

ORIGINAL

D30883-TX

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

**DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT
CERTIFICATION**

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

Instructions

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).
- ◆ Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
 Division of the Commission Clerk and Administrative Services
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399-0850
 (850) 413-6770**

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

**Florida Public Service Commission
 Division of Competitive Markets and Enforcement
 Certification
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399-0850
 (850) 413-6600**

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Check received with filing and forwarded
 to Fiscal for deposit. Fiscal to forward
 deposit information to Records.

Initials of person who forwarded check:

LM

APPLICATION

1. This is an application for $\sqrt{\quad}$ (check one):

- Original certificate (new company).
- Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
- Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Synergy Networks, Inc.

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

Synergy Networks, Inc.

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

2075 West First St
Suite 200
Fort Myers, Florida 33901

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

_____ 2075 West First St _____
_____ Suite 200 _____
_____ Fort Myers, Florida 33901 _____

6. Structure of organization:

- | | |
|--|---|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other _____ | |

7. If individual, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

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

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

_____ 9990000 13268 _____

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

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

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

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

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

(a) The Florida Secretary of State registration number:

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

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

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

(a) The Florida registration number: _____

14. **Provide F.E.I. Number(if applicable):** 65-0897133

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

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

NONE

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

NONE

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

(a) The application:

Name: Peter Seif
Title: President
Address: 2075 West First St Suite 200
City/State/Zip: Fort Myers, FL 33901
Telephone No.: (239) 790-7000 Fax No.: (239) 790-7004
Internet E-Mail Address: PSEIF@SNWORKS.COM
Internet Website Address: SNWORKS.COM

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

Name: Ken Boyd
Title: VP Finance
Address: 2075 West First St Suite 200
City/State/Zip: Fort Myers, FL 33901
Telephone No.: (239) 790-7000 Fax No.: 239-790-7004
Internet E-Mail Address: KBOYD@SNWORKS.COM
Internet Website Address: SNWORKS.COM

(c) Complaints/Inquiries from customers:

Name: Mike Early
Title: VP Sales
Address: 2075 West First St Suite 200
City/State/Zip: Fort Myers, FL 33901
Telephone No.: (239) 790-7000 Fax No.: (239) 790-7004
Internet E-Mail Address: MEARLY@SNWORKS.COM
Internet Website Address: SNWORKS.COM

17. **List the states in which the applicant:**

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

NO

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

NO

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

N/A

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

NONE

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

NONE

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

NONE

18. Submit the following:

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

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

Peter Seif
6930 Wittman Drive
Fort Myers, Florida 33919
(941) 790-7000

LOGIX COMMUNICATIONS, INC.

1/98-12-99

Vice President General Manager Fiber / Carrier Sales - Oklahoma City, OK

Recruited to establish and implement alternate channels and carrier sales business plan for a CLEC in Oklahoma. Logix (CLEC) is a division of DCC, which is the parent company of McCloud Telephone, Dobson Telephone (ILECs), Dobson Cellular, and Dobson Fiber. Responsibilities include profit and loss for fiber organization, alternate channels, carrier sales, and building access organizations. As General Manager of Fiber, I was responsible for sales, marketing, and day-to-day operations. Managing the Fiber Company, I leverage local loop relationships to maximize CLEC strategy. Further, I used the CLEC business plan to build long haul fiber routes interconnecting switches. I work directly with the ILEC side of DCC to further maximize revenues by developing strategies to combine the ILEC business with the CLEC business plan. Successfully recruit and manage all sales channels with a combined 6 million in annual revenues. Negotiate alternate distribution opportunities to maximize revenues for the Fiber Company, the ILECs and Logix performing at 384% YTD.

INTERMEDIA COMMUNICATIONS, INC.

6/96-12/97

National Sales Director - FT. Lauderdale, FL

Developed and implemented Access Line sales strategy on a national level for the largest independent CLEC. The organization was developed to directly effect gross margin and EBITA goals by increasing access line penetration to on-net buildings. The team worked directly with the building access group to maximize existing infrastructure and revenue strategies by installing Northern Telecom Access Node Express switches in on-net buildings and providing total product suite. Successfully directed and managed Access Line Initiative sales staff throughout national territory with 1,100 buildings on net. Ramped and met all head count and Access Line goals within the first 90 days of the development of the organization.

National Sales Manager

Managed alternate sales channels in Florida and Georgia including direct and referral agents. Responsibilities included creating and supervising Referral Agent program for entire company and the recruiting and hiring of direct Agents to market all products. Responsible for contract negotiations and commissions for Alternate Channels organization. Performed at an average of 300% of quota.

Major Account Manager

Successfully sold frame relay, Internet, long distance, and local dial tone. Consulted and developed telecommunication strategies for national customers. Exceeded all quotas and promoted to National Sales Manager within first six months of employment.

FRONTIER COMMUNICATIONS

3/95-6-96

Business Partner Manager - Miami, FL

Recruited and relocated to Florida to develop and implement Business Plan for Alternate Channels marketing for the Florida market. Successfully recruited, hired, and trained Agents for the Business Partner program. Negotiated and executed contracts between Frontier and Agents. Built out the market within three months and was performing at 400% of quota. Received Top Performance awards for January and February 1996.

Senior Account Executive - Washington, D.C.

Generated long distance revenues by implementing telecommunication strategies for Fortune 500 and Fortune 1000 companies. Executed Referral Business Partner Program and performed at an average of 150% of monthly quota. Promoted to Business Partner Manager within the first six months of employment.

WORLDCOM

9/93-3/95

Senior Account Executive- Baltimore, MD

Created and presented telecommunication solutions to high level executives and company officials. Enrolled Associations and Chambers to market the Association Savers Program. Generated \$60,000 in revenue from the Restaurant Association Savers Program. Further, developed and managed Association program for Baltimore Law firms. Achieved 250% of monthly quota for the year.

Education**University of Maryland - College Park, MD**

Bachelors Degree

Training

Logix Communications

Leadership 2000 Management

Intermedia Communications

Local Dial Tone and Data Level I and II

Frontier Communications

T-1 and Technical Data

WorldCom

Performance 6000 Management

Level I and II Sales Training

Extensive Personal Development

KENNETH R. BOYD

1788 Lakeview Boulevard • Fort Myers, Florida 33903 • Home (941) 997-7949
E-mail: boydkr@aol.com

PROFILE

A broad based finance executive with extensive international experience. Proven track record in corporate finance, trade finance, trading and treasury management. Expertise in financing strategy, structuring, credit and financial analysis, tax and risk management. Proven relationship management, team building and business development abilities. Solid communication, deal making, negotiation and presentation skills. Strategic, entrepreneurial and self-motivated. Fluent in Spanish.

PROFESSIONAL EXPERIENCE

CARGILL INC.

1993 – 1998

Cargill Financial Services International Inc., Minneapolis, Minnesota
Investment Manager, Trade and Structured Finance (1997-1998)

- Developed new structured trade finance business with multinational corporations. Coordinated origination and structuring of transactions with Cargill offices worldwide.
- Emphasis on Latin America and Brazil origination and structuring.

Key Accomplishments

Developed new business plan and coordinated implementation with Cargill's international offices. Developed structures to provide corporate finance solutions for multinational subsidiaries in emerging markets. Initiated calling program with over 100 U.S. corporations. Successfully originated, structured, and closed profitable transactions.

Cargill de Venezuela C.A., Caracas, Venezuela
Director of Finance (1993 – 1997)

- Established and managed Treasury and Financial Markets Group team of 35 with responsibility for financial trading, funding, treasury operations, accounting, tax, risk management and insurance for \$500MM Venezuelan subsidiary. Key contributor in setting overall strategy of corporation.

Key Accomplishments

Supervised establishment of Financial Markets Group in Venezuela. Created profitable proprietary trading desk for equity, fixed income and money market instruments. Supervised implementation of accounting, operations, risk controls, trading and credit limits. Trading profits exceeded budget in three out of four years. Effectively managed treasury and funding activities and successfully guided corporation through economic and foreign exchange crisis. Assisted in execution and arranged financing for several acquisitions.

BANK OF AMERICA NT&SA

1986 – 1993

Latin America Division, Miami, Florida
Vice President, Regional Coordinator (1990-1993)

- Latin America regional coordinator with responsibility for relationship management and business development throughout Latin America with U.S. and European multinational corporations.

Key Accomplishments

Developed business plan, product offerings and marketing strategy for new business development. Traveled extensively throughout Latin America and to headquarters of U.S. multinationals. Developed expertise in international tax, financing, treasury, and cash management. Originated and closed profitable transactions.

