ORIGINAL

Lance J.M. Steinhart
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Duluth, Georgia 30097

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

June 30, 2000

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Tariff Section
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399
(850) 413-6000

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

000811-TX

Initials of person who forwarded check:

Re: IPVoice Communications, Inc.

Dear Sir/Madam:

Enclosed please find one original and six (6) copies of IPVoice Communications, Inc.'s Application for Authority to Provide Alternate Local Exchange Telecommunications Service Within the State of Florida.

I also have enclosed a check in the amount of $250.00 payable to the Florida Public Service Commission to cover the cost of filing these documents.

Please return a stamped copy of the extra copy of this letter in the enclosed preaddressed prepaid envelope.

If you have any questions regarding the application or the tariff, please do not hesitate to call me. Thank you for your attention to this matter.

Sincerely,

Lance J.M. Steinhart, Esq.
Attorney for IPVoice Communications, Inc.

Enclosures
cc: Julie Bahavar

RECEIVED
JUL 03 2000
Florida Public Service Commission
Division of Regulatory Oversight

OF RECORDS
DOCUMENT NUMBER-DATE
08107 JUL-3 8
FPSC-RECORDS/REPORTING

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

000811-TX

Instructions

- This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).

- Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.

- Use a separate sheet for each answer which will not fit the allotted space.

- Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **$250.00** to:

  Florida Public Service Commission
  Division of Records and Reporting
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6770

- If you have questions about completing the form, contact:

  Florida Public Service Commission
  Division of Telecommunications
  Bureau of Certification and Service Evaluation
  2540 Shumard Oak Blvd.
  Tallahassee, Florida 32399-0850
  (850) 413-6600

FORM PSC/CMU 8 (11/95)
Required by Commission Rule Nos. 25-24.805, 25-24.810, and 25-24.815

DOCUMENT NUMBER-DATE
08107 JUL-3 8
FPSC-RECORDS/REPORTING

APPLICATION

1. This is an application for √ (check one):

   (✔) **Original certificate** (new company).

   (   ) **Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

   (   ) **Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

   (   ) **Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

   IPVoice Communications, Inc.

3. Name under which the applicant will do business (fictitious name, etc.):

   IPVoice Communications, Inc.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

   5050 No. 19th Avenue; Suite 416

   Phoenix, AZ 85015

5. Florida address (including street name & number, post office box, city, state, zip code):

   None

6. Structure of organization:

( ) Individual ( ) Corporation
(✔) Foreign Corporation ( ) Foreign Partnership
( ) General Partnership ( ) Limited Partnership
( ) Other ______________

7. **If individual,** provide:

Name: Not applicable

Title: ______

Address: ______

City/State/Zip: ______

Telephone No.: ______ **Fax No.:** ______

Internet E-Mail Address: ______

Internet Website Address: ______

8. **If incorporated in Florida,** provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State corporate registration number:**

Not applicable

9. **If foreign corporation,** provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State corporate registration number:**

F00000002963

10. **If using fictitious name-d/b/a,** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:**

Not applicable

11. **<u>If a limited liability partnership</u>**, provide proof of registration to operate in Florida:

(a) **The Florida Secretary of State registration number**:

Not applicable

12. **<u>If a partnership</u>**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: Not applicable

Title:

Address:

City/State/Zip:

Telephone No.: **Fax No.:**

Internet E-Mail Address:

Internet Website Address:

13. **<u>If a foreign limited partnership,</u>** provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** Not applicable

14. Provide **<u>F.E.I. Number</u>**(if applicable): 84-1453281

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. <u>Provide explanation.</u>

No.

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No.

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Lance Steinhart, Esq.

Title: Regulatory Counsel

Address: 6455 East Johns Crossing

City/State/Zip: Duluth, Georgia 30097

Telephone No.: 770/232-9200 **Fax No.:** 770/232-9208

Internet E-Mail Address: lsteinhart@telecomcounsel.com

Internet Website Address:

(b) Official point of contact for the ongoing operations of the company:

Name: Julie Bahavar

Title: Controller

Address: 5050 No. 19th Avenue; Suite 416

City/State/Zip: Phoenix, AZ 85015

Telephone No.: 602-335-1231 **Fax No.:** 602-246-0903

Internet E-Mail Address: jbahavar@ipvoice.net

Internet Website Address: www.ipvoice.com

(c) Complaints/Inquiries from customers:

Name: Bud Bowman

Title: VP Operations

Address: 5050 No. 19th Avenue; Suite 416

City/State/Zip: Phoenix, AZ 85015

Telephone No.: 602-335-1231 **Fax No.:** 602-246-0903

Internet E-Mail Address: bbowman@ipvoice.net

Internet Website Address: www.ipvoice.com

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

None

(b) has applications pending to be certificated as an alternative local exchange company.

