD.net)
Lansing, Michigan

Statements of Income
For the Years Ended December 31, 2013 and 2012

	2013		2012	
	Amount	Percent	Amount	Percent
Net Sales				
Subscription services	$ 8,767,755	97.93%	$ 11,909,388	97.61%
Equipment sales and other	48,988	0.55%	103,157	0.85%
Reciprocal revenue	136,375	1.52%	188,182	1.54%
Total net sales	8,953,118	100.00%	12,200,727	100.00%
Cost of Sales	3,535,900	39.49%	4,340,200	35.57%
Gross Profit	5,417,218	60.51%	7,860,527	64.43%
Selling, general and administrative expenses	4,360,064	48.70%	4,140,791	33.94%
Interest expense, including related party	12,953	0.14%	67,689	0.55%
Loss on disposal of assets	(3,000)	-0.03%	259,445	2.13%
Income from operations	1,047,201	11.70%	3,392,602	27.81%
Other Income				
Interest income	0	0.00%	176,821	1.45%
Miscellaneous income	50,763	0.57%	46,552	0.38%
Total other income	50,763	0.57%	223,373	1.83%
Income before income taxes	1,097,964	12.26%	3,615,975	29.64%
Income Tax Expense	438,016	4.89%	1,394,494	11.43%
Net Income	$ 659,948	7.37%	$ 2,221,481	18.21%

See accompanying notes and independent accountant's review report.

KEPS Technologies, Inc. (DBA ACD.net)
Lansing, Michigan

Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2013 and 2012

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2011	$ 705,438	$ 155	$ 170,124	$ 160,126	$ 1,035,843
Preferred stock dividends declared					
Converted to preferred stock	7,852	0	0	(7,852)	0
Paid out in cash	0	0	0	(49,294)	(49,294)
Perferred stock converted to common stock	(182,548)	5	182,543	0	0
Redemption of preferred stock	(444,367)	0	0	0	(444,367)
Net Income	0	0	0	2,221,481	2,221,481
Balance at December 31, 2012	86,375	160	352,667	2,324,461	2,763,663
Perferred stock converted to common stock	(86,375)	3	92,112	(5,740)	0
Dividends	0	0	0		0
Net Income	0	0	0	659,948	659,948
Balance at December 31, 2013	$ 0	$ 163	$ 444,779	$ 2,978,669	$ 3,423,611

See accompanying notes and independent accountant's review report.

KEPS Technologies, Inc. (DBA ACD.net)
Lansing, Michigan

Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Operating Activities		
Net Income	$ 659,948	$ 2,221,481
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	307,258	293,573
Amortization	23,924	13,493
Loss on disposal of assets		259,445
Bad debts		91,962
Deferred income taxes	197,507	379,000
Changes in operating assets and liabilities:		
Receivables	265,507	(832,416)
Inventories	25,603	(325,547)
Prepaid expenses	56,800	88
Accounts payable	(354,302)	297,317
Accrued expenses	(1,009,485)	1,005,266
Deferred subscription services	(15,770)	14,471
Deferred compensation - officers		(148,030)
Due to related party	14,750	(5,350)
Customer deposits and other	(386,217)	376,810
Net Cash Provided by Operating Activities	(214,477)	3,641,563
Investing Activities		
Purchase of property and equipment	(1,064,150)	(1,269,435)
Net Cash Used in Investing Activities	(1,064,150)	(1,269,435)
Financing Activities		
Net change in bank line of credit	400,000	(582,300)
Repurchase of preferred stock		(444,367)
Proceeds from related party	54,956	
Preferred stock dividends paid		(49,294)
Principal payments on long-term debt	(54,846)	(422,673)
Net Cash Used in Financing Activities	400,110	(1,498,634)
Increase (Decrease) in Cash and Cash Equivalents	(878,517)	873,494
Cash and Cash Equivalents - Beginning	912,095	38,601
Cash and Cash Equivalents - Ending	$ 33,578	$ 912,095
Supplemental disclosure of cash flow information:		
Operating activities include cash payments for:		
Interest	$ 3,660	$ 71,141
Income taxes (refund)	$ 100,000	$ 45,655

See accompanying notes and independent accountant's review report.

