

November 6, 2023

Dave Burman- Business Manager
Haverford Township
1014 Darby Rd.
Haverford, PA 19083

RE: Haverford Township Free Library Renovation & Addition Project- RCO Compliance Recommendation

Mr. Burman,

Attached please find AJM Electric's submission of the Responsible Contractor Ordinance (RCO) documentation as required by the bid documents and Township Ordinance No. P5-2023. Upon review of the documentation submitted it appears that they are in compliance with the RCO.

Should you require any additional information from AJM Electric to meet the RCO let us know. If not, and you agree that their documentation is in compliance with the requirements of the RCO, please issue a letter formally approving their submission. After the 10-day advertisement of the RCO paperwork on the Township's website we will have the Architect issue their contract for execution.

Sincerely,

Kenneth C. Matthews

Kenneth C. Matthews
C.B. Development Services, Inc.

CC: Aimee Cuthbertson, John Walko



AJM
Electric, Inc.

Licensed in DE, NJ & PA

2333 Concord Road
Chester Township, PA 19013
610-494-5735 Phone
610-494-5736 Fax

To: David Burman
Township Manager

resumes For Proposed AJM Staff on the project=
see attached resumes

Confirm all craft labor have OSHA 10 hr. =
We are Union

Provide OSHA 30 hr. For one person on the project=
Kevin M. Pace

* Also Linecome is our only subcontractor for this project**
RCO paperwork is attached



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2333 Concord Road
Chester Township, PA 19013
610-494-5735 Phone
610-494-5736 Fax

Resume Of Kevin M. Pace

Kevin M. Pace
360 Rambling Way
Springfield, Pa 19064
Mobile: 610-574-5351

Kevin has worked for AJM Electric, Inc. for a total of 3 years as a union Journeyman Electrician/Foreman and for a total of 11 Years

Below is a list of past projects that he was on.

1. 4601 Market Street =\$4,000,000.00
2. Eastern Center Of The Arts =\$541,880.00
3. Eddystone= \$300,000.00



AJM Electric, Inc.

Licensed in DE, NJ & PA

2333 Concord Road
Chester Township, PA 19013
610-494-5735 Phone
610-494-5736 Fax

Resume of Joshua P. Warwick

Joshua P. Warwick

99 Bishop Drive

Aston, Pa. 19014

Mobile: 610-368-6083

Email Address: josh@ajmelectric.net

Josh has worked for AJM Electric, Inc. for a total of 22 years as a Union Journeyman Electrician/Foreman and a Project Manager. The last two of those years he has been in the office running the jobs. Below is a list of past Projects that Josh has worked on and Managed.

1. Birdsboro WWTP
2. Exton Elementary School Hall and Classroom Renovations.
3. Eastern Center of the Arts.
4. Tredyffrin Fire Alarm
5. Montgomery County Center and Administration

BIDDER QUALIFICATION STATEMENT

1. INTRODUCTION

1.1 This document must be included as part of the Bid submission. Failure to submit a fully completed and executed Bidder Qualification Statement may be considered justification for rejection of the bid.

1.2 This Bidder Qualification Statement is submitted with respect to the following project: _____

Haverford Free Library.

2. GENERAL INFORMATION

2.1 Name of Bidder: Linecom Inc.

2.2 Address of Bidder: 606 Gordon Drive
Exton, PA 19341

2.3 Telephone No.: 610-524-7559

3. ORGANIZATIONAL BACKGROUND

3.1 Type of Organization:

- | | | | |
|-------------------------------------|--------------|--------------------------|---------------|
| <input checked="" type="checkbox"/> | Corporation | <input type="checkbox"/> | Individual |
| <input type="checkbox"/> | Partnership | <input type="checkbox"/> | Joint Venture |
| <input type="checkbox"/> | Other: _____ | | |

3.2 How long has your organization been in business

- a. As a Contractor? 32 years
- b. As a Contractor engaged in construction work of the type proposed under this Contract: 32 years
- c. Under your current business name? 32 years

3.3 If the bidder is a corporation, complete this section:

a. Date & State of Incorporation: 12/23/1991

b. Names & Titles of Officers:

Michael T. Ryan - CEO
Bernice D. Ryan - Secretary/
Treasurer

3.4 If the Bidder is other than a corporation, describe the structure of your organization including date of initiation as a business and list the principals involved:

N/A

3.5 What portions of the work (i.e. trades work items, etc.) included in the proposed contract will be performed by subcontractors?

NONE -

* LINECOM TO SELF PERFORM. *

4. WORK HISTORY

4.1 Attach or list the following information on similar projects which your organization has completed in the past five (5) years. Name and type of project, owner, engineer, contract amount, date of completion.

1. Gwynedd Mercy New Academic Bldg - TN Ward.
2. Haverford Township Municipal Bldg - Philips.
3. Head Start Early Education Ctr (Atlantic City, NJ)
4. Keystone Academy - BSI Construction.
5. Lancaster Public Library - Hanneisen Electric

GATEWAY
COMMUNITY
ACTION PART

6. Laureate Green and Technology Ctr - McCarty and Son Electric
7. LIVE HOTEL and Casino - GILBANE Construction
8. Morgan Lewis Law Firm - STRUCTURETONE

4.2 Attach or list the following information on similar project which your organization now has in progress. Name and type of project, owner, engineer, contract amount, scheduled date of completion.

