

Condensed Consolidated Financial Statements  
For the periods ended September 30, 2013 and 2012

# ICTC Group, Inc. and Subsidiaries

**Part I - Financial Information**

Item 1. Financial Statements (unaudited)

Condensed Consolidated Balance Sheets .....	3
Condensed Consolidated Statements of Income .....	5
Condensed Consolidated Statements of Stockholders' Equity .....	6
Condensed Consolidated Statements of Cash Flows .....	7
Notes to Condensed Consolidated Financial Statements .....	8

**Part 1 - Financial Information**  
**Item 1. Financial Statements**

**ICTC Group, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**

	Sept 30, 2013 (Unaudited)	December 31, 2012 *
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,915,689	\$ 2,320,250
Accounts receivable, net of allowances of \$4,000 and \$1,000 as of Sept 30, 2013 and December 31, 2012, respectively	326,469	312,240
Accounts receivable, Broadband Initiatives Program grant funds**	315,682	-
Materials and supplies	70,534	53,691
Deferred income taxes	66,675	62,174
Prepayments	64,282	75,557
Total current assets	3,759,331	2,823,912
<b>Noncurrent Assets</b>		
Restricted cash **	358,980	-
Other investments	238,265	238,265
Equity method investments	1,540,397	1,486,392
Goodwill	1,772,179	1,772,179
Total noncurrent assets	3,909,821	3,496,836
<b>Telecommunications Plant and Equipment</b>		
In service	22,986,969	22,663,624
Under construction	496,758	82,698
	23,483,727	22,746,322
Less accumulated depreciation and amortization	17,436,972	16,886,712
Net telecommunications plant and equipment	6,046,755	5,859,610
Total assets	\$ 13,715,907	\$ 12,180,358

\*Derived from audited financial statements

\*\*See Note 5

ICTC Group, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets

	Sept 30, 2013 (Unaudited)	December 31, 2012 *
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 175,803	\$ 108,782
Accounts payable - Broadband Program	861,061	-
Accrued income taxes	63,096	194,732
Other current liabilities	253,206	284,338
Total current liabilities	1,353,166	587,852
Long-Term Debt		
Broadband Initiatives Program Loan**	204,589	-
Other long-term debt	2,071,800	2,071,800
Total long-term debt	2,276,389	2,071,800
Other Liabilities		
Construction deposits	90,107	-
Deferred income taxes	2,222,128	2,232,734
Total other liabilities	2,312,235	2,232,734
Total liabilities	5,941,790	4,892,386
Stockholders' equity		
Preferred Stock: \$.0001 par value; 1,000,000 shares authorized No shares outstanding	-	-
Common Stock: \$.0001 par value; 2,000,000 shares authorized Issued and outstanding: 404,426	40	40
Additional paid in capital	1,759,992	1,759,992
Retained earnings	6,014,085	5,527,940
Total stockholders' equity	7,774,117	7,287,972
Total liabilities and stockholders' equity	\$ 13,715,907	\$ 12,180,358