Securities and Commodities Group, New York, NY
Vice President, Executive Account Officer (1986-1990)

- Global Account Officer and Industry Specialist for securities and commodities industries.
- Managed account team with responsibility for relationships with total credit commitments exceeding \$13 billion.

Key Accomplishments

Established bank-wide credit policy for securities industry. Increased revenues by 50% in first year of managing group. Established bank as a core provider of capital markets services to securities industry. Gained extensive experience in structuring credit and capital markets products.

THE CHASE MANHATTAN BANK N.A., New York, NY

1981 – 1986

Global Shipping Division, North America Corporate Finance
Second Vice President, Relationship Manager (1984 – 1986)

- Responsible for relationship, credit management and new business development.

Key Accomplishments

Effectively managed key global relationships and developed attractive new business. Identified several problem credits and successfully managed workout process to extract bank from exposure and prevent significant losses. Developed strong negotiation, documentation skills and expertise in all aspects of project and secured financing.

Credit Audit Division
Assistant Treasurer, Credit Analyst (1981 – 1984)

- Responsible for internal credit examination of domestic and international loan portfolio.

Key Accomplishments

Developed strong analytical and credit skills. Effectively managed examinations as lead auditor. Gained diverse industry and geographic exposure through extensive worldwide travel. Completed Chase Manhattan Credit Development Program.

EDUCATION

THE WHARTON SCHOOL, Philadelphia, PA
Master of Business Administration

CARNEGIE-MELLON UNIVERSITY, Pittsburgh, PA
B.S. in Administration and Management Science
B.S. in Economics

President of AIESEC, International Association of Students in Economics and Business Management.
 Chosen by university to be the student representative on the University Board of Trustees Finance Committee.

Christopher M. Patrick

*12856 Vista Pine Circle
Fort Myers, Florida 33913
Phone: 941.768.0702
Fax: 941.768.3403*

OVERALL BACKGROUND:

A technical sales and marketing executive offering proven experience in the data and telecommunications industry. Comprehensive industry knowledge, product development and networking capabilities. A proven background that will enable me to contribute to aggressive company goals while providing high quality products and services to the consumer.

EDUCATION:

10/80 - 06/81

Stanford University, Palo Alto, CA
ELECTRICAL ENGINEERING
Undergraduate Studies

08/81 - 05/85

University of Oklahoma, Norman, OK
BACHELOR BUSINESS ADMINISTRATION (MIS)
Degree: May 1985

08/88 - 05/89

Oklahoma City University, Oklahoma City, OK
MBA STUDIES (MIS)
Postgraduate Studies - 4.0 GPA

EMPLOYMENT

HISTORY:

5/98 - 6/99

Logix Communications, Oklahoma City, OK
MANAGER - SYSTEMS INTEGRATION MARKETING

Full responsibility for regional business plan, market analysis and marketing direction for System Integration of network edge devices. Developed a multi-product approach to delivering integrated voice and data service for a regional competitive local exchange carrier. Product suite included Cisco, Nortel Meridian, Nortel Norstar, Carrier Access Corporation, Adtran, and Vina Technologies. Developed and implemented customer presentations and field sales training materials for a regional sales force. Involved in technical support, software development, public relations, installation, order entry, finance and profitability of the product.

10/97 - 4/98

SSI Custom Data Cards, Edmond, OK
REGIONAL MANAGER

Responsible for company sales and marketing efforts in 5 southeastern state region and all Caribbean Islands. Direct sales and marketing position promoting custom data cards to the telecommunications, prepaid and retail industries. Worked with support staff and end product managers to deliver custom product through a complete manufacturing process.

10/96 - 10/97

Zenex Telecommunications, Oklahoma City, OK
VICE PRESIDENT - SALES AND MARKETING

Responsible for company sales and marketing efforts. Supervised direct sales personnel, marketing positions, support staff and end product managers. Increased sales in long distance, paging and prepaid telephone calling card products. Also involved in customer service, technical support, product development, advertising, public relations and executive management team.

11/94 – 10/96

MCI Telecommunications, Oklahoma City, OK

SENIOR MANAGER

Responsibility for national business plan, market analysis and marketing direction for campusMCI Internet product. Directed regional Internet Specialist and support teams. Product included Internet DS3 connectivity on-site routers, terminal servers, modem pools and associated software. Developed and implemented customer presentations and field sales training materials for a national sales force. Involved in customer service, technical support, software development, public relations, installation, order entry, finance and profitability of the product.

08/94 – 11/94

NATIONAL ACCOUNT MANAGER

Created and launched Market Segmentation program that increased sales in a 14-state region for outsourcing university dial-up Internet access. Program became model for the entire corporation. Adapted Internet product to state government with first of its kind technology for statewide access. Created new market niche. Trained field account teams on product line. Developed and delivered customer and prospect sales and technical presentations.

12/92 – 08/94

SENIOR NATIONAL ACCOUNT EXECUTIVE

Direct sales, installation and service of telecommunications products developed for the state and federal government markets. Instrumental in adapting product technology to open new markets in Internet services for universities and state agencies. Grew the state of Oklahoma market from \$600,000 to \$1,000,000 annually. Increased the state of Arkansas from \$450,000 to \$3,500,000 annually.

05/89 – 12/92

ACCOUNT EXECUTIVE II

Developed new accounts and serviced existing customers for telecommunications products. Promotion of new products and services to targeted markets. Represent company and products in a professional and positive manner. Provided direct customer contact using sales and marketing strategies.

01/87 – 05/89

CUSTOMER SERVICE SUPERVISOR II

Supervised a staff of 5 Customer Service Consultants for an inbound call center. As a member of the management team, developed and maintained performance standards for department. Increased productivity and improved service levels through quality assurance program. Developed sales and support team concepts. Responsible for hiring, training and performance evaluations of support staff. Resolved complex customer inquiries. Interacted and coordinated with various departments and management team.

06/86 – 01/87

CUSTOMER SERVICE CONSULTANT

Maintained files and information pertaining to major accounts. Provided support to the sales and sales management team. Designed and developed Integrated Sales Information System, ISIS, to track and report sales, service and prospect activity.

Michael J. Early
13298 Highland Chase Place • Fort Myers, FL 33913 • (941) 768-5854

PROFILE

A diverse sales executive with extensive management and marketing experience in the telecommunication industry. Proven background in developing and implementing telecommunication sales and marketing strategies.

PROFESSIONAL EXPERIENCE

LOGIX COMMUNICATIONS

04/98-6/99

Director of Sales and Business Development - Oklahoma City, OK.

- Developed and implemented Building Access Business Strategy for seven cities within the Oklahoma and Texas Markets.
- Responsible for recruiting, training and overseeing sales force which marketed to building owners and management to allow Logix's fiber optics and facilities into their buildings, along with selling Logix's Bundled Product set of Local, Long Distance, Internet, and Data communications.
- Successfully ramped up and met all head count and revenue objectives.

INTERMEDIA COMMUNICATIONS

12/96-04/98

National Account Manager - Miami, FL.

- Recruited to execute cross-market initiative of Access Line Equivalent sales to On-net buildings.
- Successfully trained and managed sales staff to market Intermedia's bundled product set of Local, Long Distance and Data communications to businesses within Intermedia's On-net buildings.
- Performed at an average of 345% of monthly quota.

EASTERN TELECOM INTERNATIONAL

09/94-12/96

Senior District Sales Manager -Fairfax, VA.

- Responsible for Sales and Marketing efforts for the Northern Virginia, Washington D.C. Markets
- Top Revenue Producer in 1996 with 4.5 million annual revenue attainment.
- Number two Revenue Producer in 1995 with 2.3 million annual revenue attainment.
- Successfully recruited, trained, and motivated sales force to market telecommunication products to small to medium sized businesses.
- Developed and internally placed six Account Executives into Sales Management positions.
- Responsible for overall administration, daily order processing, and installation of telecommunication services for sales offices.

LDDS/WORLDCOM

06/93-09/94

Account Executive - Columbia, MD.

- Responsible for implementing telecommunication solutions for commercial accounts.
- Recognized for consistent top monthly sales performance as a member of company's 100% club.
- Performed at an average of 150% of monthly quota.
- Assisted Sales manager with training and motivating new sales representatives.