1. MCCC Hospitality Institute - ELECTRI-TECH ELECTRIC INC
2. READING Muhlenberg Green and Tech Ctr - Hirnisen Electric
3. CHESTER County INTERMEDIATE Unit - AJM Electric
4. U.S District Clerk Office - Patriot Construction
5. RACC Weitz Healthcare Pavilion - Hirnisen Electric
6. William C Bryant Promise Academy - CRD Electric
7. Great Valley 5th / 6th grade Ctr - Philips Brothers Electric
8. Bucks County Tech - QPI Electrical INC.

4.3 Attach or list the following information on projects which your organization has completed within the last five years, demonstrating experience with libraries and/or other public buildings with a high level of detail and finishes, complex renovations and/or new construction on tight urban sites, and renovations of historic buildings: Name and type of project, owner, engineer, contract amount, scheduled date of completion.

1. ARDMORE Free Library - AN Lynch Electric
 2. CCP Library Learning Commons - McColovich Electric
 3. EAST Trenton Library - MDF Electric
 4. LOVETT Free Library - INtech Construction
 5. Logan Free Library - INtech Construction
- SCOPE: VOICE / DATA (CAT 6/GA) installation, FIBER / COPPER Backbone
MDF / IDF CLOSET BUILDOUTS.

4.4 Has your organization ever defaulted on or otherwise failed to complete any work under contract? If so, note the circumstances:

No

4.5 Has any officer, partner or principal of your organization ever been an officer, partner or principal of another organization which defaulted on or otherwise failed to complete any work under contract? If so, note the circumstances:

No

4.6 Provide the construction experience (length, type) of the principal individuals of your organization which would be assigned to perform the proposed work under this Contract:

PM- GEORGE LIGHTCAP - 30+ years / BICSI CERTIFIED

PM- MIKE FRY - 25+ years / BICSI CERTIFIED

foreman Scott Lundy - 20+ years / BICSI certified

Operations Mgr. New Soska - 25+ yrs

5. **RESPONSIBLE CONTRACTOR CERTIFICATION - RESPONSES IN THIS SECTION REQUIRED WHEN BID AMOUNT IS \$250,000 OR MORE.**

5.1 Does your firm have all valid, effective licenses, registrations or certificates required by federal, state, county or local law, including by not limited to, licenses, registrations or

certificates required to (a) do business in the designated local; and (b) perform the contract work it seeks to perform. These shall include, but not limited to, licenses, registrations or certificates for any type of trade work or specialty work which the firm proposes to self-perform?

Yes

5.2 Does your firm meet the bonding requirements for the contract, as required by applicable law or contract specifications and any insurance requirements, as required by applicable law or contract specifications, including general liability insurance, workers compensation insurance and unemployment insurance requirements?

Yes

5.3 Has your firm been debarred by any federal, state or local government agency or authority in the past three (3) years?

No

5.4 Has your firm defaulted on any project in the past three (3) years?

No

5.5 Has your firm had any type of business, contracting or trade license, registration, or other certification suspended or revoked in the past three (3) years?

No

5.6 Has your firm been cited for a willful violation of federal or state safety laws in the past three (3) years?

No

-
- 5.7 Has the firm or owners been convicted of any crime relating to the contracting business by a final decision of a court or government agency in the past ten years'?

No

- 5.8 Has the firm, within the past three years, been found in violation of any law applicable to its contracting business, including but not limited to, licensing laws, tax laws, prompt payment laws, wage and hour laws, prevailing wage laws, environmental laws or others, where the result of such violation was the payment of a fine, back pay damages or any other type of penalty in the amount of \$1,000 or more?

No

- 5.9 Will your firm pay all craft employees that it employs on the project the current wage rates and benefits as required under applicable federal, state, or local wage laws?

Yes

- 5.10 Does your firm participate in a Class A Apprenticeship Program for each separate trade or classification in which it employs craft employees and will continue to participate in such program or programs for the duration of the project?

For purposes of this section a Class A Apprenticeship Program is an apprenticeship program that is currently registered with and approved by the U.S. Department of Labor or a state apprenticeship agency and has graduated apprentices to journeyman status for a least three (3) of the past five (5) years.

Yes

- 5.11 If your firm is identified as the lowest responsible bidder or otherwise selected as the prospective awardee or as a subcontractor of an awardee, will you provide the appropriate documentation, as determined by Haverford Township, to verify it meets the requirements of the Responsible Contractor Ordinance for each trade or

classification of craft workers it will employ on the project? This verification shall be provided prior to performance of work by the firm.

yes

- 5.12 Does your firm have all other technical qualifications and resources, including equipment, personnel and financial resources, to perform the referenced contract, or will obtain same through the use of qualified, responsible subcontractors?

yes

- 5.13 Will your firm will maintain all qualifications, resources and capabilities referenced in this certification throughout the duration of the project?

yes

- 5.14 Will your firm notify Haverford Township within seven (7) days of any material changes to all matters attest to in this certification?

yes

- 5.15 Does your firm understand that the Contractor Responsibility Certification required by this section shall be executed by a person who has sufficient knowledge to address all matters in the certification and shall include an attestation stating, under the penalty of perjury, that the information submitted is true, complete and accurate?

yes

If a firm or a firm's subcontractor(s) fails to provide responses as required by this section, it shall be disqualified from bidding. No action of any nature shall lie against Haverford Township because of its refusal to accept a bid for failing to provide information required by this section.