\*Derived from audited financial statements

\*\* See Note 5

ICTC Group, Inc. and Subsidiaries  
Condensed Consolidated Statements of Income

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
<b>Revenues</b>				
Local telephone service revenue	\$ 119,766	\$ 132,108	\$ 354,243	\$ 432,297
Universal service and access revenue	543,892	587,789	1,712,923	1,855,325
Internet revenue	129,755	130,249	400,659	387,875
Facility lease revenue	125,656	128,069	365,936	354,548
Miscellaneous revenue	1,872	(4,425)	43,487	48,925
Total operating revenues	<u>920,941</u>	<u>973,790</u>	<u>2,877,248</u>	<u>3,078,970</u>
<b>Costs and expenses</b>				
Plant operations, excluding depreciation	351,613	329,773	1,107,699	1,096,794
Depreciation	185,482	187,392	550,259	555,885
Customer operations	34,748	34,841	116,789	122,831
Corporate operations	194,281	192,636	680,072	546,722
Operating taxes, other	42,065	5,059	49,815	19,382
Total operating expenses	<u>808,189</u>	<u>749,701</u>	<u>2,504,634</u>	<u>2,341,614</u>
Operating Income	<u>112,752</u>	<u>224,089</u>	<u>372,614</u>	<u>737,356</u>
<b>Nonoperating Income (Expense)</b>				
Dividend income	44,072	32,643	126,054	145,050
Amortization of loan fees	-	-	-	(66,375)
Equity in earnings of investee	95,250	106,244	320,126	340,727
Total nonoperating income	<u>139,322</u>	<u>138,887</u>	<u>446,180</u>	<u>419,402</u>
Income Before Interest and Income Taxes	252,074	362,976	818,794	1,156,758
Interest Expense	<u>32,910</u>	<u>37,827</u>	<u>97,039</u>	<u>113,366</u>
Income Before Income Taxes	219,164	325,149	721,755	1,043,392
Income Tax Expense	<u>68,036</u>	<u>102,936</u>	<u>235,610</u>	<u>350,951</u>
Net Income	<u>\$ 151,128</u>	<u>\$ 222,213</u>	<u>\$ 486,145</u>	<u>\$ 692,441</u>
Basic and Diluted Weighted Average Common Shares Outstanding	404,426	324,426	404,426	324,426
Basic and Diluted Earnings Per Share	\$ 0.37	\$ 0.68	\$ 1.20	\$ 2.13

ICTC Group, Inc. and Subsidiaries  
Condensed Consolidated Statements of Stockholders' Equity

	Preferred Stock	Stock Stock	Additional paid in Capital	Retained Earnings	Total
Balance, January 1, 2012	\$ -	\$ 32	\$ -	\$4,705,213	\$ 4,705,245
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,441</u>	<u>692,441</u>
Balance, Sept 30, 2012	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$5,397,654</u>	<u>\$ 5,397,686</u>
Balance, January 1, 2013	\$ -	\$ 40	\$1,759,992	\$5,527,940	\$ 7,287,972
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,145</u>	<u>486,145</u>
Balance, Sept 30, 2013	<u>\$ -</u>	<u>\$ 40</u>	<u>\$1,759,992</u>	<u>\$6,014,085</u>	<u>\$ 7,774,117</u>

ICTC Group, Inc. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended Sept 30	
	2013 (Unaudited)	2012 (Unaudited)
<b>Operating Activities</b>		
Net income	\$ 486,145	\$ 692,441
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	550,259	555,885
Amortization of loan fees	-	66,375
Earnings from equity investments	(320,126)	(340,727)
Deferred income taxes	(15,107)	(27,424)
Distributions received - equity investments	266,121	113,238
Change in current assets and current liabilities		
Accounts receivable	(14,229)	(37,411)
Materials and supplies	(16,843)	(61,722)
Prepayments	11,275	86,511
Prepaid income taxes	-	120,705
Accounts payable	67,021	(54,190)
Accrued income taxes	(131,636)	261,764
Other current liabilities	(31,132)	(9,449)
<b>Net Cash from Operating Activities</b>	<b>851,748</b>	<b>1,365,996</b>
<b>Investing Activities</b>		
Purchase of plant and equipment	(897,671)	(985,065)
Broadband Initiatives Program Grant funds received (restricted)	466,998	-
Contributions in aid received	328,755	-
Change in restricted cash	(358,980)	-
<b>Net Cash used for Investing Activities</b>	<b>(460,898)</b>	<b>(985,065)</b>
<b>Financing Activities</b>		
Advances on long term debt - Broadband Initiatives Program (restricted)	204,942	-
Advances on other long-term debt	-	530,000
Principal payments on long-term debt	(353)	(593,834)
<b>Net Cash from (used for) Financing Activities</b>	<b>204,589</b>	<b>(63,834)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>595,439</b>	<b>317,097</b>
Cash and Cash Equivalents, Beginning of Period	2,320,250	650,371
Cash and Cash Equivalents, End of Period	<u>\$ 2,915,689</u>	<u>\$ 967,468</u>
<b>Supplementary Disclosures of Cash Flow Information</b>		
Cash payments for interest	<u>\$ 97,039</u>	<u>\$ 113,366</u>
Cash payments for income taxes, net of refunds	<u>\$ 325,052</u>	<u>\$ (4,093)</u>
<b>Non-cash investing and financing activities</b>		
Accounts payable - purchase of property and equipment	<u>\$ 861,061</u>	<u>\$ -</u>