EDUCATION

University of Connecticut - Storrs, CT.
Member of the Varsity Cross Country and Track & Field Teams

Major, Sociology

C. Financial capability.

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

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

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

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

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

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

SYNERGY NETWORKS, INC.

FINANCIAL STATEMENTS

December 31, 2002 and 2001

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David L. Schultz, CPA*, ABV
Clifford Chaipel, CPA*
Martin A. Redovan, CPA*, CVA
Russell T. Baker, CPA*

*Regulated by the State of Florida

INDEPENDENT AUDITORS' REPORT

To the Stockholders
Synergy Networks, Inc.
Fort Myers, Florida

We have audited the accompanying balance sheets of Synergy Networks, Inc. (the "Company") as of December 31, 2002 and 2001, and the related statements of operations, change in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Synergy Networks, Inc. as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Schultz, Chaipel & Co. LLP
Schultz, Chaipel & Co., L.L.P.
February 13, 2003

12660 World Plaza Lane
Fort Myers, Florida 33907
(239) 939-5333
Fax: (239) 939-4682
E-Mail: sec@swflcpa.com
Website: www.swflcpa.com

SYNERGY NETWORKS, INC.
BALANCE SHEETS
December 31,

ASSETS	2002	2001
CURRENT ASSETS		
Cash	\$ 202,142	\$ 255,584
Accounts receivable, net of an allowance for doubtful accounts of \$50,000 and \$25,000, respectively	200,824	163,580
Prepaid expenses	2,524	2,524
Equipment Inventory	23,908	-
Total current assets	429,398	421,688
PROPERTY AND EQUIPMENT, net	59,745	57,789
OTHER ASSETS	4,434	4,228
Total assets	\$ 493,577	\$ 483,705
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Prepayments from customers	\$ 30,554	\$ 36,357
Accounts payable	62,139	56,203
Accrued liabilities	52,885	39,059
Line of credit	25,000	-
Total current liabilities	170,578	131,619
STOCKHOLDERS' EQUITY		
Preferred stock, no stated par value, 10,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value; 50,000,000 shares authorized; 11,011,320 issued and outstanding	110,113	110,113
Additional paid-in capital	595,466	595,466
Accumulated deficit	(382,580)	(353,493)
Total liabilities and stockholders' equity	\$ 493,577	\$ 483,705

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
 STATEMENTS OF OPERATIONS
 For the Year Ended December 31,

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES		
Recurring	\$ 2,125,347	\$ 1,340,177
Non-Recurring	388,456	392,922
Total revenue	<u>2,513,803</u>	<u>1,733,099</u>
COSTS OF REVENUES		
	<u>1,016,971</u>	<u>677,022</u>
Gross profit	<u>1,496,832</u>	<u>1,056,077</u>
OPERATING COSTS AND EXPENSES		
Salaries and commissions	976,669	861,048
General and administrative	428,589	209,169
Equipment leases	48,507	69,809
Employee benefits	74,257	57,289
Total operating costs and expenses	<u>1,528,022</u>	<u>1,197,315</u>
Loss from operations	<u>(31,190)</u>	<u>(141,238)</u>
OTHER INCOME (EXPENSE)		
Interest income	2,274	4,179
Interest expense	<u>(171)</u>	<u>(1,215)</u>
Total other income (expense)	<u>2,103</u>	<u>2,964</u>
NET LOSS	<u>\$ (29,087)</u>	<u>\$ (138,274)</u>

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the Year Ended December 31,

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>
	<u>Number of Shares</u>	<u>\$0.01 Par Value</u>		
BALANCES, January 1, 2001	9,910,188	\$ 99,102	\$ 236,993	\$ (215,219)
Issuance of stock	1,101,132	11,011	388,989	-
Cost of raising capital	-	-	(30,516)	-
Net loss	-	-	-	(138,274)
BALANCES, December 31, 2001	11,011,320	110,113	595,466	(353,493)
Net loss	-	-	-	(29,087)
BALANCES, December 31, 2002	<u>11,011,320</u>	<u>\$ 110,113</u>	<u>\$ 595,466</u>	<u>\$ (382,580)</u>

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31,

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,451,559	\$ 1,648,984
Cash paid to employees and suppliers	(2,504,122)	(1,810,843)
Cash paid for interest expense	(171)	(1,215)
Cash received from interest earnings	<u>2,274</u>	<u>4,179</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(50,460)</u>	<u>(158,895)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	<u>(27,982)</u>	<u>(51,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock, net of \$30,516 in issuance costs	-	369,484
Net borrowings (repayments) on line-of-credit agreements	25,000	-
Repayment of shareholder loan	-	(30,000)
Repayment of other loans	<u>-</u>	<u>(2,260)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>25,000</u>	<u>337,224</u>
Net (decrease) increase in cash and cash equivalents	(53,442)	127,060
CASH AND CASH EQUIVALENTS, beginning of year	<u>255,584</u>	<u>128,524</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 202,142</u>	<u>\$ 255,584</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES:		
Net loss	\$ (29,087)	\$ (138,274)
Adjustment to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts	25,000	18,000
Depreciation	26,320	16,524
(Increase) in:		
Accounts receivable	(62,244)	(120,472)
Prepaid expenses	-	(2,524)
Equipment Inventory	(23,908)	-
Other	(500)	(2,616)
Increase (decrease) in:		
Accounts payable	134	76,091
Accrued liabilities	<u>13,825</u>	<u>(5,624)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (50,460)</u>	<u>\$ (158,895)</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Synergy Networks, Inc. (the "Company") was incorporated in the state of Florida on February 8, 1999. The Company provides business Internet and Data Communications, Web Design, Web Hosting and E-commerce services to companies throughout the state of Florida. The Company's data center and head office are located in Fort Myers, Florida with network facilities and branch offices in Melbourne, Sarasota, and Fort Lauderdale, Florida.

Summary of Significant Accounting Policies

Property and Equipment

Property and equipment are stated at cost and depreciated using accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated lives or the term of the lease. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Concentration

The Company maintains its cash balances with two financial institutions. Accounts are insured by the FDIC up to \$100,000 at each institution.

Cash Balances

For the purposes of the cash flow statement, the Company has defined cash balances as amounts on hand or on deposit with a financial institution that are subject to immediate withdrawal.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies, (Continued)

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The Company had no direct-response advertising during the years ended December 31, 2002 and 2001.

Income Taxes

In February of 1999, the Company, with the consent of the Company's shareholders, elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of the Florida law, which provides that, in lieu of corporate income tax, the shareholders are taxed directly on their proportionate share of the Company's taxable income.

As of June 30, 2001, the Company, with the consent of the Company's shareholders, voluntarily revoked the previous election under Section 1362 as described above. The effective date of the revocation is July 1, 2001.

For the periods after the Section 1362 election was revoked, the Company utilizes the liability method to account for income tax expense and deferred income taxes. Deferred taxes would be recognized for any differences between the financial statement and income tax basis of assets and liabilities. The differences between the financial statement basis and the income tax basis relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax reporting purposes) and reserves recognized for financial reporting purposes.

Revenue and Cost Recognition

The Company's revenues consist of monthly fees for Internet provider services and related installation services, fees for sale of equipment and professional consulting fees for web site design. Revenue from providing Internet services and from the sale of equipment is recognized when the service is provided to the customer. Revenue from the design of web sites is recognized as the work progresses based on a percentage of the design's completion.

SYNERGY NETWORKS, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2002 and 2001

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2002</u>	<u>2001</u>
Network equipment	\$ 87,689	\$ 63,625
Leasehold improvements	8,114	8,114
Office machinery and equipment	<u>11,491</u>	<u>7,573</u>
	107,294	79,312
Less: accumulated depreciation	<u>(47,549)</u>	<u>(21,523)</u>
	<u>\$ 59,745</u>	<u>\$ 57,789</u>

NOTE 3 - LINE OF CREDIT AGREEMENT

The Company has a \$25,000 line of credit available to it from a financial institution. The line of credit requires monthly interest payments and is due on demand. The line of credit bears interest at the rate of the Wall Street Prime rate plus 1% and is guaranteed by four of the Company's shareholders. The balance outstanding on the line of credit is \$25,000 and \$ 0 as of December 31, 2002 and 2001, respectively.

NOTE 4 - INCOME TAXES

As disclosed in Note 1 the Company, with the consent of the Company's shareholders, had elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of Florida law. These tax regulations provide that, in lieu of corporate income tax, the shareholders are taxed directly on their proportionate share of the Company's taxable income. This election was in effect until June 30, 2001.