As part of the review process of at least 30 days, Haverford Township shall ensure that the required Contractor Responsibility Certification, the Subcontractor List, and the Subcontractor

Responsibility Certifications have been submitted and properly executed. This section shall also be used for Subcontractors, when applicable.

A construction manager, general contractor or other lead or prime contractor shall not be permitted to use a subcontractor on any work for Haverford Township unless it has identified the subcontractor on its Subcontractor List and provided a Subcontractor Responsibility Certification.

6. REFERENCES

- 6.1 Bonding Company USI Insurance Svcs, LLC
And Agent Evelyn A. Benevento
- 6.2 Bank 1st Colonial Community Bank
- 6.3 Trade Graybar
Accu-Tech

7. FINANCIAL STATEMENT

- 7.1 Attach a copy of a recent financial statement as prepared by your auditor.

8. CERTIFICATION

- 8.1 This Bidder Qualification Statement has been prepared on behalf of the following organization:

Name of Organization: Linecom Inc.

Name of Preparer: Jim Magee

Title of Preparer: GM

Date: 11/3/2023

8.2 AFFIDAVIT

State of PA, County of Chester

County of Chester

I, James Magee, being duly sworn, according to law, depose
Name of Official

and say that I am the General Manager of the above organization, and
Position

that the responses provided in the Bidder Qualification Statement, including any
attachments thereto are true and correct to the best of my knowledge and belief.

Sworn and Subscribed

James Magee
Signature of Official

To before me

This 3rd day of Nov, 2023

Commonwealth of Pennsylvania - Notary Seal
Kathleen M. Hoertz, Notary Public
Chester County
My commission expires June 10, 2026
Commission number 12561 16
Member, Pennsylvania Association of Notaries

Kathleen M Hoertz
Notary Public

END OF DOCUMENT



**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021 (AS RESTATED)**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Linecom, Inc.
Exton, Pennsylvania

We have reviewed the accompanying financial statements of Linecom, Inc. (a corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Linecom, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Correction of Error

As discussed in Note 2 to the financial statements, certain errors resulting in understatement of amounts previously reported for Employee Retention Credit receivable and revenue as of December 31, 2021, were discovered by management of the Company during the current year. Accordingly, amounts reported for Employee Retention Credit receivable and Employee

Retention Credit income have been restated in the 2021 financial statements now presented, and an adjustment has been made to retained earnings as of December 31, 2021, to correct the error. Our conclusion is not modified with respect to that matter.

Accountant's Conclusion

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

Supplementary Information

The supplementary information included on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Umbreit, Wilcozek & Associates, P. C.

Kennett Square, PA
June 15, 2023

LINECOM, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	2022	2021 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 616,935	\$ 257,351
Accounts receivable	3,264,431	1,320,543
Note receivable	60,000	33,901
Employee advances	-	67,000
Inventory	222,282	313,006
Costs and estimated earnings in excess of billings on uncompleted contracts	342,585	73,803
Prepaid expenses	54,662	40,053
Employee Retention Credit receivable	509,361	956,180
Due from affiliates	2,787,419	1,457,000
TOTAL CURRENT ASSETS	7,857,675	4,518,837
PROPERTY AND EQUIPMENT		
Building	712,452	712,452
Building improvements	35,901	24,251
Land	51,050	51,050
Transportation equipment	513,062	383,307
Machinery and equipment	146,472	124,125
Furniture and fixtures	24,970	24,970
	1,483,907	1,320,155
Accumulated depreciation	(500,969)	(544,253)
NET PROPERTY AND EQUIPMENT	982,938	775,902
INTANGIBLE ASSETS		
Loan fees	30,222	30,222
Accumulated amortization	(1,448)	(112)
NET INTANGIBLE ASSETS	28,774	30,110
OTHER ASSETS		
Note receivable, net of current	-	19,415
Due from affiliates, net of current	120,948	1,905,248
Officer loan receivable	90,998	90,998
Deposits	1,510	1,510
TOTAL OTHER ASSETS	213,456	2,017,171
TOTAL ASSETS	\$ 9,082,843	\$ 7,342,020

LINECOM, INC.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	2022	2021 (As Restated)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,866,923	\$ 1,014,781
Advances on line-of-credit	-	840,484
Current portion of long-term debt	49,063	61,035
Current portion of capital lease obligations	8,077	7,677
Billings on uncompleted contracts in excess of costs and estimated earnings	117,648	-
Income taxes payable	125,720	183,635
TOTAL CURRENT LIABILITIES	2,167,431	2,107,612
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	2,599,887	1,142,670
Capital lease obligations, net of current portion	-	11,149
Deferred tax liability	28,689	27,948
TOTAL LONG-TERM LIABILITIES	2,628,576	1,181,767
TOTAL LIABILITIES	4,796,007	3,289,379
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value:		
Authorized		
Issued and outstanding	1,000	1,000
Preferred stock, \$200 par value:		
Authorized, issued and outstanding	2,500,000	2,500,000
Additional paid-in capital	15,000	15,000
Retained earnings	1,770,836	1,536,641
TOTAL STOCKHOLDERS' EQUITY	4,286,836	4,052,641
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 9,082,843	\$ 7,342,020

LINECOM, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	2022	2021 (As Restated)
CONTRACT REVENUES EARNED	\$ 14,298,801	\$ 7,233,586
COST OF REVENUES EARNED	11,300,327	5,434,300
GROSS PROFIT	2,998,474	1,799,286
GENERAL AND ADMINISTRATIVE EXPENSES	2,598,185	1,925,829
INCOME FROM OPERATIONS	400,289	(126,543)
OTHER INCOME (EXPENSE)		
Interest expense	(50,764)	(63,185)
Gain on sale of asset	10,500	-
Interest income	12,012	3,417
Employee Retention Credit	-	956,180
Paycheck Protection Program grant	-	1,638,830
TOTAL OTHER INCOME (EXPENSE)	(28,252)	2,535,242
INCOME BEFORE INCOME TAXES	372,037	2,408,699
INCOME TAX EXPENSE	112,842	252,188
NET INCOME	259,195	2,156,511
ACCUMULATED DEFICIT - BEGINNING OF YEAR	1,536,641	(594,870)
DIVIDENDS ON PREFERRED STOCK	(25,000)	(25,000)
RETAINED EARNINGS - END OF YEAR	\$ 1,770,836	\$ 1,536,641

LINECOM, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	<u>2022</u>	<u>2021</u> (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 259,195	\$ 2,156,511
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100,298	84,566
Deferred taxes	741	(5,076)
Accrued interest	(6,684)	(3,316)
Paycheck Protection Program grant	-	(1,638,830)
(Increase) decrease in operating assets:		
Accounts receivable	(1,943,888)	1,317,260
Employee advances	67,000	(67,000)
Inventory	90,724	(26,683)
Costs and estimated earnings in excess of billings on uncompleted contracts	(268,782)	(73,803)
Prepaid expenses	(14,609)	(6,710)
Employee Retention Credit receivable	446,819	(956,180)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	827,142	(346,986)
Billings on uncompleted contracts in excess of costs and estimated billings	117,648	(298,947)
Income taxes payable	(57,915)	100,518
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(382,311)</u>	<u>235,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(305,998)	-
Issuance of note	-	(50,000)
Net advances to affiliates	-	(709,147)
Repayments from affiliates	453,881	-
Repayments from officer	-	18,450
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>147,883</u>	<u>(740,697)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan origination fees	-	(30,222)
Payments on line-of-credit, net	(840,484)	(289,516)
Proceeds from long-term debt	1,500,000	930,000
Proceeds from Payroll Protection Program grant	-	819,415
Repayment of long-term debt	(54,755)	(745,430)
Payment on capital lease obligations	(10,749)	(11,076)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>594,012</u>	<u>673,171</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	359,584	167,798
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>257,351</u>	<u>89,553</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 616,935</u>	<u>\$ 257,351</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest paid	\$ 50,764	\$ 63,185
Income taxes paid	\$ 186,672	\$ 157,296
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Dividends accrued	\$ 25,000	\$ 25,000

See Independent Accountants' Review Report and Notes to Financial Statements

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**Organization

Linecom, Inc. (the "Company") was incorporated in the Commonwealth of Pennsylvania on December 23, 1991. The Company sells and installs wiring for communication systems for commercial customers along the eastern coast of the United States.

Basis of Accounting

The accompanying financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers checking and savings accounts and certificates of deposit with original maturities of three months or less to be cash and cash equivalents.

The Company deposits its cash receipts with two local commercial banks and, at times, these deposits may exceed the insurance guarantees of the Federal Deposit Insurance Corporation.

Accounts Receivable

Accounts receivable includes billed and unbilled amounts for services provided to customers for which the Company has an unconditional right to payment. Billed and unbilled amounts for which payment is contingent on anything other than the passage of time are included in contract assets and contract liabilities on a contract-by-contract basis.

When payment of the retainage is contingent upon the Company fulfilling its obligation under the contract it does not meet the criteria to be included in contracts receivable and remains in the contract's respective contract asset or contract liability, determined on a contract-by-contract basis. Retainage for which the Company has an unconditional right to payment that is only subject to the passage of time are included in contracts receivable.

The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses based upon historical experience and analysis of certain customers. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful.

Subsequent collections of accounts previously written off are recorded as a reduction of bad debt expense. The allowance for doubtful accounts was \$0 as of December 31, 2022 and 2021.

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Revenue and Cost Recognition*Performance Obligations and Recognition Method*

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, the Company recognizes revenue from short-term and long-term construction contracts with commercial and institutional customers primarily in the City of Philadelphia and its proximate suburbs. Generally, the Company performs interior construction work within newly constructed and renovated buildings. The Company's construction contracts are generally each accounted for as a single unit of account (i.e., as a single performance obligation) as the Company is in the business of integrating various elements and components into one obligation.

Throughout the execution of construction contracts, the Company recognizes revenue with the continuous transfer of control to the customer. The customer typically controls the asset under construction by either contractual termination clauses or by the Company's rights to payment for work already performed on the asset under construction that does not have an alternative use for the Company.

