

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 22, 2019

Fusion Connect, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-32421

(Commission File Number)

58-2342021

(IRS Employer Identification No.)

210 Interstate North Parkway, Suite 300, Atlanta, Georgia 30339

(Address of Principal Executive Offices, including Zip Code)

(212) 201-2400

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class Trading Symbol(s) Name of each exchange on which registered

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD  
Disclosure.

As previously reported, on June 3, 2019 Fusion Connect, Inc. ("Fusion") and its U.S. subsidiaries (collectively, the "Debtors" and together with their non-debtor Canadian subsidiaries, the "Company") filed voluntary petitions (and the cases commenced thereby, the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). The Chapter 11 Cases are being jointly administered under the caption *In re Fusion Connect, Inc.* (Case No. 19-11811). The Debtors are operating their businesses as "debtors in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code.

As previously disclosed, in connection with the Chapter 11 Cases, the Debtors filed the *Joint Chapter 11 Plan of Fusion Connect, Inc. and Its Subsidiary Debtors* (the "Plan") and the related disclosure statement (the "Disclosure Statement") with the Court. Terms used but not otherwise defined in this Form 8-K have the meanings ascribed to them in the Disclosure Statement.

On July 22, 2019, the Company filed its monthly operating report for the period beginning June 3, 2019 and ending June 30, 2019 (the "Monthly Operating Report") with the Court. The Monthly Operating Report is attached hereto as Exhibit 99.1 and is incorporated herein by reference. This Current Report on Form 8-K (including the exhibit hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely by Regulation FD.

In accordance with General Instruction B.2 of Form 8-K, the information being furnished under this Item 7.01 pursuant to this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed by the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Cautionary Statements Regarding Trading in the Company's Securities

Fusion cautions that trading in its securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for Fusion's securities

may bear little or no relationship to the actual recovery, if any, by holders of Fusion's securities in the Chapter 11 Cases.

#### *Cautionary Statements Regarding Forward-Looking Information*

Certain statements in this Form 8-K constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Statements that are not historical fact are forward-looking statements. Certain of these forward-looking statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "projects," "estimates," "assumes," "may," "should," "could," "shall," "will," "seeks," "targets," "future," or other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and the Company's actual results, performance or achievements could differ materially from future results, performance or achievements expressed in these forward-looking statements. Such statements include, but are not limited to, statements relating to: the terms of and potential transactions contemplated by the Plan and the Disclosure Statement, the Chapter 11 Cases and Court proceedings, management's strategy, plans, opportunities, objectives, expectations, or intentions, and descriptions of assumptions underlying any of the above matters and other statements that are not historical fact.

These forward-looking statements are based on the Company's current beliefs, intentions and expectations and are not guarantees or indicative of future performance, nor should any conclusions be drawn or assumptions be made as to the outcome of any potential transactions or strategic initiatives the Company considers. Risks and uncertainties relating to the proposed restructuring include the: ability of the Company to comply with the terms of the RSA and DIP Facility, including completing various stages of the restructuring within the dates specified in the RSA and DIP Facility, the ability of the Company to obtain requisite support for the restructuring from various stakeholders, ability of the Plan to satisfy all requirements necessary for confirmation by the Court, ability of the Company to successfully execute the transactions contemplated by the RSA without substantial disruption to its business, high costs of bankruptcy proceedings and related fees, including the risk that the restructuring will take longer than anticipated, actions and decisions of the Company's creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Company's operational and strategic plans, ability of the Company to continue as a going concern, and the effects of disruption from the proposed restructuring making it more difficult to maintain business, financing and operational relationships, to retain key executives and to maintain various licenses and approvals necessary for the Company to conduct its business. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements include, but are not limited to, those factors, risks and uncertainties described in more detail in the risk factors set forth in Exhibit 99.3 to Fusion's Current Report on Form 8-K filed on July 2, 2019 with the Securities and Exchange Commission (the "SEC") and other filings with the SEC.

The above factors, risks and uncertainties are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond the Company's control. New factors, risks and uncertainties emerge from time to time, and it is not possible for management to predict all such factors, risks and uncertainties. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the results or conditions described in such statements or the Company's objectives and plans will be achieved. These forward-looking statements speak only as of the date such statements were made or any earlier date indicated, and the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in underlying assumptions or otherwise. If the Company were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that the Company would make additional updates or corrections thereafter.

#### **Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

See Exhibit Index

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">99.1</a>	Monthly Operating Report for the period covering June 3, 2019 through June 30, 2019, filed with the United States Bankruptcy Court for the Southern District of New York.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Fusion Connect, Inc.

Date: July 25, 2019

By: /s/ James P. Prenetta, Jr.

Name: James P. Prenetta, Jr.

Title: Executive Vice President and General Counsel

UNITED STATES BANKRUPTCY COURT  
Southern District of New York

In re: Fusion Connect, Inc. et al.  
Debtors

Case No. 19-11811 (SMB) (Jointly Administered)

Judge: Hon. Stuart M. Bernstein

For the Period from: June 3, 2019 to June 30, 2019

Federal Tax I.D. # 58-2342021

**DEBTORS' MONTHLY OPERATING REPORT SUMMARY**

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Summary & Reconciliation (or copies of debtors' bank reconciliations)	MOR-1a	X		
Bank Account Activity	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Income Statement	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-Petition Debts	MOR-4	X		
Monthly Accounts Receivable Reconciliation and Aging	MOR-5	X		
Summary of Officer & Insider Compensation, Personnel And Insurance	MOR-6	X		
Schedule of Estate Professionals	MOR-7	X		
Calculation of U.S. Trustee Quarterly Fee	MOR-8	X		
Debtors Questionnaire	MOR-9	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Keith Soldan  
Keith Soldan, Chief Financial Officer

07/22/19  
Date

210 Interstate North Parkway, Suite 300, Atlanta, GA 30339  
Debtors' Address

07/22/19  
Date

In re

FUSION CONNECT, INC., *et al.*,

Debtors.<sup>1</sup>

X  
:  
: Chapter 11  
:  
: Case No. 19-11811 (SMB)  
:  
: (Jointly Administered)  
:  
:  
X

**GLOBAL NOTES AND STATEMENTS OF LIMITATIONS AND DISCLAIMERS REGARDING THE DEBTORS' MONTHLY OPERATING REPORTS**

On June 3, 2019 (the "**Commencement Date**"), Fusion Connect, Inc. and its U.S. subsidiaries, as debtors and debtors in possession (collectively, the "**Debtors**" or the "**Company**"), each commenced a voluntary case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 3, 2019, the Bankruptcy Court entered an order authorizing the joint administration of these cases pursuant to Bankruptcy Rule 1015(b) (ECF No. 21). On June 18, 2019, the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the "**Creditors' Committee**") (ECF No. 98).

