

FY05-06 P&L

Summary

	Monthly 2005 Actuals											
	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05
Revenue												
Network Banner Ads	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,057
Direct Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,057
Cost of Goods Sold												
Web Hosting	\$0	\$178	\$119	\$308	\$417	\$1,133	\$6,497	\$5,897	\$7,251	\$16,852	\$131,949	\$212,747
Data Center Rent	-	-	-	-	-	-	-	-	-	-	-	-
Data Center Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Datacenter Allocation	-	-	-	-	-	-	-	-	-	-	-	-
Ad Serving Costs	-	-	-	-	-	-	-	-	-	-	-	-
Total COGS	\$0	\$178	\$119	\$308	\$417	\$1,133	\$6,497	\$5,897	\$7,251	\$16,852	\$131,949	\$212,747
Gross Profit	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$5,897)	(\$7,251)	(\$16,852)	(\$131,949)	(\$197,690)
Operating Expenses												
Compensation & Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$66,598	\$87,055	\$107,820
Travel & Business Expenses	-	-	-	-	-	-	-	-	-	-	-	733
Insurance	-	-	-	-	-	-	-	-	-	-	492	1,424
Equipment Expenses	-	-	-	-	-	-	-	-	-	758	1,999	3,384
Communications Expenses	-	-	-	-	-	-	-	-	-	55	41	3,550
Marketing Expenses	-	-	-	-	-	-	-	-	17,738	-	22,926	21,473
Professional Fees	-	-	-	-	-	-	-	-	-	8,925	15,750	13,251
Facilities Expense	-	-	-	-	-	-	-	-	-	404	9,519	12,293
Employee Related Expenses	-	-	-	-	-	-	-	-	-	-	-	2,838
Bank & Finance Charges	-	-	-	-	-	-	-	-	-	95	173	406
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	88
Total Operating Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,738	\$76,834	\$137,955	\$167,259
Net Ordinary Income	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$5,897)	(\$24,989)	(\$93,686)	(\$269,904)	(\$364,950)
Other Income/Expense												
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$320	\$10,203
Interest Expense	-	-	-	-	-	-	-	-	-	(296)	-	-
Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
State Income Tax	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$296)	\$320	\$10,203
Net Income	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$5,897)	(\$24,989)	(\$93,982)	(\$269,583)	(\$354,747)

FY05-06 P&L

Summary

	Monthly 2006 Actuals							
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06
Revenue								
Network Banner Ads	\$133,091	\$131,468	\$22,117	\$179,311	\$404,032	\$627,146	\$519,719	\$829,050
Direct Sales	-	-	-	20,000	16,710	125,000	352,768	1,667,986
Total Revenue	\$133,091	\$131,468	\$22,117	\$199,311	\$420,742	\$752,146	\$872,487	\$2,497,036
Cost of Goods Sold								
Web Hosting	\$397,643	\$525,138	\$657,827	\$713,494	\$680,190	\$980,342	\$951,870	\$1,176,391
Data Center Rent	-	70,397	38,081	52,773	106,738	111,022	168,082	214,198
Data Center Depreciation	-	-	-	41,802	59,368	59,368	108,357	130,725
Datacenter Allocation	-	-	-	10,000	22,499	22,499	22,499	31,873
Ad Serving Costs	-	-	-	-	-	-	63	368,302
Total COGS	\$397,643	\$595,535	\$695,909	\$818,069	\$868,794	\$1,173,232	\$1,250,870	\$1,921,489
Gross Profit	(\$264,552)	(\$464,066)	(\$673,792)	(\$618,758)	(\$448,052)	(\$421,086)	(\$378,383)	\$575,547
Operating Expenses								
Compensation & Benefits	\$147,687	\$197,137	\$222,504	\$248,261	\$251,090	\$316,083	\$518,294	\$538,578
Travel & Business Expenses	100	1,784	8,253	4,058	7,201	9,686	15,608	19,989
Insurance	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
Equipment Expenses	2,430	3,412	4,792	3,548	1,981	3,776	2,905	2,715
Communications Expenses	1,846	2,941	3,017	2,722	3,526	3,436	7,262	5,374
Marketing Expenses	12,000	43	15,091	8,223	13,432	7,814	14,167	14,784
Professional Fees	34,785	27,472	27,674	39,721	32,840	90,147	50,354	61,366
Facilities Expense	12,153	13,605	14,665	14,918	15,319	18,365	20,301	20,160
Employee Related Expenses	1,126	1,050	1,883	2,530	4,431	9,247	9,373	5,539
Bank & Finance Charges	322	374	251	897	906	1,475	1,677	1,442
Other Operating Expenses	394	1,463	1,739	1,949	2,386	2,522	2,912	3,936
Total Operating Expense	\$214,114	\$250,551	\$301,139	\$328,098	\$334,383	\$463,820	\$644,122	\$675,152
Net Ordinary Income	(\$478,665)	(\$714,617)	(\$974,931)	(\$946,856)	(\$782,435)	(\$884,906)	(\$1,022,505)	(\$99,606)
Other Income/Expense								
Interest Income	\$9,557	\$9,717	\$10,489	\$25,452	\$23,562	\$19,757	\$19,477	\$16,264
Interest Expense	-	-	(11,416)	-	-	-	(10,825)	(25,194)
Other Expense	-	-	(0)	-	-	-	-	-
State Income Tax	-	(411)	(800)	-	-	-	-	-
Net Other Income	\$9,557	\$9,306	(\$1,727)	\$25,452	\$23,562	\$19,757	\$8,651	(\$8,930)
Net Income	(\$469,108)	(\$705,311)	(\$976,658)	(\$921,404)	(\$758,874)	(\$865,150)	(\$1,013,854)	(\$108,536)