Because control transfers over time, revenue is recognized to the extent of progress towards completion of the performance obligations. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services provided. The Company generally uses the cost-to-cost method for its contracts, which measures progress towards completion for each performance obligation based on the ratio of costs incurred to date to the total estimated costs at completion for the respective performance obligation. Incurred cost represents work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Revenue, including estimated fees or profits, is recorded proportionately as costs are incurred. Cost of revenues includes labor, materials, subcontractor costs, and other direct and indirect costs.

Due to the nature of the work required to be performed on many of the Company's performance obligations, estimating total revenue and cost at completion is complex, subject to many variables and requires significant judgment. Assumptions as to the occurrence of future events and the likelihood and amount of variable consideration, including the impact of change orders, claims, contract disputes and the achievement of contractual performance criteria, and award or other incentive fees are made during the contract performance period.

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Revenue and Cost Recognition (Cont'd)*Performance Obligations and Recognition Method (Cont'd)*

The Company estimates variable consideration at the most likely amount it expects to receive. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available to management.

The Company's contracts may include retention provisions to provide assurance to customers that the Company will perform in accordance with the contract terms. The retention provisions are not considered a significant financing component. The balances billed but not paid by customers pursuant to these provisions generally become due upon completion and acceptance of the project by the customer. The Company has determined that there are no significant financing components included in construction contracts as of December 31, 2022 and 2021.

Customers - The Company's customers include real estate developers, public and private corporations, hospitals, universities, restaurants and other hospitality establishments, and individuals. Services are provided to customers through negotiated contract arrangements, as well as through competitive bids.

Fixed price - Fixed-price or lump-sum contracts are commonly used for private and public customers and generally commit the Company to provide all of the resources required to complete a project for a fixed sum. Usually, fixed-price contracts transfer more risk to the Company, but offer the opportunity for greater profits. Billings on fixed-price contracts are typically based on estimated progress against predetermined contractual milestones.

Guaranteed maximum price ("GMP") - GMP contracts provide for a cost plus fee arrangement up to a maximum agreed-upon price. These contracts place risks on the Company for amounts in excess of the GMP, but may permit an opportunity for greater profits than under cost plus fee contracts through sharing agreements with the owner on any cost savings that may be realized. Services provided to various private and public customers, hospitals, and universities are often performed under GMP contracts. Billings on GMP contracts typically occur on a monthly basis and are based on actual costs incurred plus a negotiated margin.

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Revenue and Cost Recognition (Cont'd)*Contract Estimates including Claims, Unapproved Change Orders and Variable Consideration*

Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when a change in the scope of work results in additional work being performed before the parties have agreed on the corresponding change in the contract price. The Company routinely estimates recovery related to claims and unapproved change orders as a form of variable consideration at the most likely amount it expects to receive and to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Claims and unapproved change orders are billable upon the agreement and resolution between the contractual parties and after the execution of contractual amendments. Increases in claims and unapproved change orders typically result from costs being incurred against existing or new positions; decreases normally result from resolutions and subsequent billings. In certain situations, the resolution of these claims and unapproved change orders may require litigation or other forms of dispute resolution proceedings. Other unbilled costs and profits are billable in accordance with the billing terms of each of the existing contractual arrangements and, as such, the timing of contract billing cycles can cause fluctuations in the balance of unbilled costs and profits. Ultimate resolution of other unbilled costs and profits typically involves incremental progress toward contractual requirements or milestones.

The Company's estimates of contract revenue and cost are highly detailed and many factors change during a contract performance period that result in a change to contract profitability. These factors include, but are not limited to, differing site conditions; availability of skilled contract labor; performance of major material suppliers and subcontractors; on-going subcontractor negotiations and buyout provisions; unusual weather conditions; changes in the timing of scheduled work; change orders; accuracy of the original bid estimate; changes in estimated labor productivity and costs based on experience to date; achievement of incentive-based income targets; and the expected, or actual, resolution terms for claims. The factors that cause changes in estimates vary depending on the maturation of the project within its lifecycle. For example, in the ramp-up phase, these factors typically consist of revisions in anticipated project costs and during the peak and closeout phases, these factors include the impact of change orders and claims, as well as additional revisions in remaining anticipated project costs. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Management evaluates changes in estimates on a contract by contract basis. The cumulative catch-up method is used to account for revisions in estimates.

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Revenue and Cost Recognition (Cont'd)*Contract Assets and Contract Liabilities*

The timing of when the Company bills their customers on long-term construction contracts is generally dependent upon agreed-upon contractual terms, which may include milestone billings based on the completion of certain phases of the work, or when services are provided.

Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date and are classified as a current asset. Costs and estimated earnings in excess of billings result when either: 1) the appropriate contract revenue amount has been recognized over time in accordance with ASC 606, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract, or 2) costs are incurred related to certain claims and unapproved change orders.

