

My Social Income, Inc.
Consolidated Balance Sheets

As of June 30, 2010, March 31, 2010 December 31, 2009, September 30, 2009

UNAUDITED

	<u>6/30/2010</u>	<u>3/31/2010</u>	<u>12/31/2009</u>
ASSETS:			
Current Assets:			
Cash	\$ 958.42	\$ 934.97	\$ 594.79
Accounts Receivable	(9,009.11)	7,736.25	(6,749.42)
Other Receivables	72,637.47	72,637.47	72,637.47
Inventory	35,008.00	35,008.00	35,008.00
Prepaid Expenses	-	-	-
Total Current Assets	99,594.78	116,316.69	101,490.84
Property, Plant and Equipment	317,076.22	317,076.22	317,076.22
Less Accumulated Depreciation	(259,783.71)	(259,783.71)	(259,783.71)
Property, Plant and Equipment, net	57,292.51	57,292.51	57,292.51
Other Assets:			
Organization Costs, Net	-	-	-
Investment in Flyfone	-	-	-
Investment in Mission Group	-	-	-
Other Assets	1,164.52	1,164.52	1,164.52
Total Assets	\$ 158,051.81	\$ 174,773.72	\$ 159,947.87
Liabilities and Shareholder's Equity:			
Current Liabilities:			
Trade Payables	\$ 636,063.33	\$ 651,681.56	\$ 643,439.63
Customer Deposits	-	-	-
Accrued Wages and Payroll Taxes	-	-	-
Other Current Liabilities	(24,327.90)	15,535.89	15,615.34
Notes Payable -- Convertible	201,000.00	201,000.00	741,500.00
Interest Payable Conv. Notes	-	-	-
Total Current Liabilities	812,735.43	868,217.45	1,400,554.97
Long-Term Liabilities:			
Notes Payable	535,421.73	499,012.08	583,814.10
Interest Payable on LT Notes	446,368.93	321,171.14	321,171.14
Unearned Revenue	256,300.00	306,400.00	356,500.00
Total Long-Term Liabilities	1,238,090.66	1,126,583.22	1,261,485.24
Shareholder's Equity			
Common Stock	4,095,585.78	4,095,585.78	4,095,585.78
Common Stock -- Stock Purchase Plan	2,823,058.60	2,823,058.60	2,823,058.60
Stock Premium	1,721,825.91	1,776,825.91	1,126,325.91
Retained Earnings	(10,542,314.50)	(10,542,312.63)	(10,893,317.68)
Current Earnings	9,069.93	26,815.39	346,255.05
Total Shareholder's Equity	(1,892,774.28)	(1,820,026.95)	(2,502,092.34)
Total Liabilities and Shareholder's Equity	\$ 158,051.81	\$ 174,773.72	\$ 159,947.87

My Social Income, Inc.
 Consolidated Statements of Operations
 For the Quarters Ended June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009

UNAUDITED

	<u>6/30/2010</u>	<u>3/31/2010</u>	<u>12/31/2009</u>
REVENUES:			
Product Sales, Net	\$ 51,000.00	\$ 50,100.00	\$ 100,500.00
Licensing and Marketing Product Sales	-	-	-
TOTAL REVENUES	51,000.00	50,100.00	100,500.00
LESS: Cost of Goods Sold	91,611.40	-	-
Sales Commissions	-	-	-
Gross Profit	142,611.40	50,100.00	100,500.00
OPERATING EXPENSES:			
Personnel and Administrative Expenses	18,520.52	22,462.53	(253,235.69)
Administrative Expenses Paid in Stock	-	-	-
Selling Expenses	-	-	-
Interest Expense	119,326.21	-	882.84
Banking and Credit Card Fees	(7,354.77)	(885.23)	1,193.38
Professional Fees	30,234.90	1,707.31	6,509.45
Bad Debt Expense	-	-	-
All Other Expenses	(370.00)	-	-
Total Operating Expenses	160,356.86	23,284.61	(244,650.02)
Operating Net Loss	9,069.93	26,815.39	345,150.02
OTHER INCOME(EXPENSE):			
Other Revenue	-	-	-
Other Expense	-	-	-
Gain(Loss) On Disposal of Assets	-	-	-
Total Other Income(Expense)	-	-	-
Net Income(Loss)	\$ 9,069.93	\$ 26,815.39	\$ 345,150.02