Effective July 1, 2001, the Company revoked this election and is now taxed as a corporate entity. For the period July 1, 2001 to December 31, 2001 the Company incurred a taxable loss of approximately \$63,500. For the year 2002, the Company had taxable income of approximately \$26,000 that was offset by the loss carryforward from 2001. The differences between the financial statement net loss and the amount reported for tax purposes are the accounts receivable reserve and certain expenses that are not deductible. The remaining carryforward of approximately \$37,500 expires in 2017.

For financial reporting purposes, the Company has not recognized a deferred tax asset associated with the loss carryforward.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 5 - RETIREMENT PLAN

The Company has established a Savings Incentive Match Plan for Employees (SIMPLE plan) as permitted under Internal Revenue Code Section 408(p). The Plan allows for a voluntary contribution from the electing employee of up to \$6,000. The Company can match the employee's voluntary contribution up to 3% of the employee's compensation. For the years 2002 and 2001, the Company elected to match 1% and 3% of the employee's salary, respectively. The total match for 2002 and 2001 was \$4,515 and \$11,867, respectively.

NOTE 6 - LEASES

The Company leases data communication equipment and lines, office space and computer equipment. All are classified as operating leases. Total equipment and office space lease expense for 2002 and 2001 was \$ 115,458 and \$119,510, respectively.

The future minimum lease payments under the noncancellable operating leases are as follows:

2003	\$ 59,239
2004	33,919
2005	10,250
2006	854
2007	-
	<u>\$104,262</u>

NOTE 7 - COMMITMENTS

The Company has a commitment with its four founding shareholders to buy their shares of the Company stock in the event of certain circumstances.

In the event of death or disability of any of the founding shareholders, the Company is required to purchase the shares owned by the founding shareholder(s) in accordance with the terms of this agreement. The agreement requires the shares to be purchased at a price of \$.50 per share for a total of \$4,650,000. At the option of the Company, the amount can be paid within a period of time after the event occurs or on an installment basis over a period of no more than 20 years. If the installment method is chosen the obligation would bear interest at a rate at least equal to the rate that would avoid any imputation of interest charges required by federal income tax regulations.

NOTE 7 - COMMITMENTS (Continued)

The Company also has the first right of refusal regarding the purchase of the founding shareholders stock if the any of the founding shareholders leave the Company. If the Company exercises this option, the share price, which is established by the agreement, is to be \$.25 per share if the termination is voluntary or \$.50 per share if the termination is involuntary and without cause.

The Company has entered into numerous contracts with telephone companies to provide local telephone lines needed by the Company's customers to connect to the Company's system and for the Company to connect to Internet backbone providers. These contracts require the telephone companies provide the telephone services for a period of time, usually 36 months, at a fixed fee. If a contract is cancelled prior to its expiration date, the Company could be liable for a cancellation charge.

This on-going commitment has been estimated at approximately \$40,000 a month for a 36-month period of time; the estimated average length of time remaining on the customer contracts.

The Company has also contracted with telecommunication companies to provide it with bandwidth and Internet access. These contracts expire at various times and require an on-going commitment of approximately \$17,000 per month. While some of these contracts expire within the coming twelve months, it is anticipated that the contracts will be renewed or replaced at a similar cost.

NOTE 8 - STOCK OPTION PLAN

The Company has allocated up to 15% of the Company's common stock (7,500,000 shares) to its Incentive Stock Option plan. The plan allows option awards to be given to employees at the discretion of the Board of Directors or a committee nominated by the Board. The employees eligible under the plan include officers and other key employees of the Company.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 8 - STOCK OPTION PLAN (Continued)

The Plan provides for the option awarded to the employee to vest at the rate of 20% per year. The exercise price of the shares awarded to the employees is determined by the Board but is not less than the market value of the shares at the date of the awards. For all options awarded up to December 31, 2002, the option price has been fixed at \$1.00 per share. There have not been any options exercised through December 31, 2002.

The following table presents the activity in the plan for the year:

	<u>2002</u>	<u>2001</u>
Options awarded as of December 31	48,850	16,900
Options awarded	21,500	36,850
Options forfeited	(14,600)	(4,900)
Options awarded as of December 31	<u>55,750</u>	<u>48,850</u>

The number of shares vested at December 31, 2002 is 10,920.

NOTE 9 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2001 financial statements in order for them to conform to the 2002 presentation. Such reclassifications had no effect on reported income.

SYNERGY NETWORKS, INC.

FINANCIAL STATEMENTS

December 31, 2001

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INDEPENDENT AUDITORS' REPORT

To the Stockholders
Synergy Networks, Inc.
Fort Myers, Florida

We have audited the accompanying balance sheet of Synergy Networks, Inc. (the "Company") as of December 31, 2001, and the related statements of operations and changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Synergy Networks, Inc. as of December 31, 2001 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.


Schultz, Chaipel & Co., L.L.P.
February 7, 2002

12660 World Plaza Lane
Fort Myers, Florida 33907
(941) 939-5333
Fax: (941) 939-4682
E-Mail: see@swflepa.com
Website: www.swflepa.com

SYNERGY NETWORKS, INC.
BALANCE SHEET
December 31, 2001

ASSETS

CURRENT ASSETS

Cash	\$ 255,584
Accounts receivable, net of an allowance for doubtful accounts of \$25,000	163,580
Prepaid expenses	<u>2,524</u>
Total current assets	421,688

PROPERTY AND EQUIPMENT, net	57,789
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OTHER ASSETS	<u>4,228</u>
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Total assets	<u>\$ 483,705</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Prepayments from customers	\$ 36,357
Accounts payable	56,203
Accrued liabilities	<u>39,059</u>
Total current liabilities	<u>131,619</u>

STOCKHOLDERS' EQUITY

Preferred stock, no stated par value, 10,000,000 shares authorized, none outstanding	-
Common stock, \$.01 par value; 50,000,000 shares authorized; 11,011,320 issued and outstanding	110,113
Additional paid-in capital	595,466
Accumulated deficit	<u>(353,493)</u>
	<u>352,086</u>

Total liabilities and stockholders' equity	<u>\$ 483,705</u>
--	-------------------

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2001

OPERATING REVENUES

Recurring	\$ 1,340,177
Non-Recurring	<u>392,922</u>
Total revenue	1,733,099

COSTS OF REVENUES

	<u>677,022</u>
Gross profit	<u>1,056,077</u>

OPERATING COSTS AND EXPENSES

Salaries and commissions	861,048
General and administrative	186,558
Equipment leases	69,809
Employee benefits	<u>79,900</u>
Total operating costs and expenses	<u>1,197,315</u>

Loss from operations	<u>(141,238)</u>
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OTHER INCOME (EXPENSE)

Interest income	4,179
Interest expense	<u>(1,215)</u>

Total other income (expense)	<u>2,964</u>
------------------------------	--------------

NET LOSS	\$ <u>(138,274)</u>
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The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2001

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>
	<u>Number</u>	<u>\$.01</u>	<u>Paid-in</u>	<u>Deficit</u>
	<u>of Shares</u>	<u>Par Value</u>	<u>Capital</u>	
BALANCES, January 1, 2001	9,910,188	\$ 99,102	\$ 236,993	\$ (215,219)
Issuance of stock	1,101,132	11,011	388,989	-
Cost of raising capital	-	-	(30,516)	-
Net loss	-	-	-	(138,274)
BALANCES, December 31, 2001	<u>11,011,320</u>	<u>\$ 110,113</u>	<u>\$ 595,466</u>	<u>\$ (353,493)</u>

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
 STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,648,984
Cash paid to employees and suppliers	(1,810,843)
Cash paid for interest expense	(1,214)
Cash received from interest earnings	4,178
NET CASH USED IN OPERATING ACTIVITIES	<u>(158,895)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	<u>(51,269)</u>
----------------------	-----------------

CASH FLOWS FROM FINANCING ACTIVITIES:

Issuance of common stock, net of \$30,516 in issuance costs	369,484
Repayment of shareholder loan	(30,000)
Repayment of other loans	(2,260)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>337,224</u>

Net increase in cash and cash equivalents	127,060
---	---------

CASH AND CASH EQUIVALENTS, January 1, 2001	<u>128,524</u>
---	----------------

CASH AND CASH EQUIVALENTS, December 31, 2001	<u>\$ 255,584</u>
---	-------------------

**RECONCILIATION OF NET LOSS FROM OPERATIONS TO
 NET CASH USED IN OPERATING ACTIVITIES:**

Net loss	\$ (138,274)
Adjustment to reconcile net loss to net cash used in operating activities:	
Provision for doubtful accounts	18,000
Depreciation	16,524
(Increase) in:	
Accounts receivable	(120,472)
Prepaid expenses	(2,524)
Other	(2,616)
Increase (decrease) in:	
Accounts payable	76,091
Accrued liabilities	(5,624)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (158,895)</u>

The accompanying notes are an integral part of these financial statements.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Synergy Networks, Inc. (the "Company") was incorporated in the state of Florida on February 8, 1999. The Company provides business Internet and Data Communications, Web Design, Web Hosting and E-commerce services to companies throughout the state of Florida. The Company's data center and head office are located in Fort Myers, Florida with network facilities and branch offices in Melbourne, Sarasota, and Fort Lauderdale, Florida.