Notes to Financial Statements

1. Nature of Operations

KEPS Technologies, Inc. (DBA ACD.net, ACD, Quantum Connections, and/or ACD Telecom, Inc.) (Company), is a competitive local exchange carrier (CLEC) engaged in the telecommunications industry that began business in 1991. The Company provides carrier-grade services, such as direct subscriber line (DSL), T1 and fiber optics to business, governmental, and residential customers. The Company is also an internet services provider (ISP) and operates a data center used to host its own equipment as well as provide hosting, remote backup and other services to various customers. The Company is dependent upon certain telecommunications providers for certain services necessary for the Company to service its customers.

2. Summary of Significant Accounting Policies

The Company's financial statements are prepared on the accrual basis of accounting, in compliance with accounting principles generally accepted in the United States of America (US GAAP), except as noted in the following paragraphs.

The Company's management has not analyzed goodwill for impairment. US GAAP requires the Company to test goodwill for impairment at least annually. Goodwill is stated in the accompanying financial statements at cost, and the effects of this departure from US GAAP on financial position, results of operations, and cash flows have not been determined.

US GAAP requires a variable interest entity (VIE) to be consolidated by a company if that company's interest in the VIE provides the reporting entity with a controlling financial interest. SS Ventures, LLC is affiliated by common ownership with the Company. The Company has not consolidated the financial statements of SS Ventures, LLC in the accompanying financial statements. The effects of this departure from US GAAP on financial position, results of operations, and cash flows have not been determined.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain amounts reported in the accompanying financial statements and disclosures. Accordingly, actual results could differ from those estimates.

Subscription service revenue is recognized over the period that services are provided. Deferred subscription services represent subscription fees billed or collected in advance. Reciprocal revenues include charges for telephone calls terminated on the Company's switches and are recorded when earned. Revenue is recorded net of both sales returns and sales tax.

For purposes of the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are considered cash equivalents.

The Company's cash accounts are each subject to the Federal Deposit Insurance Corporation (FDIC) insurance limits of $250,000. At various times during the year, the Company's cash account balances may exceed this amount in the normal course of business.

Accounts receivable are customer obligations due under normal trade terms and are carried at their estimated collectible amounts. The Company establishes an allowance for doubtful accounts based upon an evaluation of accounts receivable, past and recent experience, current economic conditions and other pertinent factors. The Company generally does not require collateral from its customers.

Management reviews accounts receivable periodically to determine if any amounts will potentially be uncollectible. Any amounts that are determined to be uncollectible are included in the allowance for losses on accounts receivable, along with general reserve. At December 31, 2013 and 2012, the allowance for bad debts was $ 29,613 each year.

2. Summary of Significant Accounting Policies (Continued)

Inventory of merchandise and equipment for installation is stated at the lower of cost or market (first-in, first-out method).

Property and equipment are stated at cost and are being depreciated over the estimated useful lives of the assets using straight-line and double declining balance methods. The range of useful lives of the various classes of assets is three to forty years. Depreciation for financial statement purposes is computed for most assets using the straight-line method, based on estimated lives of the assets, which in some instances may be greater than the lives allowed for income tax purposes. For income tax purposes, assets are depreciated using accelerated methods and statutory lives. Betterments and improvements are capitalized, while repair and maintenance costs are charged to current operating expense. Depreciation expense was $307,258 and $293,573 for the years ended December 31, 2013 and 2012, respectively.

The Company uses the direct expensing method to account for planned major maintenance activities which do not extend the useful lives of property and equipment.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Except as noted below, the Company accounts for goodwill and other intangible assets in accordance with US GAAP which requires, among other things, that companies test goodwill for impairment at least annually. In addition, US GAAP requires that the Company identify reporting units for the purpose of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment. Impairment tests require the Company to make several estimates relating to fair value, most of which are based on projected future cash flows. The estimates associated with the impairment tests are based on management's judgment and knowledge of current events and actions it may undertake in the future. These estimates may ultimately differ from actual results. Changes in these estimates may result in recognition of an impairment loss, which may be material, in the future.

Management has not performed an impairment test of goodwill for the years ended December 31, 2013 and 2012 as required by US GAAP.

Goodwill for income tax purposes is being amortized over a fifteen year estimated useful life using the straight-line method.

Legal fees and other expenses associated with the issuance for certain loans made to the Company are being amortized on a straight-line basis over the expected terms of the loans.

The Company entered into Irrevocable Right of Use (IRU) agreements with a company for use of their fiber optic cable for a 20 year period. The cable reverts back to its owner after the 20 year period. The recorded cost of the IRU agreements is being amortized over 20 years. Data connection user charges are being amortized over 5 to 7 years.