My Social Income, Inc.
 Consolidated Statements of Cash Flows
 For the Quarters Ended June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009

unaudited

	<u>6/30/2010</u>	<u>3/31/2010</u>	<u>12/31/2009</u>
Cash Flows From Operating Activities:			
Net Loss	\$ 9,069.93	\$ 26,815.39	\$ 345,150.02
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	-	-	-
Change In:			
Accounts Receivable	16,745.36	(14,485.67)	5,490.32
Other Receivables	(0.00)	-	-
Inventory	-	-	-
Prepaid Charges	-	-	-
Other Assets	-	-	-
Trade Payables	(15,618.23)	8,241.93	(290,856.61)
Payroll Liabilities	-	-	-
Interest Payable	125,197.79	-	-
Other Current Liabilities	(39,863.79)	(79.45)	-
Other Non-Current Liabilities	(50,100.00)	(50,100.00)	(100,500.00)
Net Cash Used in Operating Activities	45,431.06	(29,607.80)	(40,716.27)
Cash Flows From(Used in) Investing Activities:			
Purchase of Property, Plant and Equipment	-	-	-
Investment in FlyFone	-	-	-
Investment in Mission Group	-	-	-
Investment in Airplane	-	-	-
Net Cash From(Used in) Investing Activities	-	-	-
Cash Flows From Financing Activities:			
Proceeds from Issuance of Notes Payable	36,353.65	(625,358.02)	14,907.47
Conversion of Notes to Common Stock	-	-	-
Proceeds from Issuance of Common Stock	(55,000.00)	650,500.00	38,683.65
Net Cash From Financing Activities	(18,646.35)	25,141.98	53,591.12
Net Increase(Decrease) in Cash and Equivalents	26,784.71	(4,465.82)	12,874.85
Cash and Equivalents, Beginning of Quarter	\$ 12,611.59	17,077.41	4,202.56
Cash and Equivalents, End of Quarter	\$ 39,396.30	\$ 12,611.59	\$ 17,077.41

My Social Income, Inc.

Statement of Changes in Shareholder's Equity

UNAUDITED

For the Quarters Ended June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009

	<u>6/30/2010</u>	<u>3/31/2010</u>	<u>12/31/2009</u>
Balance, Beginning of Quarter	\$ (1,807,198.33)	\$ (2,484,513.72)	\$ (2,868,347.39)

Notes Payable Converted to Common Stock		-	-
Common Stock Issued	(55,000.00)	650,500.00	38,683.65
Common Stock Acquired	-	-	-
Dividends Declared on Common Stock	-	-	-
Comprehensive Income:			
Net Loss	(17,745.46)	26,815.39	345,150.02
Total Comprehensive Loss	<u>(17,745.46)</u>	<u>26,815.39</u>	<u>345,150.02</u>
Balance, End of Quarter	<u>\$ (1,879,943.79)</u>	<u>\$ (1,807,198.33)</u>	<u>\$ (2,484,513.72)</u>

My Social Income, Inc.
Footnotes to Unaudited Financial Statements

Note 1. BUSINESS

My Social Income, Inc. (formerly Intelcom, Inc.) is a global provider of VoIP services to Wireless and Wireline Broadband customers delivering in best-in-class services and pricing. The fully vertically integrated company manages all aspects of its service from user devices to carrier handoff, targeting retail customers and large affiliate organizations with a highly market-adaptive range of products.

The Company initiated operations in 1997 as a broker of long-distance telephone services. In 2004 the Company began operations in the VoIP field, and currently is a complete vertically-integrated VoIP enterprise.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of My Social Income, Inc. and IntelCom, Inc. The Company owns no beneficial interest in any other commercial enterprises at the present time. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and amounts due from bank and credit card clearing companies.

Inventories

Inventories consist of finished, ready to sell products only, are recorded at cost under a FIFO assumption, and are valued at the lower of cost or market.

Property, Plant and Equipment

Fixed assets are recorded at cost. Depreciation and amortization are accounted for on the straight-line method based on the estimated useful lives of the assets.

Other Assets and Liabilities

Other assets consist primarily of amounts prepaid for future services.

Sales

Revenue is recognized when product is shipped, or when an IP number is activated if no product is shipped.

My Social Income, Inc.

Footnotes to Unaudited Financial Statements, Continued

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Related Party Transactions

The Company has entered into transactions with related parties. The transactions are disclosed separately under their specific transaction types.

The Joseph E. Cain Foundation, a charitable foundation in which the Chairman/CEO is a Director, the spouse and other relatives of Company's Chairman/CEO, and relatives of the Company Vice-Chairman/President.

Note 3. INVESTMENTS

The Company currently carries an investment of \$305,000 in Flyfone LLC, an unrelated predecessor company to Intelcom. Flyfone LLC ceased doing business late in 2005; Intelcom picked up Flyfone's business when Flyfone ceased operations. The investment was written off in 2008.