The Debtors are filing this consolidated monthly operating report (the "**MOR**") solely for purposes of complying with the monthly operating requirements applicable in the Debtors' chapter 11 cases. The MOR should not be relied upon by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates.

The following notes, statements, and limitations should be referred to, and referenced in connection with, any review of the MOR.

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Fusion Connect, Inc. (2021); Fusion BCHI Acquisition LLC (7402); Fusion NBS Acquisition Corp. (4332); Fusion LLC (0994); Fusion MPHC Holding Corporation (3066); Fusion MPHC Group, Inc. (1529); Fusion Cloud Company LLC (5568); Fusion Cloud Services, LLC (3012); Fusion CB Holdings, Inc. (6526); Fusion Communications, LLC (8337); Fusion Telecom, LLC (0894); Fusion Texas Holdings, Inc. (2636); Fusion Telecom of Kansas, LLC (0075); Fusion Telecom of Oklahoma, LLC (3260); Fusion Telecom of Missouri, LLC (5329); Fusion Telecom of Texas Ltd., L.L.P. (8531); Bircan Holdings, LLC (2819); Fusion Management Services LLC (5597); and Fusion PM Holdings, Inc. (2478). The principal executive office of the Debtors is located at 210 Interstate North Parkway, Suite 300, Atlanta, Georgia 30339.

1. **Basis of Presentation.** For financial reporting purposes, the Debtors generally prepare consolidated financial statements, which include financial information for the Debtors and certain non-debtor affiliates. The financial statements and information contained herein are unaudited and reflect the Debtors' reasonable efforts to report certain financial information of each Debtor on a stand-alone, unconsolidated basis. The Debtors are maintaining their books and records in accordance with generally accepted accounting principles in the United States ("GAAP") and the information furnished in this MOR uses the Debtors' normal accrual method of accounting. In preparing the MOR, the Debtors relied on financial data derived from their books and records that was available at the time of preparation. Subsequent information or discovery may result in material changes to the MOR and errors or omissions may exist. Notwithstanding any such discovery, new information, or errors or omissions, the Debtors do not undertake any obligation or commitment to update the MOR.
2. **Reporting Period.** Unless otherwise noted herein, the MOR generally reflects the Debtors' books and records and financial activity occurring during the applicable reporting period. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the reporting period.
3. **Consolidated Entity Accounts Payable and Disbursement Systems.** As described in the Cash Management Motion,<sup>2</sup> the Debtors utilize an integrated, centralized cash management system in the ordinary course of business to collect, concentrate, and disburse funds generated by their operations (the "**Cash Management System**"). The Debtors maintain a consolidated accounts payable and disbursements system to pay operating and administrative expenses through various disbursement accounts.

In the ordinary course of business, the Debtors and certain non-debtor affiliates engage in intercompany transactions (the "**Intercompany Transactions**"), which result in intercompany receivables and payables (the "**Intercompany Claims**"). As set forth more fully in the Cash Management Motion, the primary Intercompany Transactions giving rise to Intercompany Claims are in connection with certain shared services, interest expense allocation, and operational support. Historically, Intercompany Claims are not settled by actual transfers of cash among the Debtors. Instead, the Debtors track all Intercompany Transactions in their accounting system, which concurrently are recorded on the applicable Debtor's balance sheets. Because the Debtors generally track and report their financial information on a consolidated basis some errors may exist and adjustments in future reporting may be necessary.

4. **Accuracy.** Although the Debtors have made good faith reasonable efforts to file a complete and accurate MOR, inadvertent errors or omissions may exist. The Debtors reserve all rights to amend and/or supplement the Schedules and Statements as is necessary or appropriate. The financial information disclosed herein was not prepared in accordance with federal or state securities laws or other applicable non-bankruptcy law or in lieu of complying with any periodic reporting requirements thereunder. Persons and entities trading in or otherwise purchasing, selling, or transferring the claims against or equity interests in the Debtors should evaluate this financial information in light of the purposes for which it was prepared. The Debtors are not liable for and undertake no responsibility to indicate variations from securities laws or for any evaluations of the Debtors based on this financial information or any other information.

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<sup>2</sup> The "**Cash Management Motion**" means the *Motion of Debtors for (I) Authorization to (A) Continue Using Existing Cash Management System, Bank Accounts, and Business Forms, (B) Implement Changes to the Cash Management System in the Ordinary Course of Business, (C) Continue Intercompany Transactions, (D) Provide Administrative Expense Priority for Postpetition Intercompany Claims, (E) Extend Time to Comply with, or Seek Waiver of, 11 U.S.C. § 345(b), and (II) Related Relief* (ECF No. 4).

5. **Payment of Prepetition Claims Pursuant to First Day Orders.** Following the Commencement Date, the Bankruptcy Court entered various orders (collectively, the “**First Day Orders**”) authorizing the Debtors to, among other things, pay certain prepetition: (a) service fees and charges assessed by the Debtors’ banks and debit and credit card companies; (b) insurance and surety bond obligations; (c) obligations to critical vendors; (d) customer program obligations; (e) employee wages, salaries, and related items (including, but not limited to, employee benefit programs and independent contractor obligations); and (f) taxes and assessments. To the extent any adjustments are necessary for any payments made on account of such claims following the commencement of these chapter 11 cases pursuant to the authority granted to the Debtors by the Bankruptcy Court under the First Day Orders, such adjustments have been included in the MOR unless otherwise noted.
6. **Debtor in Possession Financing.** Pursuant to the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* (ECF No. 160) (the “**Final DIP Order**”), all principal amounts outstanding under the Debtors’ Prepetition Super Senior Credit Facility (as defined in the Final DIP Order) were refinanced dollar-for-dollar and discharged by the DIP Roll-Up Loans (as defined in the Final DIP Order), subject to customary challenge periods.
7. **Liabilities Subject to Compromise.** The Debtors have not finalized their analysis of liabilities that may be subject to compromise, and hereby expressly reserve all rights to reclassify, estimate, and/or change any amounts to denote such amounts as liabilities subject to compromise in the future.
8. **Debtors’ Reservation of Rights.** The Debtors reserve all rights to amend or supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtors’ rights or an admission with respect to their chapter 11 cases.