FY05-06 P&L

Details

Monthly 2005 Actuals								
Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05

Revenue								
Network Banner Ads	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct Sales	-	-	-	-	-	-	-	-
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold								
Web Hosting	\$0	\$178	\$119	\$308	\$417	\$1,133	\$6,497	\$5,897
Data Center Rent	-	-	-	-	-	-	-	-
Data Center Depreciation	-	-	-	-	-	-	-	-
Datacenter Allocation	-	-	-	-	-	-	-	-
Ad Serving Costs	-	-	-	-	-	-	-	-
Total COGS	\$0	\$178	\$119	\$308	\$417	\$1,133	\$6,497	\$5,897
Gross Profit	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$7,251)
Expenses — Compensation & Benefits								
Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Officer Compensation	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-
Commissions	-	-	-	-	-	-	-	-
Severance	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-
Employee Goodwill	-	-	-	-	-	-	-	-
Employee Relocation	-	-	-	-	-	-	-	-
Employee Bonus	-	-	-	-	-	-	-	-
Vacation Expense	-	-	-	-	-	-	-	-
Payroll Taxes	-	-	-	-	-	-	-	-
Total Compensation & Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses — Travel & Business								
Airfare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lodging	-	-	-	-	-	-	-	-
Meals	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-
Ground Transportation	-	-	-	-	-	-	-	-
Car Rental	-	-	-	-	-	-	-	-
Mileage Reimbursement	-	-	-	-	-	-	-	-
Other Travel	-	-	-	-	-	-	-	-
Total Travel & Business Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses — Insurance								
General Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

FY05-06 P&L

Details

	Oct 05	Nov 05	Dec 05
Revenue			
Network Banner Ads	\$0	\$0	\$15,057
Direct Sales	-	-	-
Total Revenue	\$0	\$0	\$15,057
Cost of Goods Sold			
Web Hosting	\$16,852	\$131,949	\$212,747
Data Center Rent	-	-	-
Data Center Depreciation	-	-	-
Datacenter Allocation	-	-	-
Ad Serving Costs	-	-	-
Total COGS	\$16,852	\$131,949	\$212,747
Gross Profit	(\$16,852)	(\$131,949)	(\$197,690)
Expenses — Compensation & Benefits			
Salaries	\$39,230	\$59,106	\$76,667
Officer Compensation	16,667	16,667	16,667
Contract Labor	600	300	600
Commissions	-	-	-
Severance	-	-	-
Employee Benefits	592	-	750
Employee Goodwill	-	-	-
Employee Relocation	-	-	-
Employee Bonus	-	-	-
Vacation Expense	3,165	4,257	5,466
Payroll Taxes	6,344	6,726	7,671
Total Compensation & Benefits	\$66,598	\$87,055	\$107,820
Expenses — Travel & Business			
Airfare	\$0	\$0	\$0
Lodging	-	-	-
Meals	-	-	-
Entertainment	-	-	733
Ground Transportation	-	-	-
Car Rental	-	-	-
Mileage Reimbursement	-	-	-
Other Travel	-	-	-
Total Travel & Business Expenses	\$0	\$0	\$733
Expenses — Insurance			
General Liability	\$0	\$0	\$309