Summary of Significant Accounting Policies

Property and Equipment

Property and equipment are stated at cost and depreciated using accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated lives or the term of the lease. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Concentration

The Company maintains its cash balances with two financial institutions. Accounts are insured by the FDIC up to \$100,000 at each institution.

Cash Balances

For the purposes of the cash flow statement, the Company has defined cash balances as amounts on hand or subject to immediate withdrawal.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies, (Continued)

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The Company had no direct-response advertising during the year ended December 31, 2001.

Income Taxes

In February of 1999, the Company, with the consent of the Company's shareholders, elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of the Florida law, which provides that, in lieu of corporate income tax, the shareholders are taxed directly on their proportionate share of the Company's taxable income.

As of June 30, 2001, the Company, with the consent of the Company's shareholders, voluntarily revoked the previous election under Section 1362 as described above. The effective date of the revocation is July 1, 2001.

The Company utilizes the liability method to account for income tax expense and deferred income taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and reserves recognized for financial reporting purposes.

Revenue and Cost Recognition

The Company's revenues consist of monthly fees for Internet provider services and related installation services, fees for sale of equipment and professional consulting fees for web site design. Revenue from providing Internet services and from the sale of equipment is recognized when the service is provided to the customer. Revenue from the design of web sites is recognized as the work progresses based on a percentage of the design's completion.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2001:

Network equipment	\$ 63,625
Leasehold improvements	8,114
Office machinery and equipment	<u>7,573</u>
	79,312
Less: accumulated depreciation	<u>(21,523)</u>
	<u>\$ 57,789</u>

NOTE 3 - INCOME TAXES

As disclosed in Note 1 the Company, with the consent of the Company's shareholders, had elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of Florida law. These tax regulations provide that, in lieu of corporate income tax, the shareholders are taxed directly on their proportionate share of the Company's taxable income. For the current year, this election was in effect until June 30, 2001.

Effective July 1, 2001, the Company revoked this election and will now be taxed as a corporate entity. For the period July 1, 2001 to December 31, 2001 incurred a taxable loss of approximately \$48,000 which will be available to offset future taxable income.

For financial reporting purposes, the Company has not recognized a deferred tax asset associated with the loss carryforward.

NOTE 5 - RETIREMENT PLAN

The Company has established a Savings Incentive Match Plan for Employees (SIMPLE plan) as permitted under Internal Revenue Code Section 408(p). The Plan allows for a voluntary contribution from the electing employee of up to \$6,000. The Company can match the employee's voluntary contribution up to 3% of the employee's compensation. For the year 2001 the Company elected to match 3% of the employee's salary. The total match for 2001 was \$11,867.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 6 - LEASES

The Company leases data communication equipment and lines, office space and computer equipment. All are classified as operating leases. Total equipment and office space lease expense for 2001 was \$119,510.

The future minimum lease payments under the noncancellable operating leases are as follows (in thousands):

2002	\$ 75,251
2003	57,738
2004	33,919
2005	10,250
2006	<u>854</u>
	<u>\$178,012</u>

NOTE 7 - COMMITMENTS

The Company has a commitment with its four founding shareholders to buy their shares of the Company stock in the event of certain circumstances.

In the event of death or disability of any of the founding shareholders, the Company is required to purchase the shares owned by the founding shareholder(s) in accordance with the terms of this agreement. The agreement requires the shares to be purchased at a price of \$.50 per share for a total of \$4,650,000. At the option of the company, the amount can be paid within a period of time after the event occurs or on an installment basis over a period of no more than 20 years. If the installment method is chosen the obligation would bear interest at a rate at least equal to the rate that would avoid any imputation of interest charges required by federal income tax the regulations.

The Company also has the first right of refusal regarding the purchase of the founding shareholders stock if the any of the founding shareholders leave the Company. If the Company exercises this option, the share price, which is established by the agreement, is to be \$.25 per share if the termination is voluntary or \$.50 per share if the termination is involuntary and without cause.

The Company has a \$25,000 line of credit available to it from a financial institution. The line of credit requires monthly interest payments and is due on demand. The line of credit bears interest at the rate of the Wall Street Prime rate + 1% and is guaranteed by four of the Company's shareholders. The Company did not have a balance outstanding on the line of credit as of December 31, 2001.

SYNERGY NETWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 7 - COMMITMENTS (Continued)

The Company has entered into numerous contracts with telephone companies to provide local telephone lines needed by the Company's customers to connect to the Company's system and for the company to connect to Internet backbone providers. These contracts require the telephone companies to provide the telephone services for a period of time, usually 36 months, at a fixed fee. If a contract is cancelled prior to its expiration date, the Company could be liable for a cancellation charge.

This on-going commitment has been estimated at approximately \$50,000 a month for a 24 month period of time; the estimated average length of time remaining on the customer contracts.

The Company has also contracted with telecommunication companies to provide it with bandwidth and Internet access. These contracts expire at various times and require an on-going commitment of approximately \$5,000 per month. While some of these contracts expire within the coming twelve months, it is anticipated that the contracts will be renewed or replaced at a similar cost.

NOTE 8 - STOCK OPTION PLAN

The Company has allocated up to 15% of the Company's common stock (7,500,000 shares) to its Incentive Stock Option plan. The plan allows option awards to be given to employees at the discretion of the Board of Directors or a committee nominated by the Board. The employees eligible under the plan include officers and other key employees of the Company. The Plan provides for the option awarded to the employee to vest at the rate of 20% per year. The exercise price of the shares awarded to the employees is determined by the Board but is not less than the market value of the shares at the date of the awards. For all options awarded up to December 31, 2001, the option price has been fixed at \$1.00 per share. There have not been any options exercised through December 31, 2001.

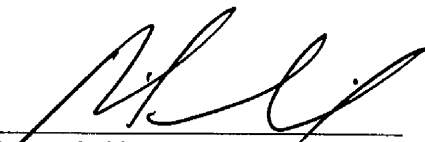
The following table presents the activity in the plan for the year 2001:

Options awarded as of December 31, 2000	\$16,900
Options awarded in 2001	36,850
Options forfeited in 2001	<u>(4,900)</u>
Options awarded as of December 31, 2001	<u>\$48,850</u>

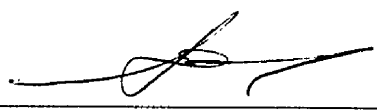
The number of shares vested at December 31, 2001 is 1,940.