## **Note 1 - Nature of Operations and Summary of Significant Accounting Policies**

### **Organization**

ICTC Group, Inc. (the "Company"), formerly named Sunshine PCS Corporation, serves as a holding company for Lynch Telephone II, LLC ("Lynch II") which serves as a holding company for Inter-Community Telephone Company LLC ("Inter-Community") and Valley Communications, Inc. ("Valley"). Inter-Community is a rural independent local telephone company ("RLEC") serving communities in southeastern North Dakota providing regulated telephone service; Valley provides internet and other non-regulated services. The Company operates in one business segment, telecommunications.

### **Basis of Presentation and Consolidation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted or condensed pursuant to such rules and regulations. In the opinion of management, the unaudited consolidated financial statements reflect all adjustments (consisting only of normal and recurring accruals) considered necessary for the fair presentation of the financial statements and present fairly the results of operations, financial position and cash flows for the interim periods presented. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our annual audit for the year ended December 31, 2012.

The consolidated financial statements include the accounts of Lynch II, Inter-Community and Valley. All assets and liabilities of the subsidiaries are consolidated with the assets and liabilities of the Company. All significant inter-company accounts have been eliminated.

### **Regulatory Accounting**

The Company's public utility activities are regulated by the Federal Communications Commission (FCC). The North Dakota Public Service Commission does not regulate RLEC's with fewer than 8,000 access lines, such as Inter-Community. The Company follows the Federal Communication Commission's (FCC) Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

Where applicable, this regulated accounting recognizes the economic effects of rate regulation by recording costs and a return on investment; as such, amounts are recovered through rates authorized by regulatory authorities. Criteria that would give rise to the discontinuance of regulatory accounting practices include (1) increasing competition restricting the Company's wireline business' ability to establish prices to recover specific costs and (2) significant changes in the manner in which rates are set by regulators from cost based regulation to another form of regulation. The Company periodically reviews the applicability of regulatory accounting guidelines based on the developments in its current regulatory and competitive environments.



### **Accounting Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Concentrations of Business and Credit Risk**

The Company provides telephone, internet and other nonregulated services on account to its customers located in southeastern North Dakota. The Company also provides access service on account to various long distance companies, which provide toll service to the Company's customers.

The FCC has proposed significant changes to the rules affecting the revenues of rural telecommunications carriers. The Company serves high cost rural areas and receives a significant portion of revenues from federal support mechanisms and access revenues from long distance carriers. The Company's revenues are significantly dependent on the continuation and level of such support mechanisms.

The Company's cash balances are maintained in bank depositories and periodically exceed federally insured limits.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, the Company considers all cash deposits with an original maturity of three months or less to be cash and cash equivalents.

### **Accounts Receivable**

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

### **Materials and Supplies**

Inventories are stated at the lower of average cost or market.

### **Investments**

Investments in limited liability companies (LLC's) are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost, then reduced by the dividends and increased or decreased by the investor's proportionate share of the investee's net earnings or loss. All other investments are stated at cost.