Advertising costs are expensed when incurred. Total advertising expenses included in general and administrative expenses were $41,267 and $94,985 for the years ended December 31, 2013 and 2012, respectively.

Shipping and handling costs on sales orders are classified as expenses in selling, general and administrative expenses.

3. Taxes

Income tax expense for the years ended December 31 consists of the following:

	2013	2012
Current - federal	$ 189,437	$ 818,989
Current - state	45,500	180,240
Current - local	5,572	16,265
Deferred – federal	167,034	356,000
Deferred – state	30,473	23,000
	$ 438,016	$ 1,394,494

The difference between income tax expense and the tax as computed based on statutory rates is primarily attributable to the permanent differences and state income taxes.

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the Company's deferred income tax assets and liabilities are as follows:

	2013		2012	
	Federal	State	Federal	State
Accrued vacation	$ 25,288	$ 4,747	$ 25,000	$ 4,000
Due to related parties	83,249	15,629	78,300	14,700
Allowance for trade receivable	9,464	1,777	9,200	1,800
Accrued share-holder interest	16,224	3,046	13,500	2,500
Total deferred tax assets	$ 134,225	$ 25,199	$ 126,000	$ 23,000
Depreciation	$ 716,470	$ 134,506	$ 582,000	$ 109,000
Amortization	341,789	64,166	301,000	57,000
Total deferred tax liabilities	$1,058,259	$ 198,672	$ 883,000	$ 166,000

Management believes that there is a greater than 50% chance (more likely than not) that the Company is entitled to the economic benefit resulting from tax positions taken in income tax returns. No interest or penalties related to uncertain tax positions has been recognized in the income statements or balances sheets for the years ended December 31, 2013 and 2012. The statute of limitations is generally three years for federal returns, and four years for Michigan and City of Lansing returns.

4. Intangible Assets

Intangible assets are summarized as follows:

Intangibles subject to amortization:		December 31	
	Cost	2013 Accumulated Amortization	2012 Accumulated Amortization
Fiber optic cable use agreements	$ 422,862	$ 223,484	$ 202,342
Debt issuance costs	49,206	49,206	49,206
Data connections	140,000	140,000	137,218
	$ 612,068	$ 412,690	$ 388,766

Intangibles not subject to amortization:	
Goodwill	$ 1,796,760

Future amortization of intangible assets is expected to be as follows:

Year ending December 31:

2014	$ 21,143
2015	21,143
2016	21,143
2017	21,143
2018	21,143
Thereafter	93,663
	$ 199,378

5. Bank Line of Credit

The Company has a line of credit that allows for borrowing up to $500,000 and carries an interest rate of 3.5%, which matured in January, 2014. At December 31, 2013, the unused portion on the line was $100,000.

The line of credit is secured by substantially all assets in the Company, including future contract revenues, the personal guarantee of the shareholders, and the guarantee of the SS Ventures, LLC. The Company is subject to certain affirmative and negative covenants.

6. Long-term debt, including related party

Loan agreements, both long-term notes payable and line of credit agreements (Note 4) with Fifth Third contain various affirmative and negative covenants as defined in the related loan agreements.

Long-term debt consists of the following as of December 31:

	2013	2012
Subordinated notes payable to two shareholders with interest accrued annually at 3.5%, both principal and interest due at December, 2014	$ 126,142	$ 126,032
Less: Current Portion	(126,142)	
Total Long-Term Debt	$ -0-	$ 126,032

7. Stock authorized, issued and outstanding

At December 31, 2012 there were 86 shares of preferred series A convertible stock, with no par value, authorized, issued and outstanding. Of the 500,000 shares of authorized common stock, 163,251 and 160,067 shares, also with no par value, were issued and outstanding at December 31, 2013 and 2012, respectively.

8. Preferred stockholders' equity

During 2013, the Company converted the remaining 86 shares of preferred stock and preferred stock dividends of $5,750 to 3,184 shares of common stock at a conversion rate of $28.93.

During 2012, the Company redeemed a total of 444.367 shares of preferred stock from a preferred shareholder through a cash buyout. The same preferred stock shareholder elected to convert its remaining 182.548 shares of preferred stock into common stock at the conversion rate of 28.93, resulting in an additional 5,281.12 shares of common stock issued. The Company also declared $57,146 in preferred stock dividends, of which $7,852 was converted to preferred stock shares, adding 7.852 of preferred series A convertible stock for a total of 86 shares as of December 31, 2012.