SYNERGY NETWORKS INC.
BALANCE SHEET AND STATEMENT OF OPERATIONS
(Unaudited, Company Prepared)

As of December 31, 1999 and December 31, 2000
and the period January 1, 2000 to December 31, 2000



Peter Seif, President



Kenneth R. Boyd, VP Finance

**SYNERGY NETWORKS INC.
BALANCE SHEET**

	December 31, 1999	December 31, 2000
ASSETS		
CURRENT ASSETS		
Cash	\$ 51,550	\$ 128,275
Accounts Receivable	<u>1,348</u>	<u>68,108</u>
Total Current Assets	52,898	196,383
FIXED ASSETS	5,484	22,185
OTHER ASSETS	2,470	2,470
TOTAL ASSETS	\$ 60,852	\$ 221,038
 LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 29,346	\$ 16,469
Other Current Liabilities	<u>878</u>	<u>55,862</u>
Total Current Liabilities	30,224	72,331
LONG TERM LIABILITIES	70,000	2,261
TOTAL LIABILITIES	100,224	74,592
 STOCKHOLDERS EQUITY		
Common Stock	31,000	336,094
Accumulated Deficit	<u>(70,372)</u>	<u>(189,648)</u>
	(39,372)	146,446
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 60,852	\$ 221,038

**SYNERGY NETWORKS INC.
STATEMENT OF OPERATIONS**

January 1, 2000 to
December 31, 2000

REVENUES	
Internet Services	\$ 270,110
Broadband and Networking	234,659
Web Hosting & Design	<u>227,243</u>
Total Revenues	732,012
COST OF SALES	
Network Expenses	113,140
Equipment	102,653
Software/Website Development	<u>21,809</u>
Total Cost of Sales	237,602
GROSS PROFIT	494,410
SALES AND GENERAL ADMINISTRATIVE EXPENSES	
Salaries and Commissions	414,638
Advertising and Promotion	36,712
Insurance	36,942
Rent	21,624
Professional Fees	11,332
Other	<u>32,231</u>
Loss before Interest, Depreciation, Amortization and Equipment Leases	(59,069)
NON-OPERATING EXPENSES	
Equipment Leases	50,841
Interest Expense	4,652
Depreciation and Amortization	<u>4,714</u>
Total Non-Operating Expenses	60,207
NET LOSS	\$ (119,276)

Projected 2003 INTERNAL OPERATING BUDGET

SYNERGY NETWORKS

Primary: Peter Seif
Secondary: Ken Boyd

Account	Account Title	January	February	March	April	May	June	July	August	September	October	November	December	YTD
SALES														
50100	Fort Myers / Naples	\$212,220	\$217,336	\$222,349	\$236,217	\$252,148	\$261,145	\$269,962	\$278,602	\$287,070	\$295,369	\$303,502	\$311,472	\$3,147,391
50200	Melbourne	\$3,353	\$4,433	\$8,844	\$10,962	\$16,391	\$19,505	\$22,558	\$28,902	\$32,914	\$36,845	\$40,698	\$44,474	\$269,879
50300	Sarasota	\$0	\$2,235	\$5,190	\$8,851	\$14,322	\$20,831	\$25,004	\$29,094	\$33,102	\$37,030	\$40,879	\$44,652	\$261,190
50400	Pensacola	\$0	\$0	\$0	\$0	\$0	\$0	\$2,235	\$5,190	\$8,851	\$17,674	\$21,911	\$26,063	\$81,925
50410	Ocala	\$0	\$0	\$0	\$0	\$0	\$0	\$2,235	\$5,190	\$8,851	\$17,674	\$21,911	\$26,063	\$81,925
50450	New Market	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50500	New Market	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$215,573	\$224,004	\$236,383	\$256,031	\$282,860	\$301,480	\$321,993	\$346,979	\$370,789	\$404,593	\$428,901	\$452,723	\$3,842,310
COST OF SERVICES														
60100	UUNet / Williams	\$6,100	\$6,100	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$90,200
60200	CLEC	\$10,000	\$10,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$140,000
60300	Frame Relay	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$50,000
60400	BRI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60450	Local Loop	\$55,897	\$57,976	\$60,565	\$63,984	\$68,658	\$73,569	\$78,823	\$84,744	\$90,987	\$98,428	\$105,720	\$112,867	\$952,218
60500	Equipment Costs	\$7,313	\$7,688	\$8,625	\$10,688	\$13,500	\$14,063	\$14,813	\$16,125	\$16,875	\$19,125	\$19,125	\$19,125	\$167,063
62314	Network Intercompany	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$62,000
	Subtotal	\$86,309	\$88,764	\$95,998	\$101,472	\$108,958	\$118,432	\$124,436	\$131,669	\$138,662	\$148,353	\$155,645	\$162,792	\$1,461,480
OTHER REVENUE														
50950	Other Revenue													\$0
EXPENSES														
80005	Accounting & Audit Fees	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
80016	Advertising - Internet Media	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80019	Advertising - Print & Voice Media	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
80025	Advertising - Promotions	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
80070	Billing Costs - Payroll	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
80100	Computer Exp - Lease	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
80103	Computer Exp - Lease Apple	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
80106	Internet Equip Lease WAN & Servers	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
80140	Contract Labor	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80180	Dues & Subscriptions	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$2,640
80220	Freight & Fedex	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
80230	Insurance	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$1,100	\$9,200
80250	Legal	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80260	Meals & Entertainment	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
80300	Monitoring Expense	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$960
80315	Network Supplies	\$200	\$200	\$200	\$200	\$200	\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$3,000
80330	Office Supplies	\$500	\$500	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$10,000
80340	Postage	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80360	Rent - Buildings	\$6,000	\$6,000	\$6,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$99,000
80363	Rent-Equipment	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
80381	Salaries - Base	\$61,750	\$69,250	\$78,080	\$85,580	\$96,160	\$116,823	\$124,823	\$128,903	\$132,903	\$136,903	\$138,903	\$142,233	\$1,312,313
80382	Salaries - Benefits & Taxes	\$12,350	\$13,850	\$15,616	\$17,116	\$19,232	\$23,365	\$24,965	\$25,781	\$26,581	\$27,381	\$27,781	\$28,447	\$262,463
80384	Salaries - Comm & Bridges	\$6,160	\$9,660	\$22,526	\$16,026	\$18,301	\$32,668	\$26,668	\$27,668	\$39,668	\$31,668	\$31,668	\$31,668	\$42,034
80433	Taxes - Other	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$9,000
80435	Taxes - Property	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
80440	Telephone	\$975	\$1,200	\$1,425	\$1,650	\$2,025	\$2,325	\$2,625	\$2,775	\$2,925	\$3,075	\$3,150	\$3,225	\$27,375
80450	Travel	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
80455	Uncollectables													\$0
80460	Trade Shows	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$2,000	\$0	\$0	\$2,000	\$0	\$6,000
89999	Workers Comp	\$754	\$928	\$1,102	\$1,276	\$1,566	\$1,798	\$2,030	\$2,146	\$2,262	\$2,378	\$2,436	\$2,494	\$21,170
	Subtotal	\$106,089	\$118,988	\$142,849	\$150,748	\$164,884	\$204,879	\$208,811	\$216,973	\$232,039	\$229,105	\$234,038	\$246,533	\$2,255,635
OPERATING CASH FLOW (Revenue - Expenses)														
		\$23,174	\$16,252	-\$2,456	\$3,811	\$9,018	-\$21,530	-\$11,253	-\$1,663	\$89	\$27,136	\$39,218	\$43,398	\$125,195
ANALYSIS														
# of Heads		13	16	19	22	27	31	33	37	39	41	42	43	43
Total Loaded Payroll		\$80,260	\$92,760	\$116,222	\$118,722	\$133,693	\$172,856	\$176,456	\$182,352	\$199,152	\$195,952	\$198,352	\$212,714	\$1,879,490
Average Payroll per Head		\$6,174	\$5,798	\$6,117	\$5,396	\$4,952	\$5,576	\$5,042	\$4,928	\$5,106	\$4,779	\$4,723	\$4,947	\$63,538
Total Expense		\$25,829	\$26,228	\$26,627	\$32,026	\$31,191	\$31,723	\$32,355	\$34,621	\$32,887	\$33,153	\$35,686	\$33,819	\$376,145
Average Expense per Head		\$1,987	\$1,639	\$1,401	\$1,456	\$1,155	\$1,023	\$924	\$936	\$843	\$809	\$850	\$786	\$8,748