Billings on uncompleted contracts in excess of costs and estimated earnings represent the excess of billings over the amount of contract costs and profits and are classified as a current liability. The Company may receive advances or deposits from customers before revenue is recognized resulting in billings on uncompleted contracts in excess of costs and estimated earnings.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined based upon the first-in, first-out method. Inventory consists of large items tracked through projects, periodic inventory consisting of smaller, consumable items not tracked to specific projects, and stored materials tied to specific projects.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Property and equipment under capital leases are stated at the lower of fair market value or the net present value of the minimum lease payments at the inception of the lease. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the lives of assets are capitalized. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the related assets. Amortization on assets acquired under capital leases is calculated using accelerated methods over the shorter of lease term or estimated useful lives of the leased assets.

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in recognizing revenue and determining the allowance for doubtful accounts. It is at least reasonably possible that the significant estimates used will change within the next year.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement amounts and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future. These amounts are based on enacted tax laws and rates applicable in the periods in which the differences are expected to affect taxable income. Income tax expense (benefit) is the tax payable (or refundable) for the period plus or minus the change during the period in deferred tax assets and liabilities.

Certain items of income and expense were recognized for income tax purposes in different periods from those in which such items were recognized for financial reporting purposes. These timing differences result in differences between expected current income tax expense, at the statutory rate, and actual current income tax expense.

The Company follows accounting guidance concerning provisions for uncertain income tax positions. This guidance requires the accounting for income taxes by prescribing a minimum probability threshold that an uncertain tax position must meet for financial statement recognition. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Management has evaluated the tax positions taken by the Company and has determined that as of December 31, 2022 and 2021, there were no tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. There were no income tax related interest and penalties recorded for the years ended December 31, 2022 and 2021.

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 were \$4,664 and \$3,124, respectively.

Recent Accounting Pronouncements

In 2022, the Company adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Company elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Company recognized no right-of-use assets or lease liabilities in its statement of financial position as of December 31, 2022.

Because we elected the practical expedient to not reassess lease identification, classification, and initial direct costs, ASU No. 2016-02 had no effect to beginning retained earnings or balance sheet accounts related to lessor accounting.

NOTE 2 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated its previously issued financial statements for 2021 to reflect the correction of errors related to recording the Employee Retention Credit receivable.

The effect of correction of these errors on results of operations for the above mentioned financial statements is as follows for 2021:

	As previously reported	As restated
Net income	\$ 2,040,700	\$ 2,156,511

The effect of correction of these errors on retained earnings and significant asset and liability accounts is as follows:

	As previously reported	As restated
Retained earnings	\$ 1,420,830	\$ 1,536,641
Employee Retention Credit receivable	\$ 783,182	\$ 956,180
Income taxes payable	\$ 126,448	\$ 183,635

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2022 and 2021, net of allowance for doubtful accounts, are as follows:

	2022	2021
Accounts receivable	\$ 2,559,637	\$ 1,073,193
Retainage receivable	704,794	247,350
Total accounts receivable	\$ 3,264,431	\$ 1,320,543

NOTE 4 – NOTE RECEIVABLE

In 2021, the Company loaned an outside party \$50,000. The note receivable bears interest at 14.37%. The note receivable calls for monthly payments of \$5,000 including interest starting May 2022, with the balance of all unpaid principal and interest due in April 2023. At December 31, 2022 and 2021, \$50,000 was outstanding on the note receivable.

	2022	2021
Gross note receivable	\$ 50,000	\$ 50,000
Less: current portion	(50,000)	(30,585)
	\$ -	\$ 19,415

Maturities of note receivable from an outside party are as follows:

<u>Year ending December 31,</u>	
2023	\$ 50,000

Interest income related to the note receivable was \$10,000 and \$3,316 for the years ended December 31, 2022 and 2021, respectively.

Subsequent to year end, the terms of the note were revised. Under the new terms, the note bears interest at 13.99% and calls for an initial payment of \$5,000 followed by weekly payments of \$1,000 starting January 2023.

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 5 – COSTS, ESTIMATED EARNINGS, AND EXCESS BILLINGS ON UNCOMPLETED CONTRACTS

Costs, estimated earnings and billing status on uncompleted contracts as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Revenues earned on uncompleted contracts	\$ 1,303,854	\$ 253,207
Less: billings to date	(1,078,917)	(179,404)
Costs and estimated earnings in excess of billings on uncompleted contracts, net	\$ 224,937	\$ 73,803

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 consists of the following:

	2022	2021
Furniture and fixtures	\$ 24,970	\$ 24,970
Equipment	146,472	124,125
Automobiles	513,062	383,307
Buildings	712,452	712,452
Building improvements	35,901	24,251
Land	51,050	51,050
	1,483,907	1,320,155
Less: accumulated depreciation	(500,969)	(544,253)
	\$ 982,938	\$ 775,902

Depreciation and amortization for the years ended December 31, 2022 and 2021 amounted to \$100,298 and \$84,566, respectively.

NOTE 7 – EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2021, the Company applied for a \$267,881 credit related to 2020 payroll under the Employee Retention Credit, a refundable credit against certain payroll taxes established by the CARES Act. The full amount of this credit was received in 2022.

During the year ended December 31, 2022, the Company applied for a \$688,299 credit related to 2021 payroll. As of year-end, \$178,938 of this credit has been received. The remaining balance receivable as of December 31, 2022 is \$509,361. These amounts are expected to be received within one year and are therefore considered a current asset at December 31, 2022.

