

ORIGINAL

DISTRIBUTION CENTER

** FLORIDA PUBLIC SERVICE COMMISSION ** 02 DEC 26 AM 10:02

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

021247-TI

Instructions

- ◆ This form is used as an application for an original certificate and for approval of 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 16).
- ◆ 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 Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another company.

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

**Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480**

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

Initials of person who forwarded check:

JBM

DOCUMENT NUMBER-DATE

13679 DEC 16 88

FPSC-COMMISSION CLERK

ORIGINAL

021247-TP

1. This is an application for (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:

HOSTING-NETWORK, INC.

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

HOSTING-NETWORK, INC.

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

1516 JACKSON STREET

FORT MYERS FLORIDA 33901

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

1516 JACKSON STREET

FORT MYERS FLORIDA 33901 6.

Select type of business your company will be conducting (check all that apply):

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

DOCUMENT NUMBER-DATE

13679 DEC 16 88

COMMISSION CLERK

- () **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- () **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- () **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- () **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- () **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization:

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

8. **If individual**, provide:

Name: _____
Title: _____
Address: _____
City/State/Zip: _____

Telephone No.: _____ Fax No.: _____
Internet E-Mail Address: _____
Internet Website Address: _____

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

(a) **The Florida Secretary of State Corporate Registration number:**
P01000022155

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

(a) **The Florida Secretary of State Corporate Registration number:**

11. **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:**

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

(a) **The Florida Secretary of State registration number:** _____

13. **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: _____

14. **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:** _____

15. Provide **F.E.I. Number** (if applicable): 651078713

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
() Yes () No

(b) If not, who will bill for your services?

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

(c) How is this information provided?

HOSTING-NETWORK, INC.

17. Who will receive the bills for your service?

- Residential Customers Business Customers
 PATs providers PATs station end-users
 Hotels & motels Hotel & motel guests
 Universities Universities dormitory residents
 Other: (specify) _____.

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

(a) The application:

Name: TRAVIS JOHNSON

Title: CTO

Address: 1516 JACKSON STREET

City/State/Zip: FORT MYERS FLORIDA 33901

Telephone No.: 239-622-1111 **Fax No.:** 239-622-0002

Internet E-Mail Address: TRAVIS@HOSTING-NETWORK.COM

Internet Website Address: _____

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

Name: TRAVIS JOHNSON

Title: CTO

Address: 1516 JACKSON STREET

City/State/Zip: FORT MYERS FLORIDA 33901

Telephone No.: 239-622-1111 Fax No.: 239-622-0002

Internet E-Mail Address: TRAVIS@HOSTING-NETWORK.COM

Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: BONNIE JOHNSON

Title: CUSTOMER SERVICE MANAGER

Address: 1516 JACKSON STREET

City/State/Zip: FORT MYERS FLORIDA 33901

Telephone No.: 239-622-5555 Fax No.: 239-622-0002

Internet E-Mail Address: BONNIE@HOSTING-NETWORK.COM

Internet Website Address: _____

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

(b) has applications pending to be certificated as an interexchange telecommunications company.

(c) is certificated to operate as an interexchange telecommunications company.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

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

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

20. 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. If so, please explain.

(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.

21. The applicant will provide the following interexchange carrier services \checkmark (check all that apply):

a. **MTS with distance sensitive per minute rates**

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

b. **MTS with route specific rates per minute**

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

c. **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

d. **MTS for pay telephone service providers**

e. **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. **800 service (toll free)**

g. **WATS type service (bulk or volume discount)**

- Method of access is via dedicated facilities
- Method of access is via switched facilities

h. **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

i. **Travel service**

- Method of access is 950
- Method of access is 800

j. **900 service**

k. **Operator services**

- Available to presubscribed customers
- Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
- Available to inmates

1. **Services included are:**

- Station assistance
- Person-to-person assistance
- Directory assistance
- Operator verify and interrupt
- Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

23. 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; COMPANY IS CERTIFIED AS ALEC
PLEASE CONSULT ALEC CERTIFICATE FOR RESUMES' FILED
CERT NUMBER: TX571 - 01-0-R

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:

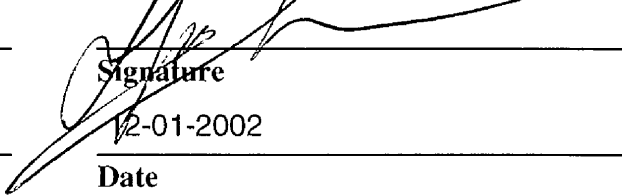
1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation**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

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 its 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. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

TRAVIS JOHNSON		
_____	_____	
Print Name	Signature	
CTO	12-01-2002	
_____	_____	
Title	Date	
239-622-1111	239-622-0002	
_____	_____	_____
Telephone No.	Fax No.	