3 Year Projected INTERNAL OPERATING BUDGET

SYNERGY NETWORKS

Primary: Peter Seif

Secondary: Ken Boyd

Account	Account Title	2003	2004	2005
SALES				
50100	Fort Myers / Naples	\$3,147,391	\$4,304,363	\$5,191,252
50200	Melbourne / Ft Lauderdale	\$269,879	\$1,016,173	\$1,632,997
50300	Sarasota	\$261,190	\$1,018,044	\$1,688,211
50400	Pensacola	\$81,925	\$821,951	\$1,473,831
50410	Ocala	\$81,925	\$821,951	\$1,534,334
50450	New Market	\$0	\$327,294	\$1,072,160
50500	New Market	\$0	\$327,294	\$1,072,160
	Subtotal	\$3,842,310	\$8,637,068	\$13,664,943
COST OF SERVICES				
60100	IUNet / Williams	\$90,200	\$144,000	\$276,000
60200	CLEC	\$140,000	\$168,000	\$192,000
60300	Frame Relay	\$50,000	\$81,000	\$124,000
60400	BRJ	\$0	\$0	\$0
60450	Local Loop	\$952,218	\$2,196,200	\$3,052,702
62310	Equipment Costs	\$167,063	\$329,100	\$364,500
62314	Network Intercompany	\$62,000	\$124,000	\$192,000
	Subtotal	\$1,461,480	\$3,042,300	\$4,201,202
OTHER REVENUE				
50950	Other Revenue			
EXPENSES				
80005	Accounting & Audit Fees	\$12,000	\$18,000	\$24,000
80016	Advertising - Internet Media	\$6,000	\$24,000	\$36,000
80019	Advertising - Print & Voice Media	\$24,000	\$60,000	\$84,000
80025	Advertising - Promotions	\$12,000	\$36,000	\$48,000
80070	Billing Costs - Payroll	\$1,800	\$2,400	\$6,000
80100	Computer Exp - Lease	\$7,200	\$13,200	\$15,600
80103	Computer Exp - Lease Apple	\$0	\$0	\$0
80106	Internet Equip Lease WAN & Servers	\$42,000	\$60,000	\$84,000
80140	Contract Labor	\$6,000	\$12,000	\$48,000
80180	Dues & Subscriptions	\$2,640	\$3,000	\$6,000
80220	Freight & Fedex	\$600	\$1,200	\$3,600
80230	Insurance	\$9,200	\$14,000	\$30,000
80250	Legal	\$6,000	\$12,528	\$18,000
80260	Meals & Entertainment	\$36,000	\$72,000	\$120,000
80300	Monitoring Expense	\$960	\$1,200	\$2,400
80315	Network Supplies	\$3,000	\$8,400	\$14,400
80330	Office Supplies	\$10,000	\$30,000	\$42,000
80340	Postage	\$6,000	\$7,200	\$9,600
80360	Rent - Buildings	\$99,000	\$180,000	\$240,000
80363	Rent-Equipment	\$1,200	\$3,000	\$6,000
80381	Salaries - Base	\$1,312,313	\$2,827,715	\$4,138,384
80382	Salaries - Benefits & Taxes	\$262,463	\$602,043	\$998,769
80384	Salaries - Comm & Brides	\$304,713	\$825,998	\$1,366,964
80433	Taxes - Other	\$9,000	\$12,000	\$24,000
80435	Taxes - Property	\$3,000	\$6,000	\$12,000
80440	Telephone	\$27,375	\$60,450	\$74,325
80450	Travel	\$24,000	\$60,000	\$113,000
80455	Uncollectibles	\$0	\$0	\$0
80460	Trade Shows	\$6,000	\$6,000	\$24,000
89999	Workers Comp	\$21,170	\$46,748	\$57,478
	Subtotal	\$2,255,635	\$5,005,082	\$7,646,821
OPERATING CASH FLOW		\$125,195	\$298,428	\$1,817,221
<i>(Revenue - Expenses)</i>				
ANALYSIS				
	# of Heads	43	70	83
	Total Loaded Payroll	\$1,879,490	\$4,255,756	\$6,504,118
	Average Payroll per Head	\$63,538	\$60,797	\$78,363
	Total Expense	\$376,145	\$749,326	\$1,142,403
	Average Expense per Head	\$8,748	\$10,705	\$13,764

Projected 2004 INTERNAL OPERATING BUDGET

SYNERGY NETWORKS

Primary: Peter Seif
Secondary: Ken Boyd

Account	Account Title	January	February	March	April	May	June	July	August	September	October	November	December	YTD
SALES														
50100	Fort Myers / Naples	\$319,282	\$326,937	\$334,438	\$341,789	\$348,993	\$356,053	\$362,972	\$369,753	\$376,398	\$382,910	\$389,292	\$395,546	\$4,304,363
50200	Melbourne	\$54,880	\$60,667	\$66,339	\$71,897	\$77,344	\$82,682	\$87,914	\$93,040	\$98,065	\$102,988	\$107,814	\$112,542	\$1,016,173
50300	Sarasota	\$55,054	\$60,838	\$66,506	\$72,061	\$77,505	\$82,839	\$88,068	\$93,191	\$98,212	\$103,133	\$107,956	\$112,681	\$1,018,044
50400	Pensacola	\$36,837	\$42,985	\$49,010	\$54,915	\$60,702	\$66,373	\$71,930	\$77,376	\$82,714	\$87,945	\$93,071	\$98,094	\$821,951
50410	Ocala	\$36,837	\$42,985	\$49,010	\$54,915	\$60,702	\$66,373	\$71,930	\$77,376	\$82,714	\$87,945	\$93,071	\$98,094	\$821,951
50450	New Market	\$1,788	\$5,046	\$10,945	\$18,256	\$22,481	\$26,622	\$30,679	\$34,656	\$38,553	\$42,371	\$46,114	\$49,782	\$327,294
50500	New Market	\$1,788	\$5,046	\$10,945	\$18,256	\$22,481	\$26,622	\$30,679	\$34,656	\$38,553	\$42,371	\$46,114	\$49,782	\$327,294
	Subtotal	\$506,465	\$544,504	\$587,193	\$632,090	\$647,727	\$680,942	\$713,493	\$745,393	\$776,655	\$807,292	\$837,316	\$866,740	\$8,637,068
COST OF SERVICES														
60100	UUNet / Williams	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$144,000
60200	CLEC	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$168,000
60300	Frame Relay	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$81,000
60400	BRJ													\$0
60450	Local Loop	\$122,869	\$133,201	\$144,208	\$155,877	\$167,312	\$178,519	\$189,502	\$200,265	\$210,812	\$221,149	\$231,279	\$241,207	\$2,196,200
60500	Equipment Costs	\$24,225	\$25,125	\$26,625	\$28,125	\$28,125	\$28,125	\$28,125	\$28,125	\$28,125	\$28,125	\$28,125	\$28,125	\$329,100
62314	Network Intercompany	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$124,000
	Subtotal	\$184,094	\$195,326	\$207,833	\$221,002	\$232,437	\$250,644	\$265,627	\$276,390	\$286,937	\$297,274	\$307,404	\$317,332	\$3,042,300
OTHER REVENUE														
50950	Other Revenue													\$0
EXPENSES														
80005	Accounting & Audit Fees	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
80016	Advertising - Internet Media	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
80019	Advertising - Print & Voice Media	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
80025	Advertising - Promotions	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
80070	Billing Costs - Payroll	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
80100	Computer Exp - Lease	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
80103	Computer Exp - Lease Apple	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
80106	Internet Equip Lease WAN & Servers	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
80140	Contract Labor	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
80180	Dues & Subscriptions	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
80220	Freight & Fedex	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
80230	Insurance	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$14,000
80250	Legal	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044	\$12,528
80260	Meals & Entertainment	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
80300	Monitoring Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
80315	Network Supplies	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$8,400
80330	Office Supplies	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
80340	Postage	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
80360	Rent - Buildings	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$180,000
80363	Rent-Equipment	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
80381	Salaries - Base	\$225,561	\$225,561	\$225,561	\$228,818	\$228,818	\$228,818	\$228,432	\$241,732	\$241,732	\$241,732	\$241,732	\$244,020	\$2,827,715
80382	Salaries - Benefits & Taxes	\$48,154	\$48,154	\$48,154	\$48,805	\$48,805	\$48,805	\$50,728	\$51,388	\$51,388	\$51,388	\$51,388	\$51,388	\$602,043
80384	Salaries - Comm & Bridges	\$51,305	\$51,305	\$51,305	\$51,664	\$51,664	\$51,664	\$52,396	\$52,726	\$52,726	\$52,726	\$52,726	\$52,726	\$633,998
80433	Taxes - Other	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
80435	Taxes - Property	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80440	Telephone	\$4,800	\$4,800	\$4,800	\$4,875	\$4,875	\$5,100	\$5,175	\$5,175	\$5,175	\$5,175	\$5,250	\$5,250	\$60,450
80450	Travel	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
80455	Uncollectable													
80460	Trade Shows	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$6,000
89999	Workers Comp	\$3,712	\$3,712	\$3,712	\$3,770	\$3,770	\$3,944	\$4,002	\$4,002	\$4,002	\$4,002	\$4,060	\$4,060	\$46,748
	Subtotal	\$386,476	\$386,476	\$436,476	\$392,876	\$390,876	\$453,544	\$407,967	\$409,967	\$457,967	\$407,967	\$411,246	\$463,246	\$5,005,082
OPERATING CASH FLOW														
(Revenue - Expenses)														
		-\$64,105	-\$37,298	-\$57,115	\$18,212	\$24,414	-\$23,246	\$39,899	\$59,037	\$31,751	\$102,051	\$118,667	\$86,163	\$298,428
ANALYSIS														
# of Heads		64	64	64	65	65	68	69	69	69	69	70	70	70
Total Loaded Payroll		\$325,020	\$325,020	\$325,020	\$329,287	\$329,287	\$391,556	\$345,846	\$345,846	\$395,846	\$345,846	\$348,592	\$398,592	\$4,255,756
Average Payroll per Head		\$5,078	\$5,078	\$5,078	\$5,066	\$5,066	\$5,758	\$5,012	\$5,012	\$5,737	\$5,012	\$5,012	\$5,694	\$60,797
Total Expense		\$61,456	\$61,456	\$61,456	\$63,589	\$61,589	\$61,988	\$62,121	\$64,121	\$62,121	\$62,121	\$62,121	\$62,654	\$749,326
Average Expense per Head		\$960	\$960	\$960	\$978	\$948	\$912	\$900	\$929	\$900	\$900	\$895	\$924	\$10,705