## MOR-1 – Schedule of Cash Receipts and Disbursements

Schedule of Receipts and Disbursements Debtor Entity (SUSD Actual) <sup>(1)</sup>	19-11811	19-11814	19-11815	19-11828	19-11830	Current Period	Case-to-Date
	Fusion Connect, Inc.	Fusion Cloud Services, LLC	Fusion Communications, LLC	Fusion LLC	Fusion Cloud Company LLC		
<b>Cash – Beginning of Month <sup>(2)</sup></b>	\$ 2,750,881	\$ 15,536	\$ 15,661	\$ 360,471	\$ 192,948	\$ 3,335,496	\$ 3,335,496
Sales Receipts	19,383	22,693,692	69,195	8,638,997	5,130,964	36,552,230	36,552,230
Other Receipts	11,983	-	-	-	-	11,983	11,983
<b>Total Receipts</b>	<b>31,366</b>	<b>22,693,692</b>	<b>69,195</b>	<b>8,638,997</b>	<b>5,130,964</b>	<b>36,564,213</b>	<b>36,564,213</b>
<b>Total Funds Available for Operations</b>	<b>\$ 2,782,247</b>	<b>\$ 22,709,227</b>	<b>\$ 84,856</b>	<b>\$ 8,999,468</b>	<b>\$ 5,323,912</b>	<b>\$ 39,899,710</b>	<b>\$ 39,899,710</b>
Payroll & Labor Related	(4,991,810)	-	-	-	-	(4,991,810)	(4,991,810)
Payroll Taxes	(1,434,446)	-	-	-	-	(1,434,446)	(1,434,446)
Sales, Use & Other Taxes	(837,177)	-	-	-	-	(837,177)	(837,177)
Telco	(348,385)	-	-	-	-	(348,385)	(348,385)
OTM	(2,648,456)	-	-	-	-	(2,648,456)	(2,648,456)
Rent	(482,435)	-	-	-	-	(482,435)	(482,435)
Capital Lease	(205,990)	(66,412)	-	-	-	(272,402)	(272,402)
Information Technology	(261,418)	-	-	-	-	(261,418)	(261,418)
CC Payments & Fees	(178,259)	-	-	(24,267)	-	(202,526)	(202,526)
Ordinary Course Professionals	(89,233)	-	-	-	-	(89,233)	(89,233)
General & Administrative	(35,336)	(60,183)	(4,043)	(301)	(3,790)	(103,654)	(103,654)
<b>Total Operating Disbursements</b>	<b>(11,512,943)</b>	<b>(126,595)</b>	<b>(4,043)</b>	<b>(24,569)</b>	<b>(3,790)</b>	<b>(11,671,941)</b>	<b>(11,671,941)</b>
<b>Total Operating Change</b>	<b>(8,730,697)</b>	<b>22,582,632</b>	<b>80,813</b>	<b>8,974,899</b>	<b>5,320,121</b>	<b>28,227,769</b>	<b>28,227,769</b>
Restructuring Professional Fees	(45,023)	-	-	-	-	(45,023)	(45,023)
Interest and Fees	(378,780)	-	-	-	-	(378,780)	(378,780)
DIP Fees	(1,975,000)	-	-	-	-	(1,975,000)	(1,975,000)
Critical Vendor / 503(b)(9)	-	-	-	-	-	-	-
<b>Total Non-Operating &amp; Restructuring Disbursements</b>	<b>(2,398,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,398,804)</b>	<b>(2,398,804)</b>
<b>Total Disbursements</b>	<b>\$ (13,911,747)</b>	<b>\$ (126,595)</b>	<b>\$ (4,043)</b>	<b>\$ (24,569)</b>	<b>\$ (3,790)</b>	<b>\$ (14,070,744)</b>	<b>\$ (14,070,744)</b>
Intercompany	27,163,673	(22,319,221)	(0)	(1,483,909)	(3,360,543)	-	-
Revolver Borrowing/(Repayment)	20,000,000	-	-	-	-	20,000,000	20,000,000
Customer Deposits Returned	-	(115,159)	-	(13,487)	(13,158)	(141,805)	(141,805)
<b>Total Other Disbursements/Adjustments</b>	<b>47,163,673</b>	<b>(22,434,380)</b>	<b>(0)</b>	<b>(1,497,397)</b>	<b>(3,373,701)</b>	<b>19,858,195</b>	<b>19,858,195</b>
<b>Ending Balance</b>	<b>\$ 36,034,172</b>	<b>\$ 148,253</b>	<b>\$ 80,813</b>	<b>\$ 7,477,502</b>	<b>\$ 1,946,420</b>	<b>\$ 45,687,161</b>	<b>\$ 45,687,161</b>

<sup>(1)</sup> Debtor entities not included in the above schedule do not maintain bank accounts<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

**MOR-1a – Bank Summary & Reconciliation**

**Monthly Bank Summary**

<b>Company</b>	<b>Case #</b>	<b>Bank</b>	<b>Account #</b>	<b>Purpose of Account</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>Change in Cash</b>
Fusion Connect, Inc.	19-11811	East West Bank	8715	Not in use	\$ -	\$ -	\$ -
Fusion Connect, Inc.	19-11811	East West Bank	5634	Collections	22,918	21,409	(1,509)
Fusion Connect, Inc.	19-11811	Union Bank	0333	Concentration	2,727,963	17,987,763	15,259,801
Fusion Connect, Inc.	19-11811	Union Bank	0317	Disbursement	-	-	-
Fusion Connect, Inc.	19-11811	Union Bank	0325	Disbursement	-	-	-
Fusion Connect, Inc.	19-11811	Union Bank	0218	DDA	-	-	-
Fusion Connect, Inc.	19-11811	Union Bank	0655	DIP Account	-	18,025,000	18,025,000
Fusion Cloud Services, LLC	19-11814	Bank of America	2842	Collections	475	148,253	147,778
Fusion Cloud Services, LLC	19-11814	PNC	1332	Collections	15,061	-	(15,061) (1)
Fusion Cloud Services, LLC	19-11814	Union Bank	0309	Collections	-	-	-
Fusion Communications, LLC	19-11815	Bank of America	5370	Collections	-	-	-
Fusion Communications, LLC	19-11815	Bank of America	1912	Collections	552	68,212	67,660
Fusion Communications, LLC	19-11815	Bank of America	0808	Not in use	-	-	-
Fusion Communications, LLC	19-11815	Bank of America	2846	Collections	9,464	5,000	(4,464)
Fusion Communications, LLC	19-11815	Bank of America	3257	Not in use	5,000	5,000	-
Fusion Communications, LLC	19-11815	US Bank	8587	Disbursement	35	215	180
Fusion Communications, LLC	19-11815	US Bank	6283	Collections	611	2,386	1,775
Fusion LLC	19-11828	East West Bank	5824	Disbursement	360,471	7,477,502	7,117,032
Fusion LLC	19-11828	Union Bank	0761	Collections	-	-	-
Fusion Cloud Company LLC	19-11830	East West Bank	1353	Concentration	138,579	1,892,051	1,753,472
Fusion Cloud Company LLC	19-11830	East West Bank	8201	Disbursement	52,308	54,369	2,062
Fusion Cloud Company LLC	19-11830	East West Bank	8277	Collections	-	-	-
Fusion Cloud Company LLC	19-11830	East West Bank	3995	Not in use	2,062	-	(2,062)
Fusion Cloud Company LLC	19-11830	Union Bank	0663	Collections	-	-	-
<b>Total</b>					<b>\$ 3,335,496</b>	<b>\$ 45,687,161</b>	<b>\$ 42,351,664</b>

(1) PNC account closed 07/09/19

**MOR-1a – Bank Summary & Reconciliation**

**Monthly Book to Bank Reconciliation**

Company	Case #	Bank	Account #	Purpose of Account	Bank Balance	Book Balance	Variance <sup>(1)</sup>	Reconciled
Fusion Connect, Inc.	19-11811	East West Bank	8715	Not in use	\$ -	\$ -	\$ -	Yes
Fusion Connect, Inc.	19-11811	East West Bank	5634	Collections	21,409	21,370	(39)	Yes
Fusion Connect, Inc.	19-11811	Union Bank	0333	Concentration	17,987,763	17,987,763	-	Yes
Fusion Connect, Inc.	19-11811	Union Bank	0317	Disbursement	-	-	-	Yes
Fusion Connect, Inc.	19-11811	Union Bank	0325	Disbursement	-	(380,880)	(380,880)	Yes
Fusion Connect, Inc.	19-11811	Union Bank	0218	DDA	-	-	-	Yes
Fusion Connect, Inc.	19-11811	Union Bank	0655	DIP Account	18,025,000	18,025,000	-	Yes
Fusion Cloud Services, LLC	19-11814	Bank of America	2842	Collections	148,253	148,253	-	Yes
Fusion Cloud Services, LLC	19-11814	PNC	1332	Collections	-	-	-	Yes
Fusion Cloud Services, LLC	19-11814	Union Bank	0309	Collections	-	-	-	Yes
Fusion Communications, LLC	19-11815	Bank of America	5370	Collections	-	-	-	Yes
Fusion Communications, LLC	19-11815	Bank of America	1912	Collections	68,212	68,212	-	Yes
Fusion Communications, LLC	19-11815	Bank of America	0808	Not in use	-	-	-	Yes
Fusion Communications, LLC	19-11815	Bank of America	2846	Collections	5,000	5,000	-	Yes
Fusion Communications, LLC	19-11815	Bank of America	3257	Not in use	5,000	5,000	-	Yes
Fusion Communications, LLC	19-11815	US Bank	8587	Disbursement	215	215	-	Yes
Fusion Communications, LLC	19-11815	US Bank	6283	Collections	2,386	2,386	-	Yes
Fusion LLC	19-11828	East West Bank	5824	Disbursement	7,477,502	7,315,904	(161,599)	Yes
Fusion LLC	19-11828	Union Bank	0761	Collections	-	(71,730)	(71,730)	Yes
Fusion Cloud Company LLC	19-11830	East West Bank	1353	Concentration	1,892,051	1,845,824	(46,227)	Yes
Fusion Cloud Company LLC	19-11830	East West Bank	8201	Disbursement	54,369	46,927	(7,442)	Yes
Fusion Cloud Company LLC	19-11830	East West Bank	8277	Collections	-	-	-	Yes
Fusion Cloud Company LLC	19-11830	East West Bank	3995	Not in use	-	-	-	Yes
Fusion Cloud Company LLC	19-11830	Union Bank	0663	Collections	-	84,916	84,916	Yes
<b>Total</b>					<b>\$ 45,687,161</b>	<b>\$ 45,104,159</b>	<b>\$ (583,002)</b>	

<sup>(1)</sup> Differences between bank balances and ledger balances are due to activity such as (i) outstanding checks not yet funded as of period-end, and (ii) ledger deposits-in-transit as of period-end

**MOR-1b – Bank Account Activity**

Account #	19-11811 8715	19-11811 5634	19-11811 0333	19-11811 0317	19-11811 0325	19-11811 0218	19-11811 0655
Bank	East West Bank	East West Bank	Union Bank	Union Bank	Union Bank	Union Bank	Union Bank
Debtor Entity (SUSD Actual) <sup>(1)</sup>	Fusion Connect, Inc.	Fusion Connect, Inc.	Fusion Connect, Inc.	Fusion Connect, Inc.	Fusion Connect, Inc.	Fusion Connect, Inc.	Fusion Connect, Inc.
<b>Cash – Beginning of Month <sup>(2)</sup></b>	\$ -	\$ 22,918	\$ 2,727,963	\$ -	\$ -	\$ -	\$ -
Sales Receipts	-	10,333	-	10	9,040	-	-
Other Receipts	-	-	-	-	11,983	-	-
<b>Total Receipts</b>	<b>-</b>	<b>10,333</b>	<b>-</b>	<b>10</b>	<b>21,023</b>	<b>-</b>	<b>-</b>
<b>Total Funds Available for Operations</b>	<b>\$ -</b>	<b>\$ 33,251</b>	<b>\$ 2,727,963</b>	<b>\$ 10</b>	<b>\$ 21,023</b>	<b>\$ -</b>	<b>\$ -</b>
Payroll & Labor Related	-	-	-	(3,263,257)	(1,728,553)	-	-
Payroll Taxes	-	-	-	(1,434,446)	-	-	-
Sales, Use & Other Taxes	-	-	-	-	(837,177)	-	-
Telco	-	-	-	-	(348,385)	-	-
OTM	-	-	-	-	(2,648,456)	-	-
Rent	-	-	-	-	(482,435)	-	-
Capital Lease Information	-	-	-	-	(205,990)	-	-
Technology	-	-	-	-	(261,418)	-	-
CC Payments & Fees	-	-	-	-	(178,259)	-	-
Ordinary Course	-	-	-	-	-	-	-
Professionals	-	-	-	-	(89,233)	-	-
General & Administrative	-	(11,842)	-	-	(23,494)	-	-
<b>Total Operating Disbursements</b>	<b>-</b>	<b>(11,842)</b>	<b>-</b>	<b>(4,697,703)</b>	<b>(6,803,398)</b>	<b>-</b>	<b>-</b>
<b>Total Operating Change</b>	<b>-</b>	<b>21,409</b>	<b>2,727,963</b>	<b>(4,697,693)</b>	<b>(6,782,375)</b>	<b>-</b>	<b>-</b>
Restructuring	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	(45,023)	-	-
Interest and Fees	-	-	-	-	(378,780)	-	-
DIP Fees	-	-	(1,975,000)	-	-	-	-
Critical Vendor / 503(b)(9)	-	-	-	-	-	-	-
<b>Total Non-Operating &amp; Restructuring Disbursements</b>	<b>-</b>	<b>-</b>	<b>(1,975,000)</b>	<b>-</b>	<b>(423,804)</b>	<b>-</b>	<b>-</b>
<b>Total Disbursements</b>	<b>\$ -</b>	<b>\$ (11,842)</b>	<b>\$ (1,975,000)</b>	<b>\$ (4,697,703)</b>	<b>\$ (7,227,202)</b>	<b>\$ -</b>	<b>\$ -</b>
Intercompany Revolver	-	-	(2,765,199)	4,697,693	7,206,179	-	18,025,000
Borrowing/(Repayment)	-	-	20,000,000	-	-	-	-
Customer Deposits Returned	-	-	-	-	-	-	-
<b>Total Other Disbursements/Adjustments</b>	<b>-</b>	<b>-</b>	<b>17,234,801</b>	<b>4,697,693</b>	<b>7,206,179</b>	<b>-</b>	<b>18,025,000</b>
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 21,409</b>	<b>\$ 17,987,763</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,025,000</b>

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

## MOR-1b – Bank Account Activity

Account #	19-11814	19-11814	19-11814	19-11815	19-11815	19-11815	19-11815
Bank	2842	1332	0309	5370	1912	0808	2846
Debtor Entity (SUSD Actual) <sup>(1)</sup>	Bank of America	PNC	Union Bank	Bank of America	Bank of America	Bank of America	Bank of America
	Fusion Cloud	Fusion Cloud	Fusion Cloud	Fusion	Fusion	Fusion	Fusion
	Services, LLC	Services, LLC	Services, LLC	Communications,	Communications,	Communications,	Communications, LLC
				LLC	LLC	LLC	Fusion Communications, LLC
Cash – Beginning of Month <sup>(2)</sup>	\$ 475	\$ 15,061	\$ -	\$ -	\$ 552	\$ -	\$ 9,464
Sales Receipts	148,532	117,513	22,427,647	220	1,332	-	63,491
Other Receipts	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>148,532</b>	<b>117,513</b>	<b>22,427,647</b>	<b>220</b>	<b>1,332</b>	<b>-</b>	<b>63,491</b>
<b>Total Funds Available for Operations</b>	<b>\$ 149,007</b>	<b>\$ 132,574</b>	<b>\$ 22,427,647</b>	<b>\$ 220</b>	<b>\$ 1,884</b>	<b>\$ -</b>	<b>\$ 72,955</b>
Payroll & Labor Related	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-
Sales, Use & Other Taxes	-	-	-	-	-	-	-
Telco	-	-	-	-	-	-	-
OTM	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Capital Lease	-	-	(66,412)	-	-	-	-
Information Technology	-	-	-	-	-	-	-
CC Payments & Fees	-	-	-	-	-	-	-
Ordinary Course Professionals	-	-	-	-	-	-	-
General & Administrative	(754)	(958)	(58,471)	-	(1,762)	(85)	-
<b>Total Operating Disbursements</b>	<b>(754)</b>	<b>(958)</b>	<b>(124,883)</b>	<b>-</b>	<b>(1,762)</b>	<b>(85)</b>	<b>-</b>
<b>Total Operating Change</b>	<b>148,253</b>	<b>131,616</b>	<b>22,302,764</b>	<b>220</b>	<b>123</b>	<b>(85)</b>	<b>72,955</b>
Restructuring Professional Fees	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-
DIP Fees	-	-	-	-	-	-	-
Critical Vendor / 503(b)(9)	-	-	-	-	-	-	-
<b>Total Non-Operating &amp; Restructuring Disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Disbursements</b>	<b>\$ (754)</b>	<b>\$ (958)</b>	<b>\$ (124,883)</b>	<b>\$ -</b>	<b>\$ (1,762)</b>	<b>\$ (85)</b>	<b>\$ -</b>
Intercompany	-	(131,616)	(22,187,605)	(220)	68,090	85	(67,955)
Revolver Borrowing/(Repayment)	-	-	-	-	-	-	-
Customer Deposits Returned	-	-	(115,159)	-	-	-	-
<b>Total Other Disbursements/Adjustments</b>	<b>-</b>	<b>(131,616)</b>	<b>(22,302,764)</b>	<b>(220)</b>	<b>68,090</b>	<b>85</b>	<b>(67,955)</b>
<b>Ending Balance</b>	<b>\$ 148,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,212</b>	<b>\$ -</b>	<b>\$ 5,000</b>

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

**MOR-1b – Bank Account Activity**

Account #	19-11815	19-11815	19-11815	19-11828	19-11828	19-11830	19-11830
Bank	3257	8587	6283	5824	0761	1353	8201
Debtor Entity (SUSD Actual) <sup>(1)</sup>	Bank of America Fusion Communications, LLC	US Bank Fusion Communications, LLC	US Bank Fusion Communications, LLC	East West Bank Fusion LLC	Union Bank Fusion LLC	East West Bank Fusion Cloud Company LLC	East West Bank Fusion Cloud Company LLC
<b>Cash – Beginning of Month <sup>(2)</sup></b>	\$ 5,000	\$ 35	\$ 611	\$ 360,471	\$ -	\$ 138,579	\$ 52,308
Sales Receipts	(0)	-	4,151	7,150,527	1,488,470	-	-
Other Receipts	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>(0)</b>	<b>-</b>	<b>4,151</b>	<b>7,150,527</b>	<b>1,488,470</b>	<b>-</b>	<b>-</b>
<b>Total Funds Available for Operations</b>	<b>\$ 5,000</b>	<b>\$ 35</b>	<b>\$ 4,762</b>	<b>\$ 7,510,998</b>	<b>\$ 1,488,470</b>	<b>\$ 138,579</b>	<b>\$ 52,308</b>
Payroll & Labor Related	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-
Sales, Use & Other Taxes	-	-	-	-	-	-	-
Telco	-	-	-	-	-	-	-
OTM	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-
CC Payments & Fees	-	-	-	(24,267)	-	-	-
Ordinary Course Professionals	-	-	-	-	-	-	-
General & Administrative	-	(820)	(1,376)	(301)	-	(2,213)	-
<b>Total Operating Disbursements</b>	<b>-</b>	<b>(820)</b>	<b>(1,376)</b>	<b>(24,569)</b>	<b>-</b>	<b>(2,213)</b>	<b>-</b>
<b>Total Operating Change</b>	<b>5,000</b>	<b>(785)</b>	<b>3,386</b>	<b>7,486,429</b>	<b>1,488,470</b>	<b>136,365</b>	<b>52,308</b>
Restructuring Professional Fees	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-
DIP Fees	-	-	-	-	-	-	-
Critical Vendor / 503(b)(9)	-	-	-	-	-	-	-
<b>Total Non-Operating &amp; Restructuring Disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Disbursements</b>	<b>\$ -</b>	<b>\$ (820)</b>	<b>\$ (1,376)</b>	<b>\$ (24,569)</b>	<b>\$ -</b>	<b>\$ (2,213)</b>	<b>\$ -</b>
Intercompany	0	1,000	(1,000)	-	(1,483,909)	1,755,686	2,062
Revolver Borrowing/(Repayment)	-	-	-	-	-	-	-
Customer Deposits Returned	-	-	-	(8,927)	(4,560)	-	-
<b>Total Other Disbursements/Adjustments</b>	<b>0</b>	<b>1,000</b>	<b>(1,000)</b>	<b>(8,927)</b>	<b>(1,488,470)</b>	<b>1,755,686</b>	<b>2,062</b>
<b>Ending Balance</b>	<b>\$ 5,000</b>	<b>\$ 215</b>	<b>\$ 2,386</b>	<b>\$ 7,477,502</b>	<b>\$ -</b>	<b>\$ 1,892,051</b>	<b>\$ 54,369</b>

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

## MOR-1b – Bank Account Activity

Account # Bank Debtor Entity (SUSD Actual) <sup>(1)</sup>	19-11830	19-11830	19-11830	Current Period	Case-to-Date
	8277	3995	0663		
	East West Bank Fusion Cloud Company LLC	East West Bank Fusion Cloud Company LLC	Union Bank Fusion Cloud Company LLC		
<b>Cash – Beginning of Month <sup>(2)</sup></b>	\$ -	\$ 2,062	\$ -	\$ 3,335,496	\$ 3,335,496
Sales Receipts	1,765,535	-	3,365,429	36,552,230	36,552,230
Other Receipts	-	-	-	11,983	11,983
<b>Total Receipts</b>	<b>1,765,535</b>	<b>-</b>	<b>3,365,429</b>	<b>36,564,213</b>	<b>36,564,213</b>
<b>Total Funds Available for Operations</b>	<b>\$ 1,765,535</b>	<b>\$ 2,062</b>	<b>\$ 3,365,429</b>	<b>\$ 39,899,710</b>	<b>\$ 39,899,710</b>
Payroll & Labor Related	-	-	-	(4,991,810)	(4,991,810)
Payroll Taxes	-	-	-	(1,434,446)	(1,434,446)
Sales, Use & Other Taxes	-	-	-	(837,177)	(837,177)
Telco	-	-	-	(348,385)	(348,385)
OTM	-	-	-	(2,648,456)	(2,648,456)
Rent	-	-	-	(482,435)	(482,435)
Capital Lease	-	-	-	(272,402)	(272,402)
Information Technology	-	-	-	(261,418)	(261,418)
CC Payments & Fees	-	-	-	(202,526)	(202,526)
Ordinary Course Professionals	-	-	-	(89,233)	(89,233)
General & Administrative	(1,577)	-	-	(103,654)	(103,654)
<b>Total Operating Disbursements</b>	<b>(1,577)</b>	<b>-</b>	<b>-</b>	<b>(11,671,941)</b>	<b>(11,671,941)</b>
<b>Total Operating Change</b>	<b>1,763,958</b>	<b>2,062</b>	<b>3,365,429</b>	<b>28,227,769</b>	<b>28,227,769</b>
Restructuring Professional Fees	-	-	-	(45,023)	(45,023)
Interest and Fees	-	-	-	(378,780)	(378,780)
DIP Fees	-	-	-	(1,975,000)	(1,975,000)
Critical Vendor / 503(b)(9)	-	-	-	-	-
<b>Total Non-Operating &amp; Restructuring Disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,398,804)</b>	<b>(2,398,804)</b>
<b>Total Disbursements</b>	<b>\$ (1,577)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (14,070,744)</b>	<b>\$ (14,070,744)</b>
Intercompany	(1,755,686)	(2,062)	(3,360,543)	-	-
Revolver Borrowing/(Repayment)	-	-	-	20,000,000	20,000,000
Customer Deposits Returned	(8,273)	-	(4,886)	(141,805)	(141,805)
<b>Total Other Disbursements/Adjustments</b>	<b>(1,763,958)</b>	<b>(2,062)</b>	<b>(3,365,429)</b>	<b>19,858,195</b>	<b>19,858,195</b>
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,687,161</b>	<b>\$ 45,687,161</b>

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

**MOR-2 – Income Statement**

Income Statement <sup>(1)</sup>	
SUSD Actual	Current Period
Revenue	\$ 37,222,639
Cost of Revenue	20,305,088
<b>Gross Profit</b>	<b>16,917,550</b>
<i>Gross Margin</i>	<i>45.4%</i>
<b>Operating costs:</b>	
Selling, General and Administrative	10,057,849
Share-based compensation expense	545,178
Non-recurring expense	6,383,655
Depreciation & amortization	4,509,197
Foreign currency (gain) loss	–
<b>Total operating expenses</b>	<b>21,495,879</b>
<b>Operating income (loss)</b>	<b>(4,578,329)</b>
Interest expense	(7,999,076)
Other income (expense)	10,287
<b>Total other expense</b>	<b>(7,988,789)</b>
<b>Income (loss) before income taxes</b>	<b>(12,567,118)</b>
Income tax benefit (expense)	(12,500)
<b>Net income (loss) from continuing operations</b>	<b>(12,579,618)</b>
Net Income (loss) from discontinued operations	–
<b>Net income (loss)</b>	<b>\$ (12,579,618)</b>

<sup>(1)</sup> Financial Statement has been prepared on a GAAP basis and is reflective of the full month of June 2019



**MOR-3 – Balance Sheet**

<b>Balance Sheet</b>	
<b>\$USD Actual</b>	<b>Current Period</b>
<b>Current Assets</b>	
Cash	\$ 45,104,159
Other Cash & Equivalents	3,663,455
Accounts Receivable, Trade	40,010,250
Accounts Receivable, Other, Net of Allowance for Doubtful	
Accounts	7,251,331
Prepaid Expenses	12,254,953
Inventory, Net	2,940,794
Other Assets	5,315,433
<b>Total Current Assets</b>	<b>116,540,374</b>
<b>NON-CURRENT ASSETS</b>	
Fixed Assets, Net	92,527,774
Goodwill	218,396,702
Intangible Assets, Net	153,188,635
Other Non-Current Other Assets	32,882,802
<b>Total Non-Current Assets</b>	<b>496,995,913</b>
<b>Total Assets</b>	<b>\$ 613,536,287</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 75,788,205
Accrued Telecommunications Costs	22,323,697
Deferred Customer Revenue	13,549,879
Other Accrued Liabilities	13,833,371
Current Portion of Operating Leases	3,360,215
Current Portion of Capital Leases	5,657,365
Current Portion of Long-Term Debt	699,744,953
<b>Total Current Liabilities</b>	<b>834,257,685</b>
<b>Non-Current Liabilities</b>	
Non-Current Portion of Long-Term Debt	9,815,743
Non-Current Portion of Operating Leases	11,554,627
Non-Current Portion of Long-Term Capital Lease	9,380,602
Other Non-Current Liabilities	4,316,184
<b>Total Non-Current Liabilities</b>	<b>35,067,155</b>
<b>Stockholders' Equity</b>	
Common Stock	846,403
Additional Paid-In Capital	148,650,156
Accumulated Distributions and Dividends	(129,370,069)
Accumulated Other Comprehensive Income	(426,015)
Accumulated Earnings	(275,489,028)
<b>Total Stockholders' Equity</b>	<b>(255,788,553)</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 613,536,287</b>

**MOR-4 – Monthly Tax Report & Post-Petition Obligations**

<b>\$USD Actual</b>						
<b>Post-Petition Taxes</b>	<b>Beginning Tax <sup>(1)</sup></b>	<b>Amount Withheld and/or Accrued</b>	<b>Amount Paid</b>	<b>Date Paid</b>	<b>Check # or EFT</b>	<b>Ending Tax</b>
Federal Withholding & FICA	\$ -	\$ 1,168,477	\$ (1,168,477)	Weekly		\$ -
Unemployment	-	304	(304)	Quarterly		-
<b>Total Federal Taxes</b>	<b>-</b>	<b>1,168,781</b>	<b>(1,168,781)</b>			<b>-</b>
Withholding	-	213,889	(213,889)	Various		-
Sales & Use <sup>(2)</sup>	-	1,887,212	-	Monthly		1,887,212
Unemployment	-	-	-	Quarterly		-
Real Property	-	98,802	-	Various		98,802
<b>Total State and Local</b>	<b>-</b>	<b>2,199,903</b>	<b>(213,889)</b>			<b>1,986,014</b>
<b>Total Taxes</b>	<b>\$ -</b>	<b>\$ 3,368,684</b>	<b>\$ (1,382,670)</b>			<b>\$ 1,986,014</b>
<b>Post-Petition Debts <sup>(3)</sup></b>	<b>Current</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>Over 91</b>	<b>Total</b>
Accounts Payable <sup>(4)</sup>	\$ 16,223,630	\$ -	\$ -	\$ -	\$ -	\$ 16,223,630
Wages Payable	1,264,404	-	-	-	-	1,264,404
Taxes Payable <sup>(5)</sup>	1,887,212	-	-	-	-	1,887,212
Rent/Leases-Building <sup>(6)</sup>	322,179	-	-	-	-	322,179
Rent/Leases-Equipment <sup>(6), (7)</sup>	586,002	-	-	-	-	586,002
Professional Fees	10,206,896	-	-	-	-	10,206,896
	-	-	-	-	-	-
<b>Total Post-Petition Debts</b>	<b>\$ 30,490,322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,490,322</b>

Note - schedules above include only post-petition balances and activity

<sup>(1)</sup> The Company does not book accruals related to recurring payroll taxes

<sup>(2)</sup> Sales & Use taxes paid during the reporting period relate to pre-petition obligations

<sup>(3)</sup> Schedule of Post-Petition Debts includes obligations incurred in the post-petition period and is subject to ongoing review and analysis

<sup>(4)</sup> Does not include unprocessed invoices

<sup>(5)</sup> Represents sales & use tax accrued in the post-petition period and payable on a monthly and/or quarterly basis

<sup>(6)</sup> Represents current portion (accrued and payable within 30 days) of long term operating and capital leases

<sup>(7)</sup> Reflects capital leases for equipment

**MOR-5 – Monthly AR Reconciliation and Aging**

**Accounts Receivable Reconciliation**

**Accounts Receivable Comments**

<b>Beginning of Month Balance</b>	\$ 38,879,227
PLUS: Current New Billings	34,708,253 Current New Billings reflects only post-petition activity
MINUS: Collections During the Month	(33,577,230) Trade AR Collections do not include amounts received from Lingo of \$3.0mm in the reporting period
PLUS/MINUS: Adjustments or Write-offs	–
<b>End of Month Balance</b>	<b>\$ 40,010,250</b>

**Accounts Receivable Aging Detail**

	<u>0-30 Days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 90 Days <sup>(3)</sup></u>	<u>Total</u>
Accounts Receivable, Trade	\$ 22,069,750	\$ 6,545,577	\$ 1,813,542	\$ 9,581,381	\$ 40,010,250
Trade related Allowance for doubtful accounts <sup>(1), (2)</sup>	–	–	(231,220)	(8,113,347)	(8,344,567)
<b>Net Accounts Receivable, Trade</b>	<b>\$ 22,069,750</b>	<b>\$ 6,545,577</b>	<b>\$ 1,582,322</b>	<b>\$ 1,468,034</b>	<b>\$ 31,665,683</b>

<sup>(1)</sup> Portion of the total Allowance for doubtful accounts related to Accounts Receivable, Trade. Included on the balance sheet in "Accounts Receivable, Other, Net of Allowance for Doubtful Accounts"

<sup>(2)</sup> Included as a memo to present Net Accounts Receivable, Trade and the reserve of Over 90 Days

<sup>(3)</sup> Represents over 65,000 mostly inactive customers. Customer portion of billing has been fully reserved while related taxes have not been reserved

**MOR-6 – Summary of Officer & Insider Compensation, Personnel and Insurance**

**Summary of Officer or Insider Compensation <sup>(1), (2)</sup>**

Type of Payment	Amount Paid	Case-to-Date
<b>Total Payroll and Benefits</b>	<b>\$ 124,255</b>	<b>\$ 124,255</b>

<sup>(1)</sup>Represents payments made by the debtors to persons considered to be "insiders" under the Bankruptcy Code during the reporting period. The total is shown on a cash basis reflecting the actual amounts received, net of any applicable taxes, withholdings or other deductions. The total includes regular payroll, fees and expense reimbursements.

<sup>(2)</sup>Persons included as "insiders" have been included for informational purposes only. The Debtors do not concede or take any position with respect to (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including, without limitation, the federal securities laws or with respect to any theories of liability or for any other purpose. Further, the inclusion of a party as an "insider" is not an acknowledgment or concession that such party is an "insider" under applicable bankruptcy law.

**MOR-6 – Summary of Officer & Insider Compensation, Personnel and Insurance**

**Confirmation of Insurance**

List all policies of insurance in effect, including but not limited to workers' compensation, liability, fire, theft, comprehensive, vehicle, health and life.

For the first report, attach a copy of the declaration sheet for each type of insurance.

For subsequent reports, attach a certificate of insurance for any policy in which a change occurs during the month (new carrier, increased policy limits, renewal, etc.).

Agent and/or Carrier	Policy Number	Coverage Type	Expiration Date
Argonaut Insurance Company	ML4209073-0	Primary D&O	06/30/20
RSUI Indemnity Company	NHS676653	D&O- 1st excess	06/30/20
Canopus Insurance Services	EXN CUA10047-00	D&O- 2nd excess	06/30/20
Nationwide Mutual Insurance Company	XMFI1803504	D&O- 3rd excess	06/30/20
AmTrust International Underwriters	EUC1001828 00	D&O- Side A DIC only	06/30/20
Hiscox, Inc.	UC22276639.18	Crime	06/30/20
Argonaut Insurance Company	ML 4209155-0	Fiduciary - Primary	06/30/20
Travelers Insurance	106936570	Fiduciary - Excess	06/30/20
Argonaut Insurance Company	ML 4209154-0	Employment Practices Liability	06/30/20
Chubb Group of Insurance Companies	8250-1110	Kidnap & Ransom	06/30/20
C.N.A. Insurance	6072940718	Property	06/30/20
Lloyd's of London	B0507XEQ3429018	Terrorism-Property	06/30/20
C.N.A. Insurance	6072590734	General Liability	06/30/20
C.N.A. Insurance	6072590748	Automobile	06/30/20
C.N.A. Insurance	WC 6 71914816	Workers Compensation (CA)	06/30/20
C.N.A. Insurance	WC 6 71960288	Workers Compensation (all other states)	06/30/20
C.N.A. Insurance	6072590779	Umbrella	06/30/20
C.N.A. Insurance	623428880	Foreign Policy	06/30/20
Axis Insurance Company	P00100003574701	Digital Risk	06/30/20
AIG / National Union Fire Insurance	GTP 9152007	Business Travel Accident	08/25/19

The following lapse in insurance coverage occurred this month:

Policy Type	Date Lapsed	Date reinstated	Reason for Lapse
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No policies lapsed in the reporting period

**MOR-7 – Payments to Estate Professionals**

SUSD Actual Name	Date of Court Order Authorizing Payment	Current Period		Case-to-Date
		Amount Authorized (1)	Amount Paid	Total Paid
Weil, Gotshal & Manges LLP	n/a	\$ –	\$ –	\$ –
PJT Partners	n/a	–	–	–
FTI Consulting	n/a	–	–	–
Prime Clerk	6/6/2019	34,102	34,102	34,102
Osler, Hoskin & Harcourt	n/a	–	–	–
PWC	n/a	–	–	–
Morgan Lewis	n/a	–	–	–
Troutman Sanders	n/a	–	–	–
Kelley Drye	n/a	–	–	–
<b>Total</b>		<b>\$ 34,102</b>	<b>\$ 34,102</b>	<b>\$ 34,102</b>

(1) "Amount Authorized" represents the amounts approved for payment pursuant to the order establishing procedures for interim compensation and reimbursement.

**MOR-8 – Calculation of U.S. Trustee Quarterly Fee**

SUSD Actual Debtor Name	Case Number	Current Period		US Trustee Fees Incurred	
		Total Disbursements <sup>(1)</sup>	Current Period	Quarter-to-Date	Case-to-Date
Fusion Connect, Inc.	19-11811	\$ 13,911,747	\$ 139,117	\$ 139,117	\$ 139,117
Fusion Telecom of Texas Ltd., L.L.P.	19-11812	–	325	325	325
Fusion Communications, LLC	19-11815	4,043	325	325	325
Fusion PM Holdings, Inc.	19-11816	–	325	325	325
Fusion Management Services LLC	19-11817	–	325	325	325
Bircan Holdings, LLC	19-11818	–	325	325	325
Fusion Telecom of Missouri, LLC	19-11819	–	325	325	325
Fusion Telecom of Oklahoma, LLC	19-11820	–	325	325	325
Fusion Telecom of Kansas, LLC	19-11822	–	325	325	325
Fusion Texas Holdings, Inc.	19-11813	–	325	325	325
Fusion Telecom, LLC	19-11824	–	325	325	325
Fusion CB Holdings, Inc.	19-11825	–	325	325	325
Fusion Cloud Services, LLC	19-11814	126,595	975	975	975
Fusion BCHI Acquisition LLC	19-11827	–	325	325	325
Fusion LLC	19-11828	24,569	650	650	650
Fusion NBS Acquisition Corp.	19-11829	–	325	325	325
Fusion Cloud Company LLC	19-11830	3,790	325	325	325
Fusion MPHC Group, Inc.	19-11831	–	325	325	325
Fusion MPHC Holding Corporation	19-11832	–	325	325	325
<b>Total</b>		<b>\$ 14,070,744</b>	<b>\$ 145,942</b>	<b>\$ 145,942</b>	<b>\$ 145,942</b>

(1) "Total Disbursements" as defined on MOR-1

**MOR-9 – Significant Developments During Reporting Period**

Information to be provided on this page, includes, but is not limited to: (1) financial transactions that are not reported on this report, such as the sale of real estate; (2) non-financial transactions, such as the substitution of assets or collateral; (3) modifications to loan agreements; (4) change in senior management, etc. Attach any relevant documents.

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1.	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2.	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3.	Is the Debtor delinquent in the timely filing of any postpetition tax returns?		X
4.	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5.	Is the Debtor delinquent in paying any insurance premium payment?		X
6.	Have any payments been made on prepetition liabilities this reporting period?	X <sup>(1)</sup>	
7.	Are any postpetition receivables (accounts, notes or loans) due from related parties or affiliates?	X <sup>(2)</sup>	
8.	Are any postpetition payroll taxes past due?		X
9.	Are any postpetition State or Federal income taxes past due?		X
10.	Are any postpetition real estate taxes past due?		X
11.	Are any other postpetition taxes past due?		X
12.	Have any prepetition taxes been paid during this reporting period?	X <sup>(1)</sup>	
13.	Are any amounts owed to postpetition creditors delinquent?	X <sup>(3)</sup>	
14.	Are any wage payments past due?		X
15.	Have any postpetition loans been received by the Debtor from any party?	X <sup>(4)</sup>	
16.	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17.	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18.	Have the owners or shareholders received any compensation outside of the normal course of business?		X

<sup>(1)</sup> All disbursements related to pre-petition obligations have been allowable per the approved orders

<sup>(2)</sup> The Company has postpetition receivables due from affiliate, Lingo

<sup>(3)</sup> Payment of some post-petition liabilities has been delayed due to system issues. The Company is working with its accounting software provider to bifurcate pre/post petition liabilities

<sup>(4)</sup> On 06/07/19, the Company entered into the Superpriority Secured Debtor-In-Possession Credit and Guaranty Agreement, which provides for a superpriority debtor-in-possession term loan credit facility consisting of (i) new money term loans in an aggregate principal amount of \$39.5 million ("New Money Loans") and (ii) roll-up term loans in an aggregate principal amount of up to \$20.0 million representing the roll-up, on a dollar-for-dollar basis, of the aggregate outstanding principal amount of loans under the Super Senior Secured Credit Agreement, dated as of 05/09/19. Twenty million dollars of the New Money Loans were funded on 06/07/19, with the remaining \$19.5 million funded on or about 07/11/19