9. Preferred stock purchase agreement

The Company is a party to a preferred stock purchase agreement (Agreement). The details concerning the revenue participations and warrants of the Agreement are as follows:

Commencing on September 1, 2006 for a period of ten years, the Company shall pay 2% of certain monthly DSL revenue participation, as defined in the Agreement to the purchasers on the 25th of each month.

The monthly DSL revenue participation will be adjusted annually to a new percentage obtained by multiplying 5% or 2% as defined in the Agreement, by a fraction, the numerator of which is equal to the difference between $833,333 and the gross revenue of the Company from sales of DSL service for the month in question, and the denominator of which is $603,153. The revenue participation on DSL revenues applies only to certain geographic locations serviced by the Company prior to March 20, 2002. Furthermore, the revenue participation percentage decreases from 5% to 0% as certain revenue targets are reached. No expense was recognized related to these provisions of the Agreement during 2013 and 2012.

The Agreement also includes the issuance of warrants for a total of 53,846 shares of common stock, all of which were exercised during 2006.

10. Series A convertible preferred stock

The holders of the series A convertible preferred stock (Preferred Stock) have various rights and preferences as follows:

Voting: Each holder of Preferred Stock shall have the number of votes equal to the number of shares of common stock, which the holder would have been entitled to receive, had such holder converted all of its Preferred Stock shares into common stock. The holders of the Preferred Stock and common stock shall vote together as a sincle class except as defined in the Agreement.

Dividends: Holders of Preferred Stock are entitled to receive cumulative dividends at $100 per share for the first three years and $140 per share thereafter. Such dividends will accrue and accumulated whether or not they have been declared and whether or not there are profits, surplus, or other funds of the Company legally available for the payment of dividends. The Company or a majority of preferred shareholders may elect to pay the cumulative dividend for any year in cash or additional Preferred Stock. As long as any Preferred Stock remains outstanding, the Board of Directors of the Company shall not make a distribution or declare and pay any dividend on shares of common stock of the Company (whether in cash, capital stock or other property), unless a majority of the outstanding shares of Preferred Stock consent in writing to each such distribution or dividend. The Board of Directors of the Company declared dividends related to the Preferred Stock in the amount of $5,740 and $57,146 for 2013 and 2012, respectively. No dividends on the common stock have been declared by the Board of Directors of the Company from inception through December 31, 2013.

Liquidation: In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of each share of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders, before any payment of declaration and setting apart for payment of any amount shall be made with respect of the common stock, an amount equal to $1,000 per share plus an amount equal to all accrued and unpaid dividends thereon.

Whether or not earned or declared, to and including the date full payment shall be tendered to the holders. If upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the assets to be distributed to the holders of the Preferred Stock shall be insufficient to permit the payment to the preferred shareholders of the full preferential amount aforesaid, then all of the assets of the Company to be distributed shall be distributed ratably to the holders of the Preferred Stock. After payment of the full amount of the liquidation preferences and all accumulated and unpaid dividends to which they are entitled, the holders of the Preferred Stock shall thereafter participate on an as-if converted basis.

In the event of a Company reorganization, merger, consolidation, or sale; each holder of the Preferred Stock shall be entitled to receive upon conversion of the Preferred Stock, the number of shares of stock or other securities or property of the Company, or of the successor corporation resulting from such merger or consolidation, or sale, to which a holder of the common stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation, or sale. The Company shall give each holder of record of Preferred Stock written notice of such impending transaction not later than twenty-one days prior to the shareholders' meeting of the Company called to approve such transaction, or twenty-one days prior to the closing of such transaction, whichever is earlier, and shall notify such holders in writing of the final approval of such transaction.

Conversion: Each share of Preferred Stock is convertible, at the option of the holder according to a conversion ratio at any time after the date of issuance. Each share of Preferred Stock is convertible into 28.93 shares of common stock. Each share of Preferred Stock automatically converts into the number of shares of common stock into which such shares are convertible at the then effective conversion ratio upon the closing of an initial public offering if proceeds to the Company are less than $10,000,000.