Applicant is in the process of filing applications throughout the United States.

(c) is certificated to operate as an alternative local exchange company.

None

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

None.

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None.

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None.

18. Submit the following:

A. Financial capability.

The application **should contain** the applicant's *audited financial statements for the* most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.

3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

B. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

C. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

** APPLICANT ACKNOWLEDGMENT STATEMENT **

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** I understand that a non-refundable application fee of $250.00 must be submitted with the application.

UTILITY OFFICIAL:

Barbara S. Will — 6/20/2000

Signature — Date

Barbara S. Will, President — 602-335-1231

Title — Telephone No.

Address: 5050 No.19th Avenue, Ste 416 — 602-246-0903

Fax No.

Phoenix, AZ 85015

ATTACHMENTS:

A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
B - INTRASTATE NETWORK
C - AFFIDAVIT

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**** APPENDIX C ****

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Barbara Will   6/20/2000

Signature   Date

Barbara S. Will, President   602-335-1231

Title   Telephone No.

Address: 5050 No. 19th Avenue, Ste 416   602-246-0903

Fax No.

Phoenix, AZ 85015

FORM PSC/CMU 8 (11/95)
Required by Commission Rule Nos. 25-24.805, 25-24.810, and 25-24.815

FL

LIST OF ATTACHMENTS

FINANCIAL INFORMATION

MANAGEMENT INFORMATION

STATEMENT OF FINANCIAL CAPABILITY

FINANCIAL INFORMATION

by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results or developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties, general economic market and business conditions; the business opportunities (or lack thereof) that may be presented to and pursued by the Company; changes in laws or regulation; and other factors, most of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this Form 10-KSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations.

Item 7. Financial Statements

IPVoice.com, Inc.

(A Development Stage Enterprise)

Audited Financial Statements

For the Years Ended December 31, 1999 and 1998
and from February 19, 1997 (Inception) through December 31, 1999

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
IPVoice.com, Inc.
(A Development Stage Enterprise)
Phoenix, Arizona

We have audited the accompanying consolidated balance sheets of IPVoice.com, Inc., a *development stage enterprise*, (the "Company") as of December 31, 1999 and 1998 and the related consolidated statements of operations, stockholders' deficiency and cash flows for the years ended December 31, 1999 and 1998 and from February 19, 1997 (Inception) through December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1999 and 1998 and the results of their operations and their cash flows for the years ended December 31, 1999 and 1998 and from February 19, 1997 (Inception) through December 31, 1999, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the consolidated financial statements, the Company has experienced a net loss since inception, and reflects negative working capital and stockholders' deficiency as of December 31, 1999. The Company's financial position and operating results raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 4. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Durland & Company, CPAs, P.A.

Palm Beach, Florida
March 7, 2000

IPVoice.com, Inc.
(A Development Stage Enterprise)
Consolidated Statements of Stockholders' Deficiency

	Number of Shares		Par Value		Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total Stockholders' Deficiency
	Preferred	Common	Preferred Stock	Common Stock				
BEGINNING BALANCE, February 19, 1997 (Inception)	0	0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2/97 - founder's serv. ($0.001/sh.)	0	9,000,000	0	9,000	0	0	0	9,000
3/97 - cash ($0.01/sh.)	0	1,400,000	0	1,400	12,600	(12,274)	0	1,726
Net loss	0	0	0	0	0	0	(22,981)	
BALANCE, December 31, 1997	0	10,400,000	$ 0	$ 10,400	$ 12,600	$ (12,274)	$ (22,981)	$ (12,255)
3/19 - donated-rel. party ($0.001/sh.)	0	(9,000,000)	0	(9,000)	9,000	0	0	0
3/19 - acquisition ($0.001)	0	9,000,000	0	9,000	(9,000)	0	0	0
3/20 - cash received	0	0	0	0	0	12,274	0	12,274
2nd qtr, - cash ($1.00/sh.)	0	144,000	0	144	143,856	0	0	144,000
3rd qtr. - cash ($1.00/sh.)	0	10,000	0	10	9,990	0	0	10,000
3rd qtr. - cash ($0.75/sh.)	0	53,333	0	53	39,947	0	0	40,000
3rd qtr. - cash ($0.50/sh.)	0	20,000	0	20	9,980	0	0	10,000
3rd qtr. - cash ($0.25/sh.)	0	100,000	0	100	24,900	0	0	25,000
3rd qtr. - cash $0.10/sh.)	0	627,000	0	627	62,073	(62,700)	0	0
3rd qtr. - services ($0.10/sh.)	0	473,000	0	473	46,827	0	0	47,300
4th qtr. - cash ($0.15/sh.)	0	396,666	0	397	56,103	0	0	56,500
4th qtr. - services ($0.15/sh.)	0	275,000	0	275	40,975	0	0	41,250
4th qtr. - cash ($0.19/sh.)	0	80,000	0	80	14,920	0	0	15,000
Net loss	0	0	0	0	0	0	(507,685)	(507,685)
BALANCE, December 31, 1998	0	12,578,999	0	12,579	465,171	(62,700)	(530,666)	(115,616)
1st qtr. - cash ($0.22/sh.)	0	687,499	0	687	149,313	0	0	150,000
1st qtr. - services ($0.87/sh.)	0	493,760	0	494	429,070	0	0	429,564
2nd qtr. - cash received	0	0	0	0	0	60,000	0	60,000
2nd qtr. - cash ($4.00/sh.)	1,150	0	1	0	4,599	0	0	4,600
2nd qtr. - cash ($0.15/sh.)	0	2,005,000	0	2,005	293,995	0	0	296,000
3rd qtr. - cash ($0.40/sh.)	0	437,500	0	438	174,562	0	0	175,000
3rd qtr. - cash received	0	0	0	0	0	2,700	0	2,700
3rd qtr. - services ($1.00)	0	10,000	0	10	9,990	0	0	10,000
4th qtr. - services ($0.21)	0	210,000	0	210	43,540	0	0	43,750
Net loss	0	0	0	0	0	0	(1,973,834)	(1,973,834)
BALANCE, December 31, 1999	1,150	16,422,758	$ 1	$ 16,423	$ 1,570,240	$ 0	$ (2,504,500)	$ (917,836)

The accompanying notes are an integral part of the financial statements

IPVoice.com, Inc.
(A Development Stage Enterprise)
Consolidated Balance Sheet

	December 31, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS		
Cash	$ 98,592	$ 908
Certificate of deposit - restricted	25,205	0
Accounts receivable	108,100	0
Inventory	7,586	152,980
Prepaid expenses	16,865	0
Total current assets	256,348	153,888
PROPERTY AND EQUIPMENT		
Computer equipment	369,619	30,953
Office equipment	19,019	11,015
Furniture and fixtures	29,445	0
Subtotal property and equipment	418,083	41,968
Less accumulated depreciation	(40,528)	(4,343)
Total property and equipment	377,555	37,625
Total Assets	$ 633,903	$ 191,513
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses		
Trade	$ 326,524	$ 191,817
Officer	17,403	34,268
Related party	40,896	20,564
Accrued payroll taxes	1,005	35,730
Accrued interest - stockholders	12,690	0
Deferred revenue	7,821	0
Advances from stockholder	0	24,750
Total current liabilities	406,339	307,129
LONG-TERM LIABILITIES		
Notes payable	1,145,400	0
Total long-term liabilities	1,145,400	0
Total Liabilities	1,551,739	307,129
STOCKHOLDERS' DEFICIENCY		
Senior Convertible Preferred stock, $0.001 par value, authorized 10,000,000 shares; 1,150 and 0 issued and outstanding shares	1	0
Common stock, $0.001 par value, authorized 50,000,000 shares; 16,422,758 and 12,578,999 issued and outstanding shares	16,423	12,579
Additional paid-in capital	1,570,240	465,171
Stock subscription receivable	0	(62,700)
Deficit accumulated during the development stage	(2,504,500)	(530,666)
Total stockholders' deficiency	(917,836)	(115,616)
Total Liabilities and Stockholders' Deficiency	$ 633,903	$ 191,513

The accompanying notes are an integral part of the financial statements

IPVoice.com, Inc.
(A Development Stage Enterprise)
Consolidated Statements of Operations

	Year Ended December 31, 1999	Year Ended December 31, 1998	Period from February 19, 1997 (Inception) through December 31, 1999
NET SALES	$ 321,279	$ 41,254	$ 362,533
COST OF SALES	305,434	0	305,434
Gross profit	15,845	41,254	57,099
OPERATING EXPENSES			
Compensation			
Officers	340,896	140,076	480,972
Other	78,522	37,715	116,237
Consulting	470,765	0	470,765
Consulting - related party	267,564	91,096	322,291
General and administrative	605,749	275,709	881,458
Research and development	97,403	0	97,403
Organization expense - related party	0	0	14,000
Depreciation and amortization	36,185	4,343	40,528
Total operating expenses	1,897,084	548,939	2,423,654
Loss from operations	(1,881,239)	(507,685)	(2,366,555)
OTHER INCOME (EXPENSE)			
Interest expense	(64,387)	0	(64,387)
Interest income	20,324	0	20,324
Write-off of receivable	(48,532)	0	(48,532)
Total other income (expense)	(92,595)	0	(92,595)
Net loss	$ (1,788,644)	$ (507,685)	$ (2,273,960)
Loss per common share	$ (0.13)	$ (0.04)	
Number of weighted average common shares outstanding	15,413,751	11,620,451	

The accompanying notes are an integral part of the financial statements

IPVoice.com, Inc.
(A Development Stage Enterprise)
Consolidated Statements of Cash Flows

	Year Ended December 31, 1999	Year Ended December 31, 1998	Period from February 19, 1997 (Inception) through December 31, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (1,973,834)	$ (507,685)	$ (2,504,500)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock issued for services - related party	34,064	88,550	131,614
Stock issued for services - other	449,250	0	449,250
Depreciation	36,185	4,343	40,528
Interest credited to certificate of deposit	(205)	0	(205)
Changes in operating assets and liabilities			
(Increase) decrease in inventory	(7,586)	(152,980)	(7,586)
(Increase) decrease in accounts receivable	(108,100)	0	(108,100)
(Increase) decrease in prepaid expenses	(16,865)	0	(16,865)
Increase (decrease) in accounts payable - trade	134,707	191,817	326,524
Increase (decrease) in accounts payable - officer	(16,865)	34,268	17,403
Increase (decrease) in accounts payable - related party	20,332	6,564	40,896
Increase (decrease) in deferred revenue	7,821	0	7,821
Increase (decrease) in accrued payroll taxes	(34,725)	35,730	1,005
Increase (decrease) in accrued interest	12,690	0	12,690
Net cash used by operating activities	(1,463,131)	(299,393)	(1,609,525)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase certificate of deposit	(25,000)	0	(25,000)
Purchase of property and equipment	(223,135)	(41,968)	(418,083)
Net cash used by investing activities	(248,135)	(41,986)	(443,083)
CASH FLOW FROM FINANCING ACTIVITIES :			
Increase (decrease) in advance from shareholder	(24,750)	24,750	0
Proceeds from notes payable	1,145,400	0	1,145,400
Common stock issued for cash	621,000	303,500	926,226
Preferred stock issued for cash	4,600	0	4,600
Proceeds from stock subscription receivable	62,700	12,274	74,974
Net cash provided by financing activities	1,808,950	340,524	2,151,200
Net increase (decrease) in cash	97,684	(837)	98,592
CASH, beginning of period	908	1,745	0
CASH, end of period	$ 98,592	$ 908	$ 98,592
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid in cash	$ 51,697	$ 0	$ 51,697
Non-Cash Financing Activities:			
Stock subscription receivable	$ 0	$ (62,700)	$ 0
Donated capital - related party	$ 0	$ 9,000	$ 9,000
Inventory transferred to property and equipment	$ 152,980	$ 0	$ 152,980

IPVoice.com, Inc.
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Principles

The Company IPVoice.com, Inc., (the "Company"), is a Nevada chartered development stage corporation which conducts business from its headquarters in Phoenix, Arizona. The Company was incorporated on February 19, 1997 as Nova Enterprises, Inc., and changed its name to IPVoice Communications, Inc. in March 1998, and to IPVoice.com, Inc. in April 1999. The company is principally involved in the internet telephone industry. The Company is in the development stage. Although the Company has received revenue, it is not yet considered material to its intended operations. Company has received limited operating revenues and will continue to incur expenses during its development, possibly in excess of revenue.

The following summarize the more significant accounting and reporting policies and practices of the Company:

a) Use of estimates The consolidated financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the year then ended. Actual results may differ from those estimates.

b) Significant acquisition In March 1998, IPVoice.com, Inc., a Nevada corporation, acquired 100% of the issued and outstanding shares of the common stock of IPVoice Communications, Inc., a Delaware corporation, in a reverse merger, which was accounted for as a reorganization of the Delaware company.

c) Principles of consolidation The consolidated financial statements include the accounts of IPVoice.com, Inc. and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated.

d) Net loss per share Basic net loss per weighted average common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period.

e) Stock compensation for services rendered The Company issues shares of common stock in exchange for services rendered. The costs of the services are valued according to generally accepted accounting principles and have been charged to operations.

f) Inventory Inventory consists of unused telephone time related to the prepaid calling cards sold. The Company receives transaction reports by activated PIN codes from the long distance provider.

g) Property and equipment All property and equipment is recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred.

h) Revenue recognition The Company currently has two revenue streams: 1) prepaid telephone calling cards and 2) the sale of its "Gateways". The Company recognizes revenue on the prepaid telephone cards based upon actual usage as provided by the service provider in reports detailing usage by activated PIN codes. Since

(1) Summary of Significant Accounting Principles (Continued)

h) Revenue recognition (continued) the Company requires payment in full by the wholesaler upon PIN code activation, in blocks, the amount received by the Company in excess of that reported by the provider is classified as deferred revenue. Revenue from the sale of the Company's "Gateways" is recognized upon acceptance of the equipment by the purchaser. Although the accounting for the two revenue streams is different, they are both part of the Company's single line of business.

i) Research and development Research and development costs are expensed in the period incurred.

(2) Stockholders' Equity The Company has authorized 50,000,000 shares of $0.001 par value common stock and 10,000,000 shares of $0.001 par value preferred stock. Rights and privileges of the preferred stock are to be determined by the Board of Directors prior to issuance. The Company had 16,422,758 and 12,578,999 shares of common stock issued and outstanding at December 31, 1999 and 1998, respectively. The Company has 1,150 and 0 shares of senior convertible preferred stock issued and outstanding at December 31, 1999 and 1998, respectively. In February 1997, the Company issued 9,000,000 shares to its founder for services rendered to the Company valued at par value, or $9,000. In March 1997, the Company completed a Regulation D Rule 504 Placement for 1,400,000 shares in exchange for $14,000 cash.

In March 1998, a majority shareholder donated 9,000,000 shares of common stock to the Company. 9,000,000 shares were simultaneously issued for the acquisition of IPVoice Communications, Inc., a Delaware corporation (Note (1)(b). During the second quarter of 1998, the Company issued 144,000 shares of common stock for $144,000 in cash. The Company issued 473,000 shares of common stock for services rendered, valued at the current market rate of $47,300, during the third quarter of 1998. Also during the third quarter, the Company issued 183,333 shares of common stock for $85,000 in cash, and 627,000 shares of common stock for a subscription receivable of $62,700. In the fourth quarter of 1998, the Company issued 275,000 shares of common stock for services rendered, valued at the current market rate of $41,250. In the same quarter, 476,666 shares of common stock were issued for $121,800 in cash.

In January 1999, the Company issued 93,760 shares of common stock in exchange for services, valued at $14,064. In January and February 1999, the Company issued 499,999 shares of common stock in exchange for $75,000 in cash. In March 1999, the Company issued 187,500 shares of common stock for $75,000 in cash. These issuances were to then current stockholders. In March 1999, the Company issued 400,000 shares of common stock for services, valued at the current market rate of $415,500, to three previously unrelated entities.

In April 1999, the Company issued 250,000 shares of common stock to an existing stockholder for $100,000 cash. In April 1999, an existing stockholder exercised a warrant for 155,000 shares of common stock by tendering $100,000 cash. In April 1999, an existing stockholder exercised a warrant for 1,600,000 shares of common stock by tendering $96,000 in cash. In the second quarter, the Company completed a Regulation D Rule 506 Private Placement for units, which included the issuance of 1,150 shares of senior convertible preferred stock in exchange for $4,600 in cash. These senior convertible preferred shares, as a group, are convertible into common shares equaling 51% of the issued and outstanding common shares after conversion, in the event of an uncured default of the notes payable.

(2) Stockholders' Equity *(Continued)* In July 1999, the Company discovered that it had failed to issue and record 10,000 shares of common stock in exchange for legal services, valued at $10,000 in 1997, as originally contracted. These shares were recorded in July 1999. In August 1999, the Company issued 437,500 shares of common stock for $175,000 cash. All common stock shares issued in exchange for cash, except the two warrant exercises, were subscribed for in January 1999. In November 1999, the Company issued 10,000 shares of common stock in exchange for services valued at $23,750. In December 1999, the Company discovered that it had failed to issue and record 200,000 shares of common stock for services valued at $20,000, which had been contracted for in October 1998, and were recorded in December 1999.

(3) Income Taxes Deferred income taxes (benefits) are provided for certain income and expenses which are recognized in different periods for tax and financial reporting purposes. The Company had net operating loss carry-forwards for income tax purposes of approximately $2,504,500, which expire beginning December 31, 2117. There may be certain limitations on the Company's ability to utilize the loss carry-forwards in the event of a change of control resulting from the conversion of the senior convertible preferred stock, should that occur.

The amount recorded as a deferred tax asset, cumulative as of December 31, 1999, is $1,002,000, which represents the amount of tax benefits of the loss carry-forwards. The Company has established a valuation allowance for this deferred tax asset of $1,002,000, as the Company has no history of profitable operations.

The significant components of the net deferred tax asset as of December 31, 1999 are:

Net operating losses	$ 1,002,000
Valuation allowance	(1,002,000)
Net deferred tax asset	$ 0

(4) Going Concern As shown in the accompanying consolidated financial statements, the Company has incurred a net loss of $2,504,500 since inception. At December 31, 1999, the Company reflects negative working capital of approximately $150,000 and stockholders' deficiency of approximately $918,000. These conditions raise substantial doubt as to the ability of the Company to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon increasing sales and obtaining additional capital and financing. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company has retained the services of a registered broker/dealer and is in negotiations with an investment group, introduced by the broker/dealer, for an investment of up to $5,000,000 in two traunches of $2.5 million within the next 12 months.

(5) Related Parties At December 31, 1999, the Company owed two of its officers $17,403 for reimbursement of expenses paid on behalf of the Company. This amount is represented in Accounts payable - officer. At December 31, 1999, the Company owed two of its shareholders $40,896 for consulting services performed on behalf of the Company. This amount is represented in Accounts payable - related party. Total consulting fees incurred to a shareholder during the year amounted to $131,064. Consulting fees in the amount of $136,500 were paid to two officers, $30,000 of which was paid to one officer prior to his election.

(9) Commitments and Contingencies (Continued)

a) Consulting agreements - related parties (continued) In October 1998, the Company entered into a consulting agreement with a previously unrelated party. This agreement called for the issuance of 350,000 shares of common stock valued at $35,000, an option for 1,600,000 shares of common stock at an exercise price of $0.06 per share, an option for 350,000 shares of common stock at an exercise price of $3.90 per share, a five-year warrant for common stock shares equal to five per cent of the then issued and outstanding common stock at exercise with a strike price of $1.00 per share and consulting fees for a 30 month period, beginning in September 1998, in the amounts of: $4,000 per month for the first 6 months, $6,000 per month for the next 12 months, and $8,000 for the last 12 months. At December 31, 1999, fifteen months remain under this agreement. The Company is obligated for payments totaling $90,000 in 2000, and $24,000 in 2001.

At the end of the first quarter of 1999, the Company entered into three marketing agreements with three previously unrelated companies. Those agreements called for the issuance of 100,000, 200,000 and 100,000 shares of common stock. One agreement also called for the performance based issuance of up to 150,000 shares of common stock and the performance based issuance of warrants for up to 450,000 shares of common stock, with an exercise price of $2.50 per share.

b) Consulting agreements - other In June 1999, the Company entered into a one-year consulting agreement with an unrelated individual which called for payment of $100,000. In 1999, the Company paid $45,800 of this fee, and is obligated to pay the $54,200 balance during 2000.

c) Leases The Company entered into a one-year lease for its office space beginning in August 1999. The Company is obligated to rental payments amounting to $27,000 in 2000. In 1999, the Company paid $35,000 in office rent. In November 1999, the Company entered into a one-year lease for an apartment for the Company's use. In 1999, the Company paid $1,700 in rent, and is obligated to pay $8,700 in 2000.

d) Pending Litigation In December 1999, SatLink filed a lawsuit alleging breach of contract as a result of the recission of the acquisition in October 1999, as discussed in Note 6 above. In December 1999, the former CFO of the Company filed a lawsuit alleging breach of contract as a result of the recission of the employment agreement in October 1999, as discussed in Note 6 above. The Company believes these suits have no merit and intends to vigorously defend them.

e) Employment agreements In April 1998, the Company entered into three-year employment agreements with the President and the Senior Vice President. These agreements call for salaries in the amount of $150,000 per year for each of those officers. In September 1999, those officers agreed to reduce this compensation to $90,000 per year until such time as the Company is profitable. The reduction agreements do not call for an accrual and payment of the difference. In November 1999, the Company entered into a two-year employment agreement with its Executive Vice President, (EVP), which calls for a salary of $78,000 per year and granted the EVP four-year options for 50,000 shares of common stock, with an exercise price of $1.75. These options are not exercisable until the stock trades above $7.50 and $12.00 per share for ten days out of thirty consecutive days, one-half and one-half, respectively. The Company is obligated to pay a total of $258,000 in 2000 and $110,000 in 2001, under these employment agreements.

(10) Subsequent Events

a) Leases In January 2000, the Company entered into a financing lease for a telephone system valued at $13,000, which calls for the Company to make payments totaling $4,500 per year for four years.

In January 2000, the Company entered into a three-year operating lease with a stockholder of the Company. This lease calls for a fair market value purchase at lease end. The lease is for the Company's "Gateway" equipment located in New York City and Los Angeles. The Company is obligated to the following payments: $36,800 in 2000; $40,000 in 2001; $40,000 in 2002 and $3,300 in 2003.

b) Stock option plan In December 1999, the stockholders approved for the Board of Directors to adopt an employee stock option plan. This plan reserves up to 1,000,000 shares to be issued upon the exercise of such granted options. The plan, which was not finalized until early 2000, allows for the grant of qualified and non-qualified options, as defined by Section 422 of the Internal Revenue Code of 1986, as amended. To be eligible, a grantee must have been employed by the Company for a minimum of 60 days, or be a Director of the Company. The plan contains various exercise price calculation formats. No options have been granted pursuant to this plan.