## **Goodwill**

Goodwill is tested annually for impairment, or more frequently, if deemed necessary. The Company tests goodwill for impairment using a two-step process. The first step is a screen for potential impairment in which the Company determines its fair value based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach, market approach and comparable company approach), (b) estimates of our future cost structure, (c) discount rates for estimated cash flows, (d) selection of peer group companies for our market approach, (e) required level of working capital, (f) assumed terminal value, and (g) time horizon of cash flow forecasts. The Company estimates the fair value using Level 3 inputs as defined in the fair value hierarchy.

If such tests indicate potential impairment due to the carrying value of the reporting unit exceeding its fair value, then a second step measures the amount of impairment, if any. The Company performed the required annual tests as of December 31, 2012, and determined that there was no impairment at that time. There were no impairment losses recorded during the periods ending September 30, 2013 and 2012.

## **Telecommunications Plant and Equipment**

Additions to plant and equipment are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. When units of plant and equipment are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of plant and equipment are charged to expense.

## **Depreciation**

The majority of the Company's plant and equipment is plant used for the wireline telephone business. Depreciation is based on the composite group remaining life method and straight-line composite rates. This methodology provides for the recognition of the cost of the remaining investment in telephone plant and equipment less anticipated positive net salvage value, over the remaining asset lives. When depreciable telephone plant is replaced or retired, the carrying amount of such plant is deducted from the respective accounts and charged to accumulated depreciation and no gain or loss is recognized. Use of this methodology requires the periodic revision of depreciation rates. In the evaluation of asset lives, multiple factors are considered, including expected future retirements, technology changes and the adequacy of depreciation reserves.

## **Impairment of Long-Lived Assets**

Long-lived assets, such as telecommunications plant, and purchased intangibles subject to amortization, are reviewed from impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the periods ended September 30, 2013 and 2012.

## **Income Taxes**

The Company will file federal and state income tax returns on a consolidated basis. All income taxes reflected by the Company have been computed on a separate return basis. The Company follows the liability method of accounting for income taxes, under which deferred income tax assets and liabilities are determined based on the difference between financial reporting and income tax bases of assets and liabilities using the enacted marginal tax rates and laws expected to be in effect when the differences are expected to reverse. Temporary differences result primarily from depreciation and certain accruals.

The Company has evaluated whether it was necessary to recognize any benefit from uncertain tax positions in currently open tax periods and determined that there are no material uncertainties within its filed tax returns. As of September 30, 2013 and December 31, 2012, the unrecognized tax benefit accrual was zero. The Company would recognize future accrued interest and penalties related to unrecognized tax benefits in income tax, if incurred. Generally, the Company is no longer subject to Federal and state tax examinations by tax authorities for years prior to 2009.

## **Government Grants**

The Company receives grant money from the Broadband Initiatives Program administered by RUS (Note 5). Government grants will be accrued as a receivable when we determine we have complied with the conditions attached to the grant arrangement. Government grants received in advance are recorded as Deferred Broadband Initiatives Program grant funds on the Balance Sheet. Grants received for reimbursement of capital expenditures is accounted for as a deduction from the cost of the asset. Depreciation is calculated and recorded based on our net investment. The impact of the grant is reflected in earnings as a reduction in depreciation. Grant funds received are shown as inflows in the investing activities section of the Consolidated Statements of Cash Flows.

## **Revenue Recognition**

Telephone service revenue is primarily derived from regulated local, intrastate and interstate access services and recognized as services are provided.

Local access revenues come from providing local telephone exchange services and are billed to local end-users in advance in accordance with tariffs approved by the state regulatory commission. Such advance billings are initially deferred and recognized as revenue when earned.

Revenue that is billed in arrears includes nonrecurring intrastate and interstate network access services, nonrecurring local services and long distance services. The earned but unbilled portion of this revenue is recognized as revenue in the period that the services are provided.