Note 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of the end of the quarter:

	6/30/2010	3/31/2010	12/31/2009
Furniture and Fixtures	\$ 2,361	\$ 2,361	\$ 2,361
Equipment	145,329	145,329	145,329
Software	163,526	163,526	163,526
Leasehold Improvements	1,709	1,709	1,709
Vehicles	4,150	4,150	4,150
	<u>317,076</u>	<u>317,076</u>	<u>317,076</u>
Less: Accumulated Depreciation	(259,784)	(259,784)	(259,784)
	<u>\$ 57,293</u>	<u>\$ 57,292</u>	<u>\$ 57,292</u>

Note 5. INTANGIBLE ASSETS

The Company capitalized its VoIP start-up costs of \$1,913, and is amortizing this cost over 5 years. The Company reviews this account annually at December 31 for impairment. No impairment of this asset has been found.

Note 6. INDEBTEDNESS

The Company has financed its development and operations largely through issuing convertible notes to investors, both short-term and long term. And by receiving loans from shareholders.

Short Term Debt

The Company incurred no Short-Term Debt for 2009, 2008, 2007, and 2006.

Long-Term Debt

Prior to 2005 the Company issued \$418,685.37 in long-term notes payable to three related entities. These notes bear 8.00% interest compounded annually and have no fixed maturity date. During 2007, 2006 and 2005 respectively, the Company borrowed \$45,000.00, \$2,012.07 and \$-0- from these entities, and repaid \$-0-, \$35,487.07 and \$8,000.00 to these parties.

My Social Income, Inc.

Footnotes to Unaudited Financial Statements, Continued

Note 6. INDEBTEDNESS, Continued

Convertible Debt

Prior to 2004 the Company issued \$726,500.00 in long-term notes to investors, and issued an additional \$426,500.00 of such notes in 2004. Each dollar of these notes, including accrued interest, was convertible into 1.60 shares of common stock if originally issued prior to 11/1/03, and was convertible into 1.40 shares of Intelcom common stock if originally issued between 11/1/03 and 10/31/04. As of 11/1/04, all of these notes were converted into common stock per their agreements except for two notes valued at \$21,350.00 excluding accrued interest that were converted in 2005.

During 2008, 2007 and 2006, the Company incurred \$50,000, \$867,000 and \$178,000, respectively in new convertible debt in the form of notes payable to various individuals. These notes bear interest at an annual rate of 8.00%, and bear a term of one (1) year. Interest is not payable until conversion unless the trading price of the Company's common stock falls below \$0.75 per share. These notes began maturing in November 2007. These notes carry an attached stock purchase warrant that allows the holder to convert their note into common stock at a rate \$0.75 per dollar of note value. If conversion occurs further trading is not restricted in the common stock for the converted shares.

Note 7. INCOME TAXES

The Company and its eligible subsidiary file a consolidated federal income tax return. No provision has been made in these financial statements for past, current or future federal income taxes. The Company has a significant federal loss carryforward.

Note 8. SHAREHOLDER'S EQUITY

At the Balance Sheet dates, the number of authorized and issued shares of Common Stock and Preferred Stock,

and their related par values and dividends paid are as follows:

	6/30/2010	3/31/2010	12/31/2009
Common Stock shares authorized	100,000,000	100,000,000	100,000,000
Preferred Stock shares authorized	40,000,000	40,000,000	40,000,000
Common Stock shares issued	8,500,000	16,919,203	3,711,111
Common Stock shares returned			
Common Stock shares outstanding	70,649,382	62,149,382	45,230,179
Preferred Stock shares outstanding	7,750,000	7,750,000	9,400,000
Common Stock par value per share	0.001	0.001	0.001
Preferred Stock par value per share	0.001	0.001	0.001
Common Stock dividends paid	-	-	-
Preferred Stock dividends Paid	-	-	-

During 2007 the Company has issued 2,000,000 shares of Common Stock as payment for fees in preparation for taking the Company public. In accordance with SFAS 123 the issuance of stock as payment for fees was recorded as an increase in equity and a current year expense.

Note 9. EARNING PER SHARE

Earnings per share are computed by dividing Net Income (Net Loss) by the average number of Common Stock shares outstanding during the year. The average number of Common Stock shares outstanding were as follows:

	6/30/2010	3/31/2010	12/31/2009
Average number of shares outstanding	68,000,000	52,000,000	43,000,000

My Social Income, Inc.

Footnotes to Unaudited Financial Statements, Continued

Note 10. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has no significant commitments to provide goods and/or services to any third party as of the Balance Sheet date. The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In management's opinion there are no material claims as of the balance sheet date.

Note 11. RISKS AND UNCERTAINTIES

During 2006, an error was made in recording accumulated depreciation and depreciation expense in the amount of \$30,232. The prior period has been restated by decreasing accumulated depreciation and decreasing depreciation expense by the amount of the error.

Note 12. UNEARNED REVENUE

The Company's future operating results may be affected by a number of factors.

Because My Social Income, Inc. does business all over the world, political changes could have an effect on future operations.