Projected 2005 INTERNAL OPERATING BUDGET

SYNERGY NETWORKS

Primary: Peter Seif
Secondary: Ken Boyd

Account	Account Title	January	February	March	April	May	June	July	August	September	October	November	December	YTD
SALES														
50100	Fel Myers / Naples	\$401,675	\$407,681	\$413,568	\$419,336	\$424,990	\$430,530	\$435,959	\$441,280	\$446,495	\$451,605	\$456,613	\$461,520	\$5,191,252
50200	Melbourne	\$112,542	\$117,176	\$121,718	\$126,169	\$130,530	\$134,805	\$138,994	\$143,099	\$147,122	\$151,064	\$154,831	\$158,429	\$1,632,997
50300	Sarasota	\$117,313	\$121,852	\$126,300	\$130,659	\$134,930	\$139,117	\$143,219	\$147,240	\$151,180	\$155,042	\$158,826	\$162,534	\$1,688,211
50400	Pensacola	\$103,017	\$107,842	\$112,666	\$117,491	\$122,316	\$127,141	\$131,966	\$136,791	\$141,616	\$146,441	\$151,266	\$156,091	\$1,614,177
50410	Ocala	\$103,017	\$107,842	\$112,666	\$117,491	\$122,316	\$127,141	\$131,966	\$136,791	\$141,616	\$146,441	\$151,266	\$156,091	\$1,614,177
50450	New Market	\$60,081	\$65,765	\$71,449	\$77,133	\$82,817	\$88,501	\$94,185	\$99,869	\$105,553	\$111,237	\$116,921	\$122,605	\$1,283,052
50500	New Market	\$60,081	\$65,765	\$71,449	\$77,133	\$82,817	\$88,501	\$94,185	\$99,869	\$105,553	\$111,237	\$116,921	\$122,605	\$1,283,052
	Subtotal	\$957,727	\$993,923	\$1,022,779	\$1,057,674	\$1,091,870	\$1,125,383	\$1,158,225	\$1,190,411	\$1,221,952	\$1,252,863	\$1,279,292	\$1,312,843	\$13,664,943
COST OF SERVICES														
60100	UNet / Williams	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$276,000
60200	CLEC	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$192,000
60300	Frame Relay	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$124,000
60400	BRI													\$0
60450	Local Loop	\$209,057	\$218,106	\$225,320	\$234,043	\$242,593	\$250,971	\$259,181	\$267,228	\$275,113	\$282,841	\$290,414	\$297,836	\$3,052,702
60500	Equipment Costs	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$30,375	\$364,500
62314	Network Intercompany	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$192,000
	Subtotal	\$299,432	\$308,481	\$315,695	\$324,418	\$332,968	\$345,346	\$359,556	\$367,603	\$375,488	\$383,216	\$390,789	\$398,211	\$4,201,202
OTHER REVENUE														
50950	Other Revenue													\$0
EXPENSES														
80005	Accounting & Audit Fees	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
80016	Advertising - Internet Media	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$36,000
80019	Advertising - Print & Voice Media	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$84,000
80025	Advertising - Promotions	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
80070	Billing Costs - Payroll	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80100	Computer Exp - Lease	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$15,600
80103	Computer Exp - Lease Apple	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
80106	Internet Equip Lease WAN & Servers	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$84,000
80140	Contract Labor	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
80180	Dues & Subscriptions	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
80220	Freight & Fedex	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
80230	Insurance	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
80250	Legal	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
80260	Meals & Entertainment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
80300	Monitoring Expense	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
80315	Network Supplies	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$14,400
80330	Office Supplies	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
80340	Postage	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600
80360	Rent - Buildings	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$240,000
80363	Rent - Equipment	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
80381	Salaries - Base	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$342,970	\$4,115,644
80382	Salaries - Benefits & Taxes	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$85,742	\$1,028,904
80384	Salaries - Comm & Bndees	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$87,247	\$1,047,388
80433	Taxes - Other	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
80435	Taxes - Property	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
80440	Telephone	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$6,150	\$73,800
80450	Travel	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
80455	Uncollectable													\$0
80460	Trade Shows	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
89999	Workers Comp	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$4,756	\$57,072
	Subtotal	\$611,665	\$611,665	\$691,665	\$611,665	\$611,665	\$660,034	\$615,860	\$615,860	\$695,860	\$615,860	\$615,860	\$688,860	\$7,646,521
OPERATING CASH FLOW (Revenue - Expenses)		\$46,631	\$73,777	\$15,420	\$121,590	\$147,238	\$120,004	\$182,808	\$206,948	\$150,604	\$253,787	\$272,643	\$225,772	\$1,817,221
ANALYSIS														
# of Heads	82	82	82	82	82	82	83	83	83	83	83	83	83	83
Total Loaded Payroll	\$515,959	\$515,959	\$595,959	\$515,959	\$515,959	\$515,959	\$564,195	\$520,021	\$520,021	\$600,021	\$520,021	\$520,021	\$600,021	\$6,504,118
Average Payroll per Head	\$6,292	\$6,292	\$7,268	\$6,292	\$6,292	\$6,292	\$6,798	\$6,265	\$6,265	\$7,229	\$6,265	\$6,265	\$7,229	\$78,363
Total Expense	\$95,706	\$95,706	\$95,706	\$95,706	\$95,706	\$95,706	\$95,839	\$95,839	\$95,839	\$95,839	\$95,839	\$95,839	\$95,839	\$1,142,403
Average Expense per Head	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,155	\$1,155	\$1,155	\$1,155	\$1,155	\$1,155	\$1,155	\$13,764


THIS PAGE MUST BE COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

- 1. REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
- 2. APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Peter Seif
Print Name


Signature

President
Title

9-2-03
Date

(239) - 790 - 7000
Telephone No.

(239) 790 - 7004
Fax No.

Address: 2075 West First St
Suite 200
Fort Myers, FL 33901

THIS PAGE MUST BE COMPLETED AND SIGNED


AFFIDAVIT

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

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

UTILITY OFFICIAL:

Peter Seif
Print Name


Signature

President
Title

9-2-03
Date

239-790-7000
Telephone No.

239-790-7004
Fax No.

Address: 2075 West First St
Suite 200
Fort Myers, FL 33901

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. POP: Addresses where located, and indicate if owned or leased.

- | | | |
|---|---|-------------|
| 1) <u>2075 West First St</u>
<u>Suite 200</u>
<u>Font Myers, FL 33901</u> | 2) <u>6981 Curtiss Ave</u>
<u>Suite 5</u>
<u>Sarasota, FL 34231</u> | (All Owned) |
| 3) <u>1600 SAUND Rd</u>
<u>Suite 111</u>
<u>Melbourne FL 32935</u> | 4) <u>8000 Peters Rd</u>
<u>A-200</u>
<u>Plantation, FL 33324</u> | |

2. SWITCHES: Address where located, by type of switch, and indicate if owned or leased.

- | | |
|----------|----------|
| 1) _____ | 2) _____ |
| _____ | _____ |
| 3) _____ | 4) _____ |
| _____ | _____ |

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) <u>FT Myers → Sarasota</u>	<u>leased</u>
2) <u>FT Myers → Melbourne</u>	<u>leased</u>
3) <u>FT Myers → Plantation</u>	<u>leased</u>
4) _____	_____

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____
(Title) _____ of (Name of Company)

and current holder of Florida Public Service Commission Certificate Number # _____
_____, have reviewed this application and join in the petitioner's request for a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address: _____