Revenue from intrastate access is based on tariffs approved by the state regulatory commission. Revenue from interstate access is derived from settlements with NECA. NECA was created by the FCC to administer access rates and revenue pooling on behalf of local exchange carriers who elected to participate in a pooling environment. Interstate settlements, including amounts received under Universal Service Fund mechanisms, are determined based on the Company's cost of providing telecommunications service, including investments in specific types of infrastructure and operating expenses and taxes.

Interstate access revenue recognition is based on management's estimate of the final earning settlement of the NECA pools. For the NECA Common Line pool, the 2013 and 2012 rates-of-return are expected to equal the authorized rate-of-return of 11.25%; therefore, interstate revenues were increased to reflect the additional revenues which are expected to be received from NECA once the Common Line pool settlements are finalized.

The Company also leases use of telecommunications facilities on a short term basis to other telecommunications companies. Revenue from the leases is recognized monthly when earned.

Other ancillary revenues, derived from the provision of directory advertising and billing and collection services, are recognized as services are provided based on the rates under the respective contract. Non-regulated operations are included in other income in the accompanying consolidated statements of income.

### **Advertising Costs**

Advertising costs are expensed as incurred.

### **Sales Taxes**

The Company has customers in North Dakota and its municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

### **Fair Value of Financial Instruments**

The carrying value of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and long-term notes payable approximate their fair value as of September 30, 2013 and December 31, 2012.

The cost investments are carried at historical cost due to no readily determinable fair value for those instruments being available. Management believes there has been no other than temporary impairment in the investments.

### **Earnings per Common Share**

The Company computes net income per common share in accordance with the provision included in ASC 260, *Earnings per Share* ("ASC 260"). Under ASC 260, basic and diluted income per share is computed by dividing net income available to stockholders by the weighted average number of common shares and common share equivalents outstanding during the period. Basic income per common share excludes the effect of potentially dilutive securities, while diluted income per common share reflects the potential dilution that would occur if securities or other contracts to issue common shares were exercised for, converted into or otherwise resulted in the issuance of common shares. The company had no potentially dilutive common share equivalents outstanding at September 30, 2013 and December 31, 2012.

**Reclassifications**

Certain reclassifications have been made to the 2012 consolidated financial statement presentation in order to conform to the 2013 consolidated financial statement presentation. The reclassifications had no effect on net income or equity.

**Recent Accounting Pronouncements**

We reviewed all significant newly issued accounting pronouncements and determined they are either not applicable to our business or that no material effect is expected on our financial position and results of operations.

**Note 2 - Telecommunications Plant and Equipment**

Depreciation and amortization expense for the three months ended September 30, 2013 and 2012 was \$185,482 and \$187,392, respectively and \$550,259 and \$555,885 for the nine months ended September 30, 2013 and 2012.

**Note 3 - Equity Method Investments**

	Sept 30, 2013 <u>(Unaudited)</u>	<u>December 31, 2012</u>
Dakota Carrier Network, LLC (3.433% ownership at equity)	<u>\$ 1,540,397</u>	<u>\$ 1,486,392</u>

The Company recognized equity earnings from Dakota Carrier Network, LLC of \$95,250 and \$106,244 during the three months ended September 30, 2013 and 2012, respectively, and \$320,126 and \$340,727 for the nine months ended September 30, 2013 and 2012, respectively. The Company received distributions of \$266,121 and \$113,238 during the nine months ended September 30, 2013 and 2012.

Condensed financial information of Dakota Carrier Network, LLC is as follows:

	Sept 30, 2013 (Unaudited)	December 31, 2012	
<b>Assets</b>			
Current assets	\$ 2,846,846	\$ 4,301,705	
Other assets	2,078,307	2,182,196	
Property, net	40,920,436	38,185,139	
Total Assets	<u>\$ 45,845,589</u>	<u>\$44,669,040</u>	
<b>Liabilities and Members' Equity</b>			
Current liabilities	\$ 973,596	\$ 1,369,770	
Members' equity	44,871,993	43,299,270	
Total Liabilities and Members' Equity	<u>\$ 45,845,589</u>	<u>\$44,669,040</u>	
	<u>Three Months Ended Sept 30,</u>	<u>Nine months ended Sept 30,</u>	
	2013	2012	
	(Unaudited)	(Unaudited)	
<b>Operations</b>			
Revenues	\$ 11,278,833	\$ 10,803,380	\$ 33,920,342
Expenses	8,504,694	7,708,601	24,595,405
Net income	<u>\$ 2,774,139</u>	<u>\$ 3,094,779</u>	<u>\$ 9,324,937</u>