FY05-06 P&L

Details

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06

Revenue									
Network Banner Ads	\$133,091	\$131,468	\$22,117	\$179,311	\$404,032	\$627,146	\$519,719		
Direct Sales	-	-	-	20,000	16,710	125,000	352,768		
Total Revenue	\$133,091	\$131,468	\$22,117	\$199,311	\$420,742	\$752,146	\$872,487		
Cost of Goods Sold									
Web Hosting	\$397,643	\$525,138	\$657,827	\$713,494	\$680,190	\$980,342	\$951,870		
Data Center Rent	-	70,397	38,081	52,773	106,738	111,022	168,082		
Data Center Depreciation	-	-	-	41,802	59,368	59,368	108,357		
Datacenter Allocation	-	-	-	10,000	22,499	22,499	22,499		
Ad Serving Costs	-	-	-	-	-	-	63		
Total COGS	\$397,643	\$595,535	\$695,909	\$818,069	\$868,794	\$1,173,232	\$1,250,970		
Gross Profit	(\$264,552)	(\$464,066)	(\$673,792)	(\$618,758)	(\$448,052)	(\$421,086)	(\$378,383)		
Expenses — Compensation & Benefits									
Salaries	\$105,955	\$148,792	\$167,692	\$178,438	\$184,089	\$234,812	\$345,763		
Officer Compensation	16,667	16,667	16,667	16,667	16,667	16,667	16,667		
Contract Labor	900	940	3,244	11,927	6,950	11,211	15,982		
Commissions	-	-	-	-	-	-	55,333		
Severance	-	2,389	-	1,361	1,417	-	-		
Employee Benefits	4,430	5,875	9,329	11,651	10,956	14,416	13,845		
Employee Goodwill	-	-	50	-	-	-	-		
Employee Relocation	-	-	-	-	-	-	4,072		
Employee Bonus	-	-	-	-	-	-	10,000		
Vacation Expense	5,757	8,108	10,343	11,645	12,935	15,411	22,317		
Payroll Taxes	13,978	14,365	15,179	16,573	18,077	23,566	34,314		
Total Compensation & Benefits	\$147,687	\$197,137	\$222,504	\$248,261	\$251,090	\$316,083	\$518,294		
Expenses — Travel & Business									
Airfare	\$0	\$1,135	\$1,503	\$2,179	\$2,546	\$2,950	\$8,632		
Lodging	-	507	5,918	871	2,697	2,671	2,954		
Meals	-	44	188	245	276	2,318	1,534		
Entertainment	-	-	-	-	415	-	-		
Ground Transportation	20	53	407	314	676	1,330	2,184		
Car Rental	-	-	238	448	592	416	303		
Mileage Reimbursement	80	-	-	-	-	-	-		
Other Travel	-	45	-	-	-	-	-		
Total Travel & Business Expenses	\$100	\$1,784	\$8,253	\$4,058	\$7,201	\$9,686	\$15,608		
Expenses — Insurance									
General Liability	\$154	\$154	\$154	\$154	\$154	\$154	\$154		

FY05-06 P&L

Details

Aug 06

Revenue	
Network Banner Ads	\$829,050
Direct Sales	<u>1,667,986</u>
Total Revenue	\$2,497,036

Cost of Goods Sold	
Web Hosting	\$1,176,391
Data Center Rent	214,198
Data Center Depreciation	130,725
Datacenter Allocation	31,873
Ad Serving Costs	<u>368,302</u>
Total COGS	\$1,921,489

Gross Profit **\$575,547**

Expenses — Compensation & Benefits

Salaries	\$393,495
Officer Compensation	16,667
Contract Labor	8,591
Commissions	55,333
Severance	-
Employee Benefits	13,613
Employee Goodwill	-
Employee Relocation	-
Employee Bonus	-
Vacation Expense	14,879
Payroll Taxes	<u>35,999</u>
Total Compensation & Benefits	\$538,578

Expenses — Travel & Business

Airfare	\$4,537
Lodging	7,852
Meals	1,264
Entertainment	-
Ground Transportation	5,281
Car Rental	1,056
Mileage Reimbursement	-
Other Travel	-
Total Travel & Business Expenses	\$19,989

Expenses — Insurance

General Liability	\$154
-------------------	-------

FY05-06 P&L

Details

	Monthly 2005 Actuals								
	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05
Workers Compensation	-	-	-	-	-	-	-	-	-
Directors & Officers	-	-	-	-	-	-	-	-	-
Total Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses — Equipment									
Computer Equipment and Accessories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Software	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-	-	-
Office Equipment & Furniture	-	-	-	-	-	-	-	-	-
Total Equipment Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

FY05-06 P&L

Details

	Oct 05	Nov 05	Dec 05
Workers Compensation	-	492	492
Directors & Officers	-	-	624
Total Insurance	\$0	\$492	\$1,424
Expenses — Equipment			
Computer Equipment and Accessories	\$0	\$528	\$84
Software	758	-	167
Repairs & Maintenance	-	-	-
Office Equipment & Furniture	-	1,471	3,133
Total Equipment Expenses	\$758	\$1,999	\$3,384

FY05-06 P&L

Details

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Workers Compensation	492	492	492	492	492	492	492
Directors & Officers	624	624	624	624	624	624	624
Total Insurance	\$1,270	\$1,270	\$1,270	\$1,270	\$1,270	\$1,270	\$1,270
Expenses — Equipment							
Computer Equipment and Accessories	\$669	\$1,063	\$1,216	\$1,256	\$722	\$2,548	\$1,005
Software	167	317	1,579	773	1,239	1,022	1,022
Repairs & Maintenance	345	-	-	-	-	-	-
Office Equipment & Furniture	1,249	2,032	1,998	1,519	20	206	877
Total Equipment Expenses	\$2,430	\$3,412	\$4,792	\$3,548	\$1,981	\$3,776	\$2,905

