



## Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

**DATE:** July 30, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL AAC*  
**RE:** Docket No. 970613-TI, International Charity Network, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *mmk*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of International Charity Network, Inc. (ICN) for the four-month period ending April 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ICN has adequate liquidity but reports negative common equity and negative net income. The company's only debt is from its stockholder, and the company is in the development stage. Staff notes that, if the stockholder debt were treated as common equity, the company's equity ratio would be 100%.

In this matter, ICN is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is a switchless reseller and, therefore, has low capital investment needs. It further states that it intends to fund the provision of service through internally generated cash flow and it can borrow funds if required. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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cc: Division of Legal Services  
 Division of Records and Reporting (2) ✓

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 970613-TI  
INTERNATIONAL CHARITY NETWORK, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

4 MONTHS  
ENDING  
APRIL 30, 1997

CURRENT ASSETS	2,483,471
CURRENT LIABILITIES	920,960
CURRENT RATIO	2.70
CASH	2,483,121
COMMON EQUITY	(59,436)
TOTAL DEBT	1,621,947
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,621,947
COMMON EQUITY RATIO	NMF
NET INCOME	(59,536)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE