

11

TAYLOR AND TAYLOR  
CERTIFIED PUBLIC ACCOUNTANTS  
6221 S. CLAIBORNE AVE., SUITE 306  
NEW ORLEANS, LA. 70125

999 00492  
5629

FEBRUARY 12, 1998

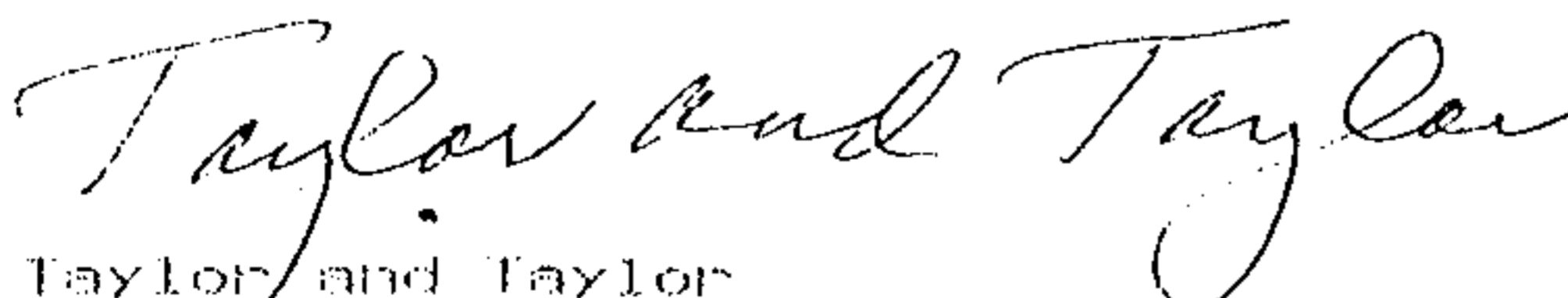
MICRO TEACHERS, INC.  
NEW ORLEANS, LOUISIANA

We have compiled the accompanying balance sheet of Micro Teachers, Inc. (an S corporation) as of DECEMBER 31, 1997 and the related statements of income and retained earnings for the 12 months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The owners have elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income taxes has been included in these financial statements.

  
Taylor and Taylor  
Certified Public Accountants

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 02 1998

MICRO TEACHERS, INC.

BALANCE SHEET

DECEMBER 31, 1997

ASSETS

CURRENT ASSETS

102	CASH-HIBERNIA-REG	[ \$2,158.81 ]
103	CASH-HIBERNIA-TOWER	2,655.68
105	CASH-HIBERNIA-NH	60,055.65
106	DUE TO/FROM STOCKHOLDERS	225.23
108	ACCOUNTS RECEIVABLE	143,877.23
109	ACCT.RECEIVABLE-N.HORIZON	262,984.63
120	PREPAID-PROMTERIC VOUCHER	1,000.00
122	PREPAID-NOVELL	340.00
192	SUSPENSE	[ 5,704.25 ]

TOTAL CURRENT ASSETS

\$463,275.36

EQUIPMENT

205	LEASEHOLD IMPROVEMENT-NH	15,964.00
210	COMPUTER EQUIPMENT	180,594.58
211	COMPUTER EQUIP/CLASSROOM	28,968.65
212	FURNITURE AND FIXTURES	1,093.28
213	MT-OFFICE 210	9,047.89
214	OFFICE EQUIPMENT	19,292.86
215	COMPUTER & EQUIP-NH	143,486.62
216	FURNITURE & FIXTURES-NH	42,224.80
221	ASSETS ADDITIONS	175,642.25
250	ACCUMULATED DEPRECIATION	[ 395,665.07 ]

TOTAL EQUIPMENT

\$220,649.86

OTHER ASSETS

302	DEPOSITS	230.00
304	NEW HORIZONS FRANCHISE	22,999.93

TOTAL OTHER ASSETS

\$23,229.93

TOTAL ASSETS

\$707,155.15

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

BALANCE SHEET

DECEMBER 31, 1997

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

401	ACCOUNTS PAYABLE	16,687.39
403	STATE WITHHOLDING	2,298.68
404	PAYROLL TAX PAYABLE	11,348.40
405	STATE & FED UNEMPLOYMENT	1,690.13
410	PENSION PLAN PAYABLE	4,415.57
415	SALES TAXES PAYABLE	223.82
420	N/P-AT&T (NH)	1,753.84
421	DEFERRED INTEREST-AT&T	[471.40]
422	N/P-GREEN TREE VENDORS	16,581.74
423	DEFERRED INTEREST-GREEN	[3,366.42]
424	N/P-HNB-(1055.92)#1796058	12,671.04
425	N/P-EQUITABLE TRUST	182.13
428	N/P-WILTEL COMMUNICATION	4,710.93
429	DEFERRED INTEREST(105.69)	[1,162.59]
430	N/P-DIMENSION	11,308.92
431	DEFERRED INTEREST-DIMEN	[2,179.68]
433	DEFERRED INTEREST-US COPY	[24.14]
434	DEFERRED REVENUE-COUPONS	27,839.00
435	DEFERRED REVENUE-PC CLUB	56,172.00
436	ACCRUED DEL BY OTHER FRAN	[5,106.50]
437	N/P-HNB-TERM 579.87-NH	6,958.44
438	N/P-HNB-#81009929-1813.38	21,760.56
439	N/P-HNB-EQUIP 1376.28-NH	10,490.28
441	N/P-HNB-EQUIP-516.67	6,200.04
443	DEFF REVENUE-MICROSOFT	99,244.00
444	DEFERRED REVENUE-NOVELL	14,114.00
445	N/P-HNB-EQUIP LEASING-MT	16,773.36
446	UNEARNED SALES	128,783.28
447	N/P-AVALON LEASING	2,776.32
448	DEFERRED INTEREST-AVALON	[868.08]

TOTAL CURRENT LIABILITIES

\$461,805.06

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

BALANCE SHEET

DECEMBER 31, 1997

LONG-TERM LIABILITIES

524	N/P-HNB-(1055.92)#1796058	18,583.01
530	N/P-DIMENSION	19,790.63
531	DEFERRED INTEREST-DIMENSION	[3,633.86]
532	N/P-STOCKHOLDER-O'LEARY	60,340.40
537	N/P-HNB (579.87)	16,420.44
538	N/P-HNB-#81009929-1813.38	95,912.42
539	N/P-HNB-EQUIP 1367.28-NH	12,480.81
540	N/P-HNB-EQUIP-516.67	6,681.08
545	N/P-HNB-EQUIP LEASING-MT	31,182.59
547	N/P-AVALON	2,313.60
548	DEFERRED INTEREST-AVALON	[723.39]

TOTAL LONG-TERM LIABILITIES

\$259,347.73

STOCKHOLDERS' EQUITY

551	CAPITAL STOCK-G.WINKER	99,000.00
552	CAPITAL STOCK-G.ZEWE	500.00
553	CAPITAL STOCK-J.O'LEARY	500.00
554	DISTRIBUTIONS-G.WINKER	[16,005.10]
555	DISTRIBUTIONS-G.ZEWE	[24,250.00]
556	DISTRIBUTIONS-J.O'LEARY	[24,250.00]
557	TREASURY STOCK	[54,500.00]
570	RETAINED EARNINGS	5,007.46

TOTAL STOCKHOLDERS' EQUITY

[\$13,997.64]

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$707,155.15

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

BALANCE SHEET

SCHEDULE OF SUBSIDIARY ACCOUNTS

DECEMBER 31, 1997

		BALANCE
	ACCUMULATED DEPRECIATION	
250	1 ACCUM DEPRECIATION-MT	[240,064.54]
250	2 ACCUM DEPRECIATION-NH	[155,600.53]
		-----
	TOTAL	[\$395,665.07]

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

STATEMENT OF RETAINED EARNINGS

DECEMBER 31, 1997

RETAINED DEFICIT, BEGINNING OF YEAR	[ \$57,462.16 ]
NET INCOME	62,469.62 -----
RETAINED EARNINGS	\$5,007.46 =====

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.  
CONSOLIDATED

STATEMENT OF INCOME

FOR THE 12 MONTHS ENDED DECEMBER 31, 1997

	YEAR-TO-DATE 12 MONTHS	%
REVENUES		
601 SALES	[\$2,532.92]	.11-
602 EARNED SALES	329,642.25	13.70
TOTAL SALES	327,109.33	13.60
605 PC TRAINING	2,133,172.10	88.67
TOTAL TRAINING REVENUES	2,133,172.10	88.67
611 TRAIN DELIV BY OTHER FRAN	[54,454.00]	2.26-
TOTAL OTHER INCOME	[54,454.00]	2.26-
TOTAL REVENUES	\$2,405,827.43	100.00
GROSS PROFIT	\$2,405,827.43	100.00
OPERATING EXPENSES		
801 TRAINING	575,708.83	23.93
802 COURSEWARE	243,721.65	10.13
803 SALES & MARKETING	467,832.72	19.45
804 FACILITIES	71,146.01	2.96
805 GENERAL & ADMINISTRATIVE	679,731.44	28.25
806 OVERHEAD	37,317.00	1.55
807 CONTINUING ROYALTY	124,095.65	5.16
TOTAL OPERATING EXPENSES	\$2,199,553.30	91.43
NON-OPERATING EXPENSES		
851 INTEREST EXPENSE	43,947.15	1.83
852 DEPRECIATION EXPENSE	72,523.40	3.01
853 AMORTIZATION EXPENSE	2,000.04	.08
TOTAL NON-OPERATING EXPENSES	\$118,470.59	4.92
OPERATING INCOME	\$87,803.54	3.65

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.  
CONSOLIDATED

STATEMENT OF INCOME

FOR THE 12 MONTHS ENDED DECEMBER 31, 1997

	YEAR-TO-DATE 12 MONTHS	%
OTHER INCOME (EXPENSES)		
962 INTEREST INCOME	134.74	.01
964 NONDEDUCT ENTERTAINMENT	[1,805.46]	.08-
965 OFFICER'S LIFE INSURANCE	[5,663.20]	.24-
969 NON-DEDUCT SEC 179 DEPRECI	[18,000.00]	.75-
974 UNREALIZED LOSS ON SECUR		
TOTAL OTHER INCOME (EXPENSES)	[ \$25,333.92 ]	1.05-
NET INCOME (LOSS)	\$62,469.62	2.60
	=====	=====

SEE ACCOUNTANTS' COMPILATION REPORT



MICRO TEACHERS, INC.

STATEMENT OF INCOME

FOR THE 12 MONTHS ENDED DECEMBER 31, 1997  
 SCHEDULE OF SUBSIDIARY ACCOUNTS

	YEAR-TO-DATE 12 MONTHS
PC TRAINING	
605 1 CLASS TRAINING-PC	[149.00]
	-----
TOTAL	[\$149.00]
TRAINING	
801 1 TRAINING SALARIES	437,076.24
801 4 STAFF CAR & TRAVEL	1,373.00
801 6 CONTRACT INSTRUCTORS-FE	90,181.15
801 8 SOFTWARE	2,891.04
801 9 DISKETTES	1,901.05
801 10 AUTH TRAINING CENTER FE	17,691.63
801 11 CLASSROOM RENTAL-HOTEL	300.00
801 12 DRAKE & OTHER TESTING F	5,200.00
801 13 DUFS AND SUBSCRIPTIONS	950.79
801 15 ON-SITE - HOTEL	10,208.00
801 16 ON-SITE - MEALS & COSTS	491.45
801 18 ON-SITE EXPENSE REIMBUR	[36.00]
801 19 STAFF CAR & TRAVEL/INST	5,186.01
801 20 TRAINING-RECRUITMENT	882.84
801 21 TRAINING-INSTRUCTOR EDU	715.43
801 22 LOCAL COURIER	99.15
801 23 FEDERAL EXPRESS	[681.43]
801 24 INSTRUCTOR-INCENTIVE RE	1,278.48
	-----
TOTAL	\$575,708.83
COURSEWARE	
802 1 MANUALS PURCH-TRAINING	86,654.48
802 3 MANUALS PURCH-RESALE	2,265.04
802 4 MICROSOFT KITS	131,569.23
802 5 OTHER KITS	7,553.53
802 6 OTHER COURSEWARE DEVELO	30.00
802 7 DISKETTES	817.99
802 8 PRINTING/CATALOG/MAILER	6,169.08
802 9 SHIPPING/COURSEWARE/PRI	8,662.30
	-----
TOTAL	\$243,721.65
SALES & MARKETING	
803 1 SALES SALARIES-MANAGERS	421,444.68
803 4 STAFF TRAINING-EDUCATIO	365.20
803 5 STAFF CAR & TRAVEL	1,781.38
803 6 OTHER EMPER RELATED-SAL	831.32
803 7 ADVERTISING	2,578.40
803 8 MARKET DEVELOPMENT-LEAD	5,483.79
803 9 PROMOTIONS & TRADE SHOW	4,635.21

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

STATEMENT OF INCOME

FOR THE 12 MONTHS ENDED DECEMBER 31, 1997  
 SCHEDULE OF SUBSIDIARY ACCOUNTS

	YEAR-TO-DATE 12 MONTHS
803 10 ENTERTAINMENT	536.96
803 11 DUES & SUBSCRIPTIONS	3,387.08
803 12 PRINTING/SCHEDULES/MAIL	16,505.56
803 13 BAD DEBT	416.00
803 14 RECRUITMENT/SALES	5,765.20
803 15 SALES INCENTIVE REWARDS	4,101.94
	-----
TOTAL	\$467,832.72
FACILITIES	
804 1 JANITORIAL SERVICE	140.20
804 3 BREAK ROOM SUPPLIES	13,157.04
804 5 COMPUTER RENTAL-S/T	18,002.47
804 7 REPAIRS & MAINTENANCE-G	5,814.55
804 8 REPAIRS & MAINTENANCE-C	3,747.52
804 9 HARDWARE UPGRADES & SUP	24,897.17
804 11 ON-LINE SUBSCRIPTIONS	5,387.06
	-----
TOTAL	\$71,146.01
GENERAL & ADMINISTRATIVE	
805 1 OFFICER'S SALARIES	100,860.46
805 2 WORKMEN'S COMP-INSURANC	5,364.95
805 3 OFFICE/CLERICAL SALARIE	109,696.24
805 4 SALARIES-TEACHING-LA	99,940.39
805 6 ACCRUAL SALARIES	[1,490.00]
805 7 SALES COMMISSIONS	20,145.48
805 8 PAYROLL TAXES	96,416.03
805 9 STAFF TRAINING/EDUCATIO	755.00
805 10 STAFF CAR & TRAVEL	12,603.59
805 11 RECRUITMENT	107.25
805 12 INSURANCE-MEDICAL	17,416.51
805 13 ENTERTAINMENT	1,268.76
805 14 LEGAL FEES	5.00
805 15 OTHER PROFESSIONAL FEES	1,870.95
805 16 ACCOUNTING FEES	18,813.85
805 17 BANK CHARGES	6,151.75
805 18 BANK CHARGES-CREDIT CAR	9,629.51
805 19 TAXES & LICENSES	6,486.08
805 20 CHARITABLE CONTRIBUTION	125.00
805 21 OFFICE SUPPLIES	12,791.67
805 22 FEDERAL EXPRESS & UPS	1,554.98
805 23 POSTAGE	15,092.62
805 24 ADVERTISING	7,678.31
805 25 BAD DEBTS	8,165.50
805 26 BOOKS-STUDENTS	8,854.06
805 27 BOOKS & PUBLICATIONS	535.83
805 28 COMPUTER SUPPLIES	1,799.63

SEE ACCOUNTANTS' COMPILATION REPORT

MICRO TEACHERS, INC.

STATEMENT OF INCOME

FOR THE 12 MONTHS ENDED DECEMBER 31, 1997  
 SCHEDULE OF SUBSIDIARY ACCOUNTS

	YEAR-TO-DATE 12 MONTHS
805 29 CASUAL LABOR	3,723.37
805 30 COLLECTIONS	349.13
805 32 PENSION PLAN EXPENSE	13,758.59
805 33 PROMOTIONS	306.98
805 34 REFUNDS	4,605.40
805 35 REPRODUCTION AND PRINTI	8,813.42
805 36 RENT	83,003.00
805 37 SUPPLIES-STUDENTS	2,161.19
805 38 FREIGHT EXPENSE	370.96
	-----
TOTAL	\$679,731.44
OVERHEAD	
806 4 TELEPHONE	28,943.35
806 6 INSURANCE-PROPERTY & LI	8,373.65
	-----
TOTAL	\$37,317.00
CONTINUING ROYALTY	
807 1 CONTINUING ROYALTY	101,194.65
807 2 ADVERTISING FEE	20,238.92
807 4 COURSE MATERIALS ROYALT	2,242.08
807 5 SOFTWARE MAINTENANCE FE	420.00
	-----
TOTAL	\$124,095.65
INTEREST EXPENSE	
851 1 INTEREST EXP-NOTES PAYB	17,909.58
851 2 INTEREST EXPENSE-BANKS	20,591.97
851 3 INTEREST EXPENSE-O'LEAR	5,445.60
	-----
TOTAL	\$43,947.15
AMORTIZATION EXPENSE	
853 2 AMORT-FRANCHISE FEE	2,000.04
	-----
TOTAL	\$2,000.04

SEE ACCOUNTANTS' COMPILATION REPORT