FY05-06 P&L

Details

	Aug 06
--	--------

Workers Compensation	492
Directors & Officers	624
Total Insurance	\$1,270

Expenses — Equipment

Computer Equipment and Accessories	\$938
Software	1,704
Repairs & Maintenance	-
Office Equipment & Furniture	73
Total Equipment Expenses	\$2,715

FY05-06 P&L

Details

Monthly 2005 Actuals								
Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05

Expenses — Communications

	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05
Telephone									
Phone Usage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cell Phones & Pagers	-	-	-	-	-	-	-	-	-
Teleconferencing	-	-	-	-	-	-	-	-	-
Telephone - Other	-	-	-	-	-	-	-	-	-
Subtotal Telephone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Postage	-	-	-	-	-	-	-	-	-
Internet Connectivity	-	-	-	-	-	-	-	-	-
Courier & Overnight Shipping	-	-	-	-	-	-	-	-	-
Printing & Reproduction	-	-	-	-	-	-	-	-	-
Total Communications Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Expenses — Marketing

Trade Shows	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,500
Promotion	-	-	-	-	-	-	-	-	1,238
Public Relations	-	-	-	-	-	-	-	-	-
Market Research	-	-	-	-	-	-	-	-	-
Marketing Supplies	-	-	-	-	-	-	-	-	-
Total Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,738

Expenses — Professional Fees

Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounting	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Recruiting Consultant	-	-	-	-	-	-	-	-	-
Total Professional Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Expenses — Facilities

Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Security	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-
Office Repairs & Maintenance	-	-	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	-	-	-	-	-	-
Janitorial	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-
Total Facilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Expenses — Employee Related

Recruiting Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Job Posting									

FY05-06 P&L

Details

	Oct 05	Nov 05	Dec 05
--	--------	--------	--------

Expenses — Communications

	Oct 05	Nov 05	Dec 05
Telephone			
Phone Usage	\$0	\$0	\$563
Cell Phones & Pagers	-	-	164
Teleconferencing	-	-	-
Telephone - Other	-	-	-
Subtotal Telephone	\$0	\$0	\$727
Postage	-	41	34
Internet Connectivity	-	-	2,226
Courier & Overnight Shipping	-	-	-
Printing & Reproduction	55	-	-
Total Communications Expenses	\$55	\$41	\$3,550

Expenses — Marketing

Trade Shows	\$0	\$0	\$0
Promotion	-	8,086	6,473
Public Relations	-	14,840	15,000
Market Research	-	-	-
Marketing Supplies	-	-	-
Total Marketing Expenses	\$0	\$22,926	\$21,473

Expenses — Professional Fees

Legal	\$300	\$15,000	\$11,476
Accounting	2,625	750	1,775
Consulting	6,000	-	-
Recruiting Consultant	-	-	-
Total Professional Fees	\$8,925	\$15,750	\$13,251

Expenses — Facilities

Rent	\$0	\$9,038	\$9,038
Security	-	-	-
Utilities	-	331	328
Office Supplies	404	-	2,619
Office Repairs & Maintenance	-	150	24
Licenses & Permits	-	-	-
Janitorial	-	-	285
Property Taxes	-	-	-
Total Facilities Expense	\$404	\$9,519	\$12,293

Expenses — Employee Related

Recruiting Expense	\$0	\$0	\$0
Job Posting	\$0	\$0	\$0

FY05-06 P&L

Details

Monthly 2006 Actuals						
Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06

Expenses — Communications

	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Telephone							
Phone Usage	\$182	\$190	\$743	\$785	\$1,608	\$931	\$2,030
Cell Phones & Pagers	150	1,318	627	603	411	1,038	1,750
Teleconferencing	-	-	-	-	-	-	-
Telephone - Other	198	-	-	-	-	-	-
Subtotal Telephone	\$530	\$1,508	\$1,370	\$1,388	\$2,020	\$1,969	\$3,780
Postage	6	249	272	124	166	149	1,456
Internet Connectivity	1,125	1,185	1,375	1,211	1,341	1,318	2,026
Courier & Overnight Shipping	-	-	-	-	-	-	-
Printing & Reproduction	185	-	-	-	-	-	-
Total Communications Expenses	\$1,846	\$2,941	\$3,017	\$2,722	\$3,526	\$3,436	\$7,262

Expenses — Marketing

Trade Shows	\$0	\$0	\$11,085	\$0	\$8,420	\$1,191	\$0
Promotion	-	-	1,581	1,224	-	5,000	-
Public Relations	12,000	43	1,875	5,450	5,000	1,623	5,000
Market Research	-	-	550	299	12	-	9,167
Marketing Supplies	-	-	-	1,250	-	-	-
Total Marketing Expenses	\$12,000	\$43	\$15,091	\$8,223	\$13,432	\$7,814	\$14,167