MANAGEMENT INFORMATION

Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

(a) Set forth below are the names, ages, positions, with the Company and business experiences of the executive officers and directors of the Company.

Name	Age	Position(s) with Company
Barbara S. Will	47	Director, President and Chief Operating Officer
Anthony Welch	31	Director, Senior Vice President of Research and Development
Harry R. Bowman	56	Executive Vice President
Julie J. Bahavar	54	Controller [Chief Accounting Officer]
James K. Howson	57	Chairman, Chief Executive Officer
Russell Watson	50	Director

All directors hold office until the next annual meeting of the Company's shareholders and until their successors have been elected and qualify. Officers serve at the pleasure of the Board of Directors. The officers and directors will devote such time and effort to the business and affairs of the Company as may be necessary to perform their responsibilities as executive officers and/or directors of the Company.

Family Relationships

There are no family relationships between or among the executive officers and directors of the Company.

Business Experience

Barbara S. Will, age 47, currently serves as Director, President and COO. She has served as a Director, President and COO since March 1998. She previously served as Chairman between March 1998 to June 1999. Ms. Will has over twenty (20) years of experience in all areas of telecommunications, both domestic and international. Prior to joining IPVC, from 1984 to 1997, Ms. Will was in a senior capacity with MCI and was responsible for signing some of the largest contracts with a carrier/reseller in MCI's history. Her vast industry experience includes international and international private line; International 800; data; DSO, DSI, DSC, OC3; dedicated in and outbound; One-Plus; calling and debit cards; Operator Assistance; Internet; Enhanced Services; and Enhanced Network. During her time at MCI, she received numerous awards for her outstanding performance. Ms. Will attended Colorado State University for two years.

Anthony K. Welch, age 31, current serves as a Director and the Senior Vice-President. He has served as a Director and Senior Vice President since March, 1998 and as Senior Vice President of Research and Development since August 1999. Anthony Welch is the original designer of the MultiCom, AuditRite, and TrueConnect platforms and has served as Special Consultant to various telecommunications organizations. From 1997 to 1998, Mr. Welch was involved in the formation of the Company and the development of the MultiCom Business Management Software. From 1991 to 1997, Mr. Welch served as Special Consultant and Project Design Leader for such organizations as Nation's Bank CS Headquarters, Frito-Lay Worldwide Headquarters, NEC America Mobile Radio/Cellular/Pager Division Headquarters, and Southwestern Bell Mobile (Cellular/Pager) Systems Headquarters. Mr. Welch has received numerous awards and recognition for his work in Artificial Intelligence - both in Military and Academic circles - and has applied this experience to creating technology solutions that are both intelligent and flexible. The technology behind the MultiCom system has received recognition from several telecom trade magazines ("Computer Telephony" and "Telephony" magazines). Mr. Welch obtained first place in the International Science competition for Artificial Intelligence at the age of 17. Mr. Welch attended the University of Mississippi and was the first freshman in the history of the college to be admitted into the artificial intelligence Ph.D. Program.

Harry R. Bowman, age 56, currently serves as Executive Vice President. He has served as Executive Vice President since November 1999. Mr. Bowman is an experienced telecommunications operations professional who was employed by AT&T from 1961 until 1995, when he retired. During his time with AT&T, Mr. Bowman held various managerial positions, last serving as Manager for Creative Software, where he was responsible for sales, contracts, personnel and financials. Previously he had served as Manager of Technical Services, Date Center Operations and in other management positions. After spending four years in retirement, Mr. Bowman was provided with the opportunity to join the Company has its Executive Vice President, which he accepted. Mr. Bowman holds a BS Degree in Accounting from St. Joseph's University, Philadelphia, Pennsylvania.

Julie J. Bahavar, age 54, currently serves as Controller [Chief Accounting Officer]. She has served in this capacity since March 1, 2000. During1999, Ms. Bahavar served as Chief Financial Officer/Controller for the Arizona Industries for the blind, which is a manufacturing, distribution and retail sales operation. During 1998, Ms. Bahavar was a Senior Financial Analyst for Apollo Group Inc. From 1994 through 1997, Ms. Bahavar was an independent consultant, representing such companies as Carboraudom Micro Electronics and Wells Fargo Bank. From 1985 to 1994, Ms. Bahavar was employed as a Budget Manager and Audit Manager with the State of Arizona. Ms. Bahavar received a BS Degree in Accounting from the University of Denver in 1979 and an MBA from the University of Denver in 1981. She is a Certified Public Accountant certified in the States of Arizona and Colorado.