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 8 – LINE OF CREDIT

The Company maintains a \$2,500,000 line-of-credit, due on demand, with interest at the bank's prime rate plus 1% (prime was 7.50% as of December 31, 2022), through November 29, 2023. The amount outstanding on the line-of-credit as of December 31, 2022 and 2021 was \$0 and \$840,484, respectively. The line-of-credit is collateralized by all business assets of the Company.

NOTE 9 – LONG-TERM DEBT

Long-term debt as of December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Note payable, bank, due in monthly payments of \$3,079 including interest at 4.00%; collateralized by a building, and guaranteed by two officers; extending through November 2026	\$ 565,128	\$ 578,854
Note payable, U.S. Small Business Administration, due in monthly payments of \$9,803, including interest at 3.75%; extending through May 2050	\$ 2,000,000	\$ 500,000
Notes payable, banks, due in monthly payments ranging from \$294 to \$926, including interest at rates ranging from 2.65% to 5.99%; collateralized by vehicles, with maturities ranging from May 2022 to December 2025	83,822	124,851
	<u>2,648,950</u>	<u>1,203,705</u>
Less: Current portion	(49,063)	(61,035)
	<u>\$ 2,599,887</u>	<u>\$ 1,142,670</u>

Scheduled future maturities of the notes payable as of December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 49,063
2024	46,720
2025	82,737
2026	564,697
2027	46,973
Thereafter	<u>1,858,760</u>
	<u>\$ 2,648,950</u>

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 9 – LONG-TERM DEBT (Cont'd)

Interest expense charged to operations on the notes payable, capital leases (see Note 14) and line-of-credit (see Note 8) for the year ended December 31, 2022 and 2021 were \$50,764 and \$63,185, respectively.

NOTE 10 – PAYCHECK PROTECTION PROGRAM

In April 2020, the Company obtained an \$819,415 term loan from TD Bank pursuant to the CARES Act Paycheck Protection Program. Up to 100% of this loan may be forgiven subject to bank and SBA approval, in accordance with CARES Act provisions. The outstanding principal bears interest at 1%. The loan is uncollateralized and fully guaranteed by the Federal government.

In February 2021, the Company obtained an additional \$819,415 term loan from TD Bank under the second round of the Paycheck Protection Program under the same terms as the original loan.

During the year ended December 31, 2021 both loans were forgiven in full and have been reported on the Statement of Income and Retained Earnings as Paycheck Protection Program grant.

NOTE 11 – 401(K) RETIREMENT PLAN

The Company has a 401(k) plan covering all eligible employees. The Company shall make discretionary matching contributions on employee contributions up to 4%. For the years ended December 31, 2022 and 2021, the Company made 401(k) plan contributions of \$37,916 and \$47,192, respectively.

NOTE 12 – CONTRACT ASSETS AND LIABILITIES

Activity in accounts receivable for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Accounts receivable, beginning of year	\$ 1,320,543	\$ 2,637,803
Amounts collected that were included in accounts receivable at the beginning of the year	(1,073,057)	(2,474,656)
Increase in accounts receivable due to amounts billed during the year	3,016,945	1,157,396
Accounts receivable, end of year	\$ 3,264,431	\$ 1,320,543

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 12 – CONTRACT ASSETS AND LIABILITIES (Cont'd)

Activity in costs and estimated earnings in excess of billings on uncompleted contracts (contract assets) for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Costs and estimated earnings in excess of billings on uncompleted contracts, beginning of year	\$ 73,803	\$ -
Revenue recognized that was included in costs and estimated earnings in excess of billings on uncompleted contracts at the beginning of the year	(73,803)	-
Increase in costs and estimated earnings in excess of billings on uncompleted contracts due to cash received during the period	<u>342,585</u>	<u>73,803</u>
Costs and estimated earnings in excess of billings on uncompleted contracts, end of year	<u>\$ 342,585</u>	<u>\$ 73,803</u>

Activity in billings on uncompleted contracts in excess of costs and estimated earnings (contract liabilities) for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Billings on uncompleted contracts in excess of costs and estimated earnings, beginning of year	\$ -	\$ 298,947
Revenue recognized that was included in billings on uncompleted contracts in excess of costs and estimated earnings at the beginning of the year	-	(298,947)
Increase in billings on uncompleted contracts in excess of costs and estimated earnings due to cash received during the period	<u>117,648</u>	<u>-</u>
Billings on uncompleted contracts in excess of costs and estimated earnings, end of year	<u>\$ 117,648</u>	<u>\$ -</u>

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 13 – LEASE COMMITMENTS

The Company leased equipment under multiple year leases with various terms through 2021. For the year ended December 31, 2021, lease expense totaled \$5,994.

NOTE 14 – CAPITAL LEASE

The Company leases certain equipment and furniture pursuant to a lease accounted for as a capital lease. This lease requires quarterly payments of \$2,784 through 2023. The interest rate on the capital lease is 6.99%.

The carrying value of equipment and furniture under capital lease as of December 31, 2022 and 2021 consists of the following:

	2022	2021
Equipment under capital lease	\$ 49,274	\$ 49,274
Less: accumulated depreciation	(28,743)	(21,704)
	\$ 20,531	\$ 27,570

Scheduled future payments for the capital lease as of December 31, 2022 are as follows:

Year ending December 31, 2023	\$ 8,884
Less: amount representing interest	(807)
Present value of net minimum lease payments	\$ 8,077

NOTE 15 – RELATED PARTY TRANSACTIONS

Amounts due from affiliates represents noninterest-bearing temporary loans to related entities. Repayment of these loans can be requested at any time. The entities are owned by the son of a stockholder and the spouse of a stockholder. The amounts due from affiliates at December 31, 2022 and 2021 totaled \$2,883,367 and \$3,337,248, respectively. The Company expects \$2,787,419 to be repaid during the year ending December 31, 2023 and has therefore classified that amount as a current asset as of December 31, 2022.

An officer of the Company has a loan from the Company with interest at the Internal Revenue Service mid-term applicable federal rate of 4.27% as of December 31, 2022. The loan receivable totaled \$90,998 as of December 31, 2022 and 2021. Interest income earned from the loan for the years ended December 31, 2022 and 2021 totaled \$2,643 and \$101, respectively. There are no formal repayment terms.

LINECOM, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

NOTE 16 – SIGNIFICANT CUSTOMERS AND VENDORS

During the year ended December 31, 2022, two customers accounted for approximately 21% of the Company's sales. The loss of these customers could have a material adverse effect on the financial position or results of operations of the Company.

During the year ended December 31, 2021, direct materials purchased from two vendors totaled 21% of total direct material purchases. Management believes that there are other vendors that could provide comparable products with similar terms, if necessary. For the year ended December 31, 2022, there were no significant vendors.

NOTE 17 – INCOME TAXES

The components of the provision for income taxes consist of the following for the years ended December 31, 2022 and 2021:

	2022	2021 (As Restated)
Current income tax provision		
Federal	\$ 76,932	\$ 139,756
State	35,169	117,508
Total current income tax provision	<u>112,101</u>	<u>257,264</u>
Deferred income tax provision		
Federal	500	(2,751)
State	241	(2,325)
Total deferred income tax provision	<u>741</u>	<u>(5,076)</u>
	<u>\$ 112,842</u>	<u>\$ 252,188</u>

Significant components of the deferred tax assets and liabilities are as follows as of December 31, 2022 and 2021:

	2022	2021
Gross deferred tax assets (liability):		
Contribution carryover	\$ 24,328	\$ 30,959
Depreciation, property and equipment	(40,458)	(46,417)
Prepaid insurance	(10,126)	(9,395)
	<u>(26,256)</u>	<u>(24,853)</u>
Less: valuation allowance	<u>(2,433)</u>	<u>(3,095)</u>
	<u>\$ (28,689)</u>	<u>\$ (27,948)</u>

LINECOM, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)****NOTE 17 – INCOME TAXES (Cont'd)**

As of December 31, 2022 and 2021, a valuation allowance has been provided to reduce the deferred tax asset to the amount of tax benefit management believes will more likely than not be realized. The valuation allowance decreased by \$662 for the year ended December 31, 2022.

NOTE 18 – STOCKHOLDERS' EQUITY

The original issue price of shares of common stock issued was \$1 per share. Only common stock has voting rights. The holder of nonvoting preferred stock is entitled to cumulative dividends at an annual rate of 1%, paid annually. Preferred stock has a liquidating value of \$200 per share plus any accrued but unpaid dividends. The Company holds the right of first refusal to re-purchase all preferred stock at its total par value of \$2,500,000, plus the sum of 1% interest accrued but unpaid per calendar year, for each year held. The liquidation value of preferred stock as of December 31, 2022 was \$2,762,500.

NOTE 19 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 15, 2023, which is the date the financial statements were available to be issued.

LINECOM, INC.

COST OF REVENUES EARNED
YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	<u>2022</u>	<u>2021</u> <u>(As Restated)</u>
Purchases, net of discounts	\$ 4,102,900	\$ 1,560,054
Direct labor	3,729,343	2,296,512
Payroll taxes	360,435	208,457
Employee benefits	1,843,176	1,067,192
Subcontractors	1,096,356	231,986
Equipment rental	18,932	13,429
Vehicle expense	32,824	19,042
Travel	26,836	3,449
Bonds	16,267	5,860
Permit fees	35,106	6,775
Insurance	1,651	1,187
Other costs of revenues earned	36,501	20,357
	<u>\$ 11,300,327</u>	<u>\$ 5,434,300</u>

LINECOME, INC.

GENERAL AND ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021 (AS RESTATED)

	2022	2021 (As Restated)
Payroll related		
Office wages	\$ 1,036,939	\$ 771,818
Officers wages	734,980	549,669
Payroll taxes	93,260	94,464
Advertising	4,664	3,124
Amortization	1,336	112
Auto and truck expenses	36,618	27,394
Bank charges	726	6,063
Contributions	46,084	17,868
Depreciation	98,962	84,454
Employee benefits	122,709	133,957
Meals and entertainment	921	787
Miscellaneous	9,961	755
Insurance	95,743	88,823
Office expenses	94,528	55,805
Postage and freight	3,886	2,436
Professional fees	18,975	31,950
Repairs and maintenance	36,861	6,270
Taxes and licenses	10,918	14,830
Telephone and utilities	34,078	28,907
Training	107,400	-
Travel	8,636	6,343
	\$ 2,598,185	\$ 1,925,829