Expenses — Professional Fees

Legal	\$32,785	\$25,922	\$25,774	\$37,971	\$29,190	\$75,647	\$35,754
Accounting	2,000	1,550	1,600	1,750	3,650	2,000	1,100
Consulting	-	-	300	-	-	-	-
Recruiting Consultant	-	-	-	-	-	12,500	13,500
Total Professional Fees	\$34,785	\$27,472	\$27,674	\$39,721	\$32,840	\$90,147	\$50,354

Expenses — Facilities

Rent	\$9,038	\$9,038	\$9,038	\$9,038	\$9,038	\$9,038	\$9,038
Security	-	-	-	-	4,103	5,198	4,437
Utilities	330	1,659	991	973	721	635	1,656
Office Supplies	1,523	2,082	4,331	4,258	845	2,788	4,252
Office Repairs & Maintenance	836	214	(403)	85	85	85	85
Licenses & Permits	142	142	142	142	142	142	142
Janitorial	285	470	565	421	385	480	522
Property Taxes	-	-	-	-	-	-	169
Total Facilities Expense	\$12,153	\$13,605	\$14,665	\$14,918	\$15,319	\$18,365	\$20,301

Expenses — Employee Related

Recruiting Expense	\$75	\$225	\$150	\$265	\$0	\$0	\$0
Job Posting							

FY05-06 P&L

Details

Aug 06

Expenses — Communications

Telephone

Phone Usage
Cell Phones & Pagers
Teleconferencing
Telephone - Other

\$1,706
1,954
147

Subtotal Telephone

\$3,807

Postage

248

Internet Connectivity

1,318

Courier & Overnight Shipping

-

Printing & Reproduction

-

Total Communications Expenses

\$5,374

Expenses — Marketing

Trade Shows

\$620

Promotion

3,862

Public Relations

1,000

Market Research

9,167

Marketing Supplies

135

Total Marketing Expenses

\$14,784

Expenses — Professional Fees

Legal

\$46,217

Accounting

1,550

Consulting

13,599

Recruiting Consultant

-

Total Professional Fees

\$61,366

Expenses — Facilities

Rent

\$9,038

Security

5,382

Utilities

822

Office Supplies

4,172

Office Repairs & Maintenance

85

Licenses & Permits

142

Janitorial

519

Property Taxes

-

Total Facilities Expense

\$20,160

Expenses — Employee Related

Recruiting Expense

\$229

Job Posting

FY05-06 P&L

Details

	Monthly 2005 Actuals								
	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05
Subtotal Recruiting Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dues and Subscriptions	-	-	-	-	-	-	-	-	-
Training & Seminars	-	-	-	-	-	-	-	-	-
Reference Materials	-	-	-	-	-	-	-	-	-
Employee Relations	-	-	-	-	-	-	-	-	-
Employee Office Meals	-	-	-	-	-	-	-	-	-
Total Employee Related Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Recruiting Meals

FY05-06 P&L

Details

	Oct 05	Nov 05	Dec 05
Subtotal Recruiting Expense	\$0	\$0	\$0
Dues and Subscriptions	-	-	-
Training & Seminars	-	-	-
Reference Materials	-	-	-
Employee Relations	-	-	-
Employee Office Meals	-	-	2,838
Total Employee Related Expenses	\$0	\$0	\$2,838

Recruiting Meals

FY05-06 P&L

Details

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Recruiting Meals	-	-	26	-	73	-	-
Subtotal Recruiting Expense	\$75	\$225	\$176	\$265	\$73	\$0	\$0
Dues and Subscriptions	-	-	135	-	417	417	417
Training & Seminars	150	-	-	1,145	1,495	-	500
Reference Materials	-	-	-	5	41	-	-
Employee Relations	220	-	360	-	-	-	-
Employee Office Meals	681	825	1,211	1,115	2,405	8,830	8,456
Total Employee Related Expenses	\$1,126	\$1,050	\$1,883	\$2,530	\$4,431	\$9,247	\$9,373

FY05-06 P&L

Details

	Aug 06
	24
	\$253
	417
	-
	61
	-
	4,808
Total Employee Related Expenses	\$5,539

Recruiting Meals

Subtotal Recruiting Expense
Dues and Subscriptions
Training & Seminars
Reference Materials
Employee Relations
Employee Office Meals

FY05-06 P&L

Details

	Monthly 2005 Actuals								
	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05
Expenses — Bank & Finance Charges									
Bank Service Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Finance Charges	-	-	-	-	-	-	-	-	-
Payroll Preparation Fees	-	-	-	-	-	-	-	-	-
Bank & Finance Charges - Other	-	-	-	-	-	-	-	-	-
Total Bank & Finance Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Expenses									
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charitable Contribution	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Total Other Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,738
Net Ordinary Income	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$5,897)	(\$24,989)
Other Income/Expense									
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	-	-	-	-	-	-	-	-	-
Other Expense	-	-	-	-	-	-	-	-	-
State Income Tax	-	-	-	-	-	-	-	-	-
Net Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$0	(\$178)	(\$119)	(\$308)	(\$417)	(\$1,133)	(\$6,497)	(\$5,897)	(\$24,989)

FY05-06 P&L

Details

	Oct 05	Nov 05	Dec 05
Expenses — Bank & Finance Charges			
Bank Service Charges	\$95	\$4	\$49
Finance Charges	-	-	180
Payroll Preparation Fees	-	169	177
Bank & Finance Charges - Other	-	-	-
Total Bank & Finance Charges	\$95	\$173	\$406
Other Operating Expenses			
Depreciation	\$0	\$0	\$88
Charitable Contribution	-	-	-
Miscellaneous Expenses	-	-	-
Total Other Operating Expenses	\$0	\$0	\$88
Total Expense	\$76,834	\$137,955	\$167,259
Net Ordinary Income	(\$93,686)	(\$269,904)	(\$364,950)
Other Income/Expense			
Interest Income	\$0	\$320	\$10,203
Interest Expense	(296)	-	-
Other Expense	-	-	-
Slate Income Tax	-	-	-
Net Other Income	(\$296)	\$320	\$10,203
Net Income	(\$93,982)	(\$269,583)	(\$354,747)

FY05-06 P&L

Details

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Expenses — Bank & Finance Charges							
Bank Service Charges	\$51	\$48	\$0	\$642	\$636	\$582	\$582
Finance Charges	-	-	-	-	-	-	-
Payroll Preparation Fees	270	326	251	255	271	893	1,050
Bank & Finance Charges - Other	-	-	-	-	-	-	45
Total Bank & Finance Charges	\$322	\$374	\$251	\$897	\$906	\$1,475	\$1,677
Other Operating Expenses							
Depreciation	\$394	\$1,188	\$1,739	\$1,949	\$2,386	\$2,522	\$2,912
Charitable Contribution	-	250	-	-	-	-	-
Miscellaneous Expenses	-	25	-	-	-	-	-
Total Other Operating Expenses	\$394	\$1,463	\$1,739	\$1,949	\$2,386	\$2,522	\$2,912
Total Expense	\$214,114	\$250,551	\$301,139	\$328,098	\$334,383	\$463,820	\$644,122
Net Ordinary Income	(\$478,665)	(\$714,617)	(\$974,931)	(\$946,856)	(\$782,435)	(\$884,906)	(\$1,022,505)
Other Income/Expense							
Interest Income	\$9,557	\$9,717	\$10,489	\$25,452	\$23,562	\$19,757	\$19,477
Interest Expense	-	-	(11,416)	-	-	-	(10,825)
Other Expense	-	-	(0)	-	-	-	-
State Income Tax	-	(411)	(800)	-	-	-	-
Net Other Income	\$9,557	\$9,306	(\$1,727)	\$25,452	\$23,562	\$19,757	\$8,651
Net Income	(\$469,108)	(\$705,311)	(\$976,658)	(\$921,404)	(\$758,874)	(\$865,150)	(\$1,013,854)

FY05-06 P&L

Details

	Aug 06
Expenses — Bank & Finance Charges	
Bank Service Charges	\$582
Finance Charges	-
Payroll Preparation Fees	860
Bank & Finance Charges - Other	-
Total Bank & Finance Charges	\$1,442
Other Operating Expenses	
Depreciation	\$3,936
Charitable Contribution	-
Miscellaneous Expenses	-
Total Other Operating Expenses	\$3,936
Total Expense	\$675,152
Net Ordinary Income	(\$99,606)
Other Income/Expense	
Interest Income	\$16,264
Interest Expense	(25,194)
Other Expense	-
State Income Tax	-
Net Other Income	(\$8,930)
Net Income	(\$108,536)

FY 2006

Balance Sheet

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06

ASSETS

Checking / Savings

Checking - SVB	(\$1,608)	\$183,224	\$5,996,188	\$58,064	\$5,016	(\$17,137)	(\$10,930)
Checking (Old)	18,327	-	-	-	-	-	-
Money Market	<u>2,460,524</u>	<u>3,570,081</u>	<u>2,079,798</u>	<u>6,445,287</u>	<u>5,295,738</u>	<u>5,325,300</u>	<u>4,148,057</u>
Total Checking / Savings	\$2,477,243	\$3,753,304	\$8,075,985	\$6,503,351	\$5,300,755	\$5,308,163	\$4,137,127

Accounts Receivable

Accounts Receivable	\$137,811	\$141,211	\$71,584	\$229,456	\$470,387	\$869,034	\$1,151,345
Accrued AR	-	-	-	-	-	75,000	41,321
Interest Receivable	<u>9,557</u>	<u>9,717</u>	<u>10,489</u>	<u>25,452</u>	<u>23,562</u>	<u>19,757</u>	<u>19,477</u>
Total Accounts Receivable	\$147,368	\$150,928	\$82,073	\$254,907	\$493,949	\$963,791	\$1,212,143

Other Current Assets

Prepaid Expenses							
Prepaid Product Cost	\$0	\$213,007	\$239,298	\$124,544	\$268,424	\$165,977	\$466,117
Prepaid Insurance	12,054	10,784	9,514	8,244	6,974	5,704	4,434
Prepaid Rent	9,038	9,038	9,038	9,038	9,038	33,158	9,038
Prepaid License	3,228	8,394	8,880	8,011	16,533	14,810	16,082
Other Prepaid Expense	<u>27,890</u>	<u>36,029</u>	<u>27,083</u>	<u>32,327</u>	<u>36,274</u>	<u>63,241</u>	<u>81,771</u>
Subtotal Prepaid Expenses	\$52,210	\$277,253	\$293,813	\$182,163	\$337,242	\$282,890	\$577,442
Restricted Cash	-	-	-	-	-	-	-
Undeposited Funds	<u>6,701</u>	<u>6,701</u>	<u>15,000</u>	-	-	-	-
Total Other Current Assets	\$58,911	\$283,954	\$308,813	\$182,163	\$337,242	\$282,890	\$577,442

Total Current Assets

\$2,683,522 **\$4,188,186** **\$8,466,871** **\$6,940,422** **\$6,131,947** **\$6,554,844** **\$5,926,711**

Fixed Assets

Computer Equipment	\$31,631	\$51,015	\$58,589	\$66,968	\$71,855	\$82,387	\$119,268
Office Equipment	-	-	-	999	999	999	999
Furniture and Fixtures	4,620	4,620	5,671	5,671	5,671	8,303	8,303
Software	-	-	-	-	-	2,390	2,390
Leasehold Improvements	3,812	3,812	3,812	5,929	5,929	5,929	5,929
Construction in Progress	6,752	12,365	1,146,170	1,504,872	2,137,251	3,886,580	4,669,026
Construct in Progrs - NO LOAN	-	-	-	-	-	14,276	37,060
Total Fixed Assets	\$46,815	\$71,813	\$1,214,242	\$1,584,440	\$2,221,706	\$4,000,864	\$4,842,974

Depreciation / Amortization

Computer Equipment	(\$430)	(\$1,309)	(\$2,726)	(\$4,353)	(\$6,213)	(\$8,209)	(\$10,498)
Office Equipment	-	-	-	-	(28)	(56)	(83)
Furniture and Fixtures	(52)	(107)	(175)	(242)	(310)	(377)	(476)

FY 2006

Balance Sheet

Aug 06	9/19/06
--------	---------

ASSETS

Checking / Savings

Checking - SVB	(\$13,442)	\$203,169
Checking (Old)	-	-
Money Market	<u>2,809,534</u>	<u>2,809,534</u>
Total Checking / Savings	\$2,796,092	\$3,012,703

Accounts Receivable

Accounts Receivable	\$3,134,723	\$2,725,524
Accrued AR	-	-
Interest Receivable	<u>16,264</u>	<u>16,264</u>
Total Accounts Receivable	\$3,150,987	\$2,741,787

Other Current Assets

Prepaid Expenses		
Prepaid Product Cost	\$465,058	\$497,720
Prepaid Insurance	3,164	3,164
Prepaid Rent	9,038	9,038
Prepaid License	18,010	18,010
Other Prepaid Expense	<u>97,974</u>	<u>190,750</u>
Subtotal Prepaid Expenses	\$593,244	\$718,682
Restricted Cash	200,000	200,000
Undeposited Funds	<u>68,370</u>	<u>232,786</u>
Total Other Current Assets	\$861,614	\$1,151,468

Total Current Assets

\$6,808,693 **\$6,905,958**

Fixed Assets

Computer Equipment	\$121,554	\$121,554
Office Equipment	999	999
Furniture and Fixtures	8,303	8,303
Software	2,390	2,390
Leasehold Improvements	5,929	5,929
Construction in Progress	4,669,026	4,669,026
Construct in Progrs - NO LOAN	<u>37,060</u>	<u>37,060</u>
Total Fixed Assets	\$4,845,261	\$4,845,261

Depreciation / Amortization

Computer Equipment	(\$13,811)	(\$13,811)
Office Equipment	(111)	(111)
Furniture and Fixtures	(543)	(543)

FY 2006

Balance Sheet

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Software	-	-	-	-	-	-	(66)
Leasehold Improvements	-	(254)	(508)	(762)	(1,193)	(1,624)	(2,054)
Data Center	-	-	-	(41,802)	(101,170)	(160,538)	(268,895)
Total Depreciation / Amortization	(\$482)	(\$1,670)	(\$3,409)	(\$47,160)	(\$108,914)	(\$170,804)	(\$282,073)
Net Fixed Assets	\$46,333	\$70,143	\$1,210,834	\$1,537,280	\$2,112,792	\$3,830,060	\$4,560,901
Other Assets — Deposits	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
TOTAL ASSETS	\$2,737,355	\$4,265,829	\$9,685,204	\$8,485,201	\$8,252,238	\$10,392,404	\$10,495,113

FY 2006

Balance Sheet

	Aug 06	9/19/06
Software	(165)	(165)
Leasehold Improvements	(2,485)	(2,485)
Data Center	(399,620)	(399,620)
Total Depreciation / Amortization	(\$416,734)	(\$416,734)
Net Fixed Assets	\$4,428,527	\$4,428,527
Other Assets — Deposits	\$7,500	\$7,500
TOTAL ASSETS	\$11,244,720	\$11,341,985

FY 2006

Balance Sheet

	Monthly 2006 Actuals						
	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06

LIABILITIES & EQUITY

Accounts Payable

Accounts Payable Trade	\$413,288	\$641,788	\$950,278	\$651,392	\$1,150,184	\$2,887,882	\$3,934,684
Accounts Payable - Payroll Tax							1,294
Total Accounts Payable	\$413,288	\$641,788	\$950,278	\$651,392	\$1,150,184	\$2,887,882	\$3,935,978

Total Other Current Liabilities

Notes Payable - Current	\$0	\$2,000,000	\$0	\$0	\$0	\$230,418	\$260,168
Accrued Vacation	18,645	26,753	37,096	48,741	61,236	76,647	98,964
Commissions Payable	-	-	-	-	-	-	110,833
Accrued Accounts Payable	20,480	17,800	130,000	177,278	-	2,000	16,550
Deferred Revenue	-	-	-	-	-	100,000	66,667
Total Other Current Liabilities	\$39,125	\$2,044,553	\$167,096	\$226,020	\$61,236	\$409,065	\$553,182

Total Current Liabilities

	\$452,412	\$2,686,341	\$1,117,374	\$877,412	\$1,211,420	\$3,296,947	\$4,489,159
Notes Payable - LT						919,788	890,038
Total Liabilities	\$452,412	\$2,686,341	\$1,117,374	\$877,412	\$1,211,420	\$4,216,735	\$5,379,198

Equity Series A

Series A	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000	\$3,560,000
Series A Issuance Cost	(58,100)	(58,243)	(58,243)	(58,243)	(59,142)	(59,142)	(59,142)
Total Series A	\$3,501,900	\$3,501,757	\$3,501,757	\$3,501,757	\$3,500,858	\$3,500,858	\$3,500,858

Equity Series B

Series B	\$0	\$0	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Series B Issuance Cost	-	-	(35,000)	(73,637)	(78,086)	(78,086)	(78,086)
Total Series B	\$0	\$0	\$7,965,000	\$7,926,363	\$7,921,914	\$7,921,914	\$7,921,914

Common Stock

Retained Earnings	\$10,000	\$10,000	\$10,000	\$10,000	\$207,250	\$207,250	\$216,850
Net Income	(757,849)	(757,849)	(757,849)	(757,849)	(757,849)	(757,849)	(757,849)
Total Equity	(469,108)	(1,174,420)	(2,151,077)	(3,072,482)	(3,831,355)	(4,696,505)	(5,765,858)
	\$2,284,943	\$1,579,488	\$8,567,830	\$7,607,789	\$7,040,818	\$6,175,669	\$5,115,915

TOTAL LIABILITIES & EQUITY

	\$2,737,355	\$4,265,829	\$9,685,204	\$8,485,201	\$8,252,238	\$10,392,404	\$10,495,113
--	--------------------	--------------------	--------------------	--------------------	--------------------	---------------------	---------------------

FY 2006

Balance Sheet

Aug 06	9/19/06
--------	---------

LIABILITIES & EQUITY

Accounts Payable

Accounts Payable Trade	\$1,833,120	\$1,975,344
Accounts Payable - Payroll Tax	<u>3,180</u>	<u>3,180</u>
Total Accounts Payable	\$1,836,300	\$1,978,524

Total Other Current Liabilities

Notes Payable - Current	\$1,024,562	\$1,024,562
Accrued Vacation	113,411	113,411
Commissions Payable	221,666	221,666
Accrued Accounts Payable	21,550	3,100
Deferred Revenue	109,021	109,021
Total Other Current Liabilities	\$1,490,209	\$1,471,759

Total Current Liabilities

\$3,326,509 **\$3,450,283**

Notes Payable - LT

2,975,310 2,975,310
Total Liabilities **\$6,425,593**

Equity Series A

Series A	\$3,560,000	\$3,560,000
Series A Issuance Cost	<u>(59,142)</u>	<u>(59,142)</u>
Total Series A	\$3,500,858	\$3,500,858

Equity Series B

Series B	\$8,000,000	\$8,000,000
Series B Issuance Cost	<u>(79,965)</u>	<u>(79,965)</u>
Total Series B	\$7,920,035	\$7,920,035

Common Stock

\$268,850 \$268,850

Retained Earnings

(757,849) (757,849)

Net Income

(5,988,994) (6,015,503)

Total Equity

\$4,942,901 \$4,916,392

TOTAL LIABILITIES & EQUITY

\$11,244,720 **\$11,341,985**