James K. Howson, age 57, currently serves as Chairman and Chief Executive Officer. He has served as Chairman since June1999 and as Chief Executive Officer since September 1999. Mr. Howson is an entrepreneur and has been an investor for thirty (30) years in small businesses and start-up companies in Europe, Latin American and the United States. From 1991 to 1996, Mr. Howson was an investor in and consultant to Mid-America Venture Capital Partners, Inc., a privately held company that provided seed capital to promising young businesses. Mr. Howson was also an investor in Environmental Systems, Inc. located in Lancaster, Pennsylvania. Mr. Howson attended Roan College in London England in 1959.

Russell Watson, age 50, currently serves as a Director. He has served as a Director since September, 1999. Currently, Mr. Watson is the Business Manager for Behrwood Capital Service, Inc., an investment management company which he joined in 1998. Also, he is the Vice President of Operations for Venison America, Inc., a meat processor and distributor which he joined in 1998. From 1994 to 1998, Mr. Watson was Operations Manager for Mid-Atlantic Snack, Inc., a snack food distributor. Mr. Watson owned and operated a snack food marketing business from 1993 to 1994. From 1974 to 1993, Mr. Watson was CFO and Operations Manager for Weyerhauser Company, Hardwood Division. Mr. Watson received a B.S. degree from Indiana University of Pennsylvania in 1971.

(b) Section 16(a) Beneficial Ownership Reporting Compliance

No Director, Officer, Beneficial Owner of more than ten percent (10%) of any class of equity securities of the Company failed to file on a timely basis reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal years.

Item 10. Executive Compensation

Name and Post	**Year**	**Annual Comp Salary**	**Annual Comp Bonus ($)**	**Annual Comp Other**	**LT Comp Rest Stock**	**LT Comp Options**	**LTIP Payouts**	**All Other (1)**
Barbara S. Will, Director, President and COO (2)	1997 1998 1999	$ -0- $ 48,000 $106,956	$ -0- $ -0- $ -0-					$-0- $-0- $-0-
James K. Howson, Chairman and Chief Executive Officer	1997 1998 1999			$ -0- $ 35,000 $106,500 (2)(3)				$-0- $-0- $-0-

STATEMENT OF FINANCIAL CAPABILITY

IPVoice Communications, Inc. has sufficient financial capability to provide the requested service in the State of Florida and has sufficient financial capability to maintain the requested service and to meet its lease or ownership obligations. In support of IPVoice Communications, Inc.'s stated financial capability, a copy of its Audited Financial Statements for the years ended December 31, 1999 and 1998, and from February 19, 1997 (inception) through December 31, 1999 for IPVoice.com, Inc. is attached to its application. IPVoice Communications, Inc. intends to fund the provision of service through internally generated cash flow. IPVoice Communications, Inc. also has the ability to borrow funds, if required, based upon its financial capabilities, and the parent company is committed to providing any necessary capital if needed to provide service in the State of Florida.

Lance J.M. Steinhart
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6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

June 30, 2000

<u>**VIA OVERNIGHT DELIVERY**</u>

Florida Public Service Commission
Tariff Section
2540 Shumard Oak Blvd.
Gunter Bldg.
Tallahassee, Florida 32399
(850) 413-6000

DEPOSIT D319[illegible] DATE JUL 05 2000

Re: IPVoice Communications, Inc.

Dear Sir/Madam:

Enclosed please find one original and six (6) copies of IPVoice Communications, Inc.'s Application for Authority to Provide Alternate Local Exchange Telecommunications Service Within the State of Florida.

I also have enclosed a check in the amount of $250.00 payable to the Florida Public Service Commission to cover the cost of filing these documents.

Please return a stamped copy of the extra copy of this letter in the enclosed preaddressed prepaid envelope.

VECTRA BANK COLORADO, N.A.
6901 S. Pierce St.
Littleton, CO 80128

3203

IPVOICE.COM, INC.
5050 N 19TH AVE. STE 416/417
PHOENIX, AZ 85015
602-335-1231

23-315/1020
402

6/20/2000

PAY TO THE ORDER OF Florida Public Service Commission $ **250.00

Two Hundred Fifty and 00/100** DOLLARS

Florida Public Service Commission

MEMO Local

⑈003203⑈

Lance J.M. Steinhart
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Suite 285
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If you have any questions regarding the application or the tariff, please do not hesitate to call me. Thank you for your attention to this matter.

Sincerely,

Lance J.M. Steinhart, Esq.
Attorney for IPVoice Communications, Inc.

Enclosures
cc: Julie Bahavar

RECEIVED
JUL 03 2000
Florida Public Service Commission
Division of Regulatory Oversight