11. Stock compensation plan

In 2003, the Company adopted a Stock Compensation Program (the Program). The Program is comprised of seven parts (collectively referred to as Plans). The first part is the Inventive Stock Option Plan under which are granted incentive stock options. The second part is the Non-Qualified Stock Option Plan under which are granted nonqualified stock options. The third part is the Restricted Share Plan under which are grated restricted shares of common stock. The fourth part is the Non-Employee Stock Purchase Plan. The fifth part is the Non-Employee Director Stock Option Plan under which grants of options to purchase shares of common stock may be made to non-employee directors of the Company. The sixth part is the Stock Appreciation Rights Plan (SAR) under which SARs are granted, as defined. The seventh part is the Other Stock Rights Plan under which 1) units representing the equivalent of shares of common stock are granted, 2) payments of compensation in the form of shares of Common Stock are granted, and 3) rights to receive cash or shares of common stock based on the value of dividends paid with respect to a share of common stock are granted. The Program is administered by the Company's Board of Directors and the Program shall continue in effect for a term of ten years (through 2013). A total of 43,398 shares of the Company's common stock have been reserved for this Program. No awards were made since inception under the Plans.

12. Operating lease commitments, including related party

The Company's operating facility is under a lease agreement with SS Ventures, LLC, which is owned by two of the majority stockholders of the Company, and is accounted for as an operating lease. The lease provides for monthly payments of $16,000, subject to annual increases as defined in the lease agreement through June 30, 2032. The Company is responsible for related insurance, utilities, maintenance, and property taxes for the term of the lease.

The lease expense recorded for the years ended December 31, 2013 and 2012 was $192,000 each year. At December 31, 2013 and 2012, the balance sheet reflects a Due to Related Party liability of $260,479 and $245,729, respectively, for unpaid lease payments due to SS Ventures, LLC.

The Company has entered into a sublease agreement with a third party customer that expired December 31, 2012, but at the option of either party can continue on a month to month term. The Company expects this sublease agreement to continue. The Company also leases wavelength and various other equipment from third parties under operating leases.

Amounts for total rental expense under all operating leases are as follows:

	2013	2012
Related party leases	$ 192,000	$ 192,000
Third party leases	60,000	60,000
	$ 252,000	$ 252,000
Less: sublease income	21,615	19,194
	$ 230,385	$ 232,806

The following is a schedule of approximate future minimum lease payments for the next five years under all operating leases:

	Third Party	Related Party	Total
2014	$ 60,000	$ 192,000	$ 252,000
2015	60,000	192,000	252,000
2016	60,000	192,000	252,000
2017	60,000	192,000	252,000
2018	60,000	192,000	252,000
	$ 300,000	$ 960,000	$ 1,260,000

13. Retirement plan

The Company sponsors a SIMPLE IRA retirement plan (Plan) for all elible employees who elect to participate. The Plan is a defined contribution plan. Employer contributions to the Plan are 3% of gross wages or a match of an employee's contribution, whichever is less, for participating employees. Contributions amounted to $37,157 and $27,956 in 2013 and 2012, respectively

14. Litigation

During 2004, the Company filed a lawsuit against AT&T related to a "Mutual Waiver Agreement" between the parties, which allowed customers to terminate telephone service with either party and not have to pay the other party's termination penalties.

During 2009, the litigation resulted in a judgment in favor of the Company for approximately $7,900,000 for lost business. AT&T appealed the 2009 judgment. However, the case was settled during 2012 for a total settlement of $9,000,000. Attorney fees related to the lawsuit were approximately $4,500,000 and were paid in 2012 upon receipt of the lawsuit proceeds. The net proceeds from the settlement were reported in subscription services income as net sales. Interest income on the judgment in the amount of $176,579 was reported as interest income.

15. Guarantees

The Company has guaranteed the long-term debt of SS Ventures LLC in the amount of approximately $1,334,656 and $1,405,000 as of December 31, 2013 and 2012, respectively. The Company would be obligated to perform under this guarantee if SS Ventures, LLC failed to pay principal and interest payments to the lender when due. However, if the Company were required to honor the guarantee, it would be entitled to property and equipment owned by SS Ventures, LLC that collateralized the loan. The maximum potential amount of future (undiscounted) payments under this guarantee would be approximately $1,666,049. As of December 31, 2013, SS Ventures, LLC is current with its debt payments. No amount has been recorded in the accompanying balance sheet for the guarantee.

16. Concentrations

The Company's business operations are concentrated in sales located in the State of Michigan. Future operations are susceptible to changes in the economic activity within this state.

17. Subsequent Events

The date to which events occurring after December 31, 2013 have been evaluated for possible adjustment to the financial statements or disclosure is August 29, 2014, which is the date on which the financial statements were available to be issued.