#### Note 4 - Long-Term Debt

On January 31, 2012, the Company entered into a line of credit and term loan agreement with a local bank for \$500,000 and \$530,000, respectively. The Company borrowed \$530,000 on the term loan agreement and repaid the CoBank loan on January 31, 2012. The credit facility is secured by certain assets owned by the Company. The line of credit accrues interest at a rate of 5% and expired January 30, 2013, while the term loan accrues interest at a fixed rate of 5.25% with a maturity date of January 15, 2017. The term loan was paid off as of December 31, 2012.

The Company has subordinated notes with former shareholders for \$2,071,800 as of June 30, 2013 and December 31, 2012. The Company restructured the interest rate on the notes from 8% to 6% effective January 1, 2012, and the maturity date was extended to December 31, 2022. Interest on the notes is paid quarterly. The notes may be prepaid at any time without penalty.

During the nine months ended September 30, 2013, the Company received an advance of \$204,942 on the Broadband Initiatives Program Loan. See Note 5 for additional information relating to the loan/grant agreement. The loan is due in monthly payments of principal and interest over 23 years at an interest rate of 2.7324%. The funds advanced were deposited into a pledged deposit account, the disbursements from which are restricted by the provisions of the loan/grant agreement. The loan/grant agreement also includes certain financial and other covenant requirements.

It is estimated that principal repayments on the Company's debt for the next five years will be as follows:

Years Ended September 30.

2014	\$ 6,600
2015	6,800
2016	7,000
2017	7,200
2018	7,400

**Note 5 - Broadband Initiatives Program**

The Company was awarded a stimulus loan and grant pursuant to the American Recovery and Reinvestment Act of 2009 to finance the construction of a broadband infrastructure project in rural areas. The \$2,338,651 project is expected to be completed during 2013. The project is being funded through a broadband loan from the Rural Utilities Service (RUS) of \$713,289, and a grant through the Broadband Initiatives Program administered by RUS, of \$1,625,362. Construction costs related to the project through September 30, 2013 were \$1,174,021 including \$861,061 in accounts payable as of September 30, 2013. The Company has received \$204,942 in advances on the broadband loan and \$466,998 in grant funds relating to the project and has recorded a receivable of \$315,682 for grants related to eligible costs incurred through September 30, 2013. The Company has applied the grant funds against construction costs. Loan and grant funds totaling \$358,980 are restricted for payment of eligible project costs and are included in Restricted Cash as of September 30, 2013.

**Note 6 - Stockholders' Equity**

On April 15, 2013, the Company announced that it had received notice from CIBL, Inc. ("CIBL"), that CIBL had acquired the voting rights to an additional 46,000 shares. With this action, CIBL now has voting control of the company through its control of a total of 207,552 shares of ICTC's class A stock or 51.3% of the 404,426 Class A shares that are currently outstanding.

On September 24, 2013, the Company filed an amended and restated certificate of incorporation pursuant to sections 242 and 245 of the Delaware General Corporation Law. The amendment included changing the authorized preferred stock from 44,500 shares at \$1.00 par value to 1,000,000 shares at \$.0001 par value. The amendment also eliminated the 9,000,000 shares of Class B authorized stock and reduced the 20,000,000 Class A shares authorized to 2,000,000 shares authorized.

**Note 7 - Subsequent Events and Other**

The Company has evaluated subsequent events through October 25, 2013.