Address: 1516 JACKSON STREET FORT MYERS FLORIDA 33901

THIS PAGE MUST BE COMPLETED AND SIGNED

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please check one):

- The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.

- The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.
(The bond must accompany the application.)

UTILITY OFFICIAL:

TRAVIS JOHNSON

Print Name

CTO

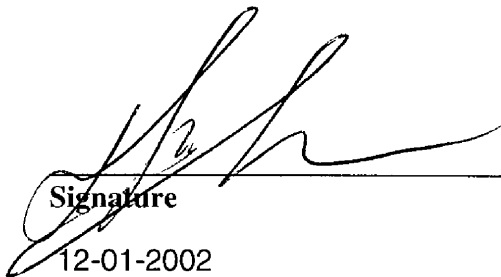
Title

239-622-1111

Telephone No.

Address:

1516 JACKSON STREET FORT MYERS FLORIDA 33901



Signature

12-01-2002

Date

239-622-0002

Fax No.

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 interexchange telecommunications 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:

TRAVIS JOHNSON

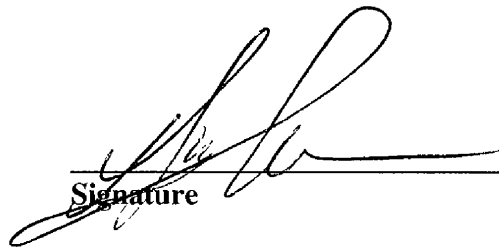
Print Name

CTO

Title

239-622-1111

Telephone No.



Signature

12-01-2002

Date

239-622-0002

Fax No.

Address:

1516 JACKSON STREET FORT MYERS FLORIDA 33901

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** () or **has not** () previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

- a) What services have been provided and when did these services begin?

BASIC LOCAL PHONE SERVICE - INTRALATA TRANSPORT

AUGUST 2002

- b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

TRAVIS JOHNSON

Print Name

CTO

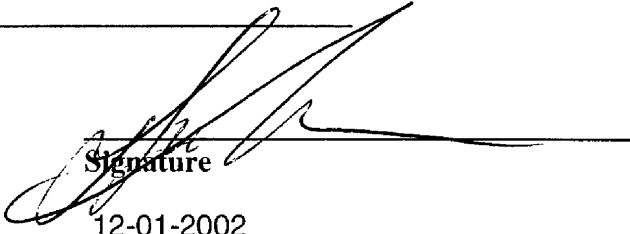
Title

239-622-1111

Telephone No.

Address:

1516 JACKSON STREET FORT MYERS FLORIDA 33901



Signature

12-01-2002

Date

239-622-0002

Fax No.

CERTIFICATE 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:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address: _____

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Hosting-Network, Inc., with principal offices at 1516 Jackson Street, Fort Myers Florida 33901. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

CHECK SHEET

The sheets listed blow, which are inclusive of this price list, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original

ISSUED DATE: DEC 1, 2002 EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

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ISSUED DATE: DEC 1, 2002

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BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SYMBOLS SHEET

The following are the only symbols used for the purposes indicated below:

- D** – Delete Or Discontinue
- I** - Change Resulting In An Increase to A Customer’s Bill
- M** - Moved From Another Price List Location
- N** – New
- R** – Change Resulting In A Reduction To A Customer’s Bill
- T** – Change in Text Or Regulation But No Change In Rate Or Charge

Check Sheets – When a price list filing is made with the FPSC, an updated check sheet accompanies the price list filing.

Sheet Numbering and Revision Levels – Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the price list. When a new sheet is added between sheets already in effect. A decimal is added. For example, a new sheet added between existing sheets 14 and 15 would be 14.1. Revision levels also appear in the upper right corner of each page. These levels are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 1 – TECHNICAL TERMS AND ABBREVIATIONS

Access Line – An arrangement which connects the customer's location to the Company's network switching center.

Authorization Code – A numerical code, one or more of which are available to a customer to enable access to the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities in order to identify the customer for billing purposes.

Company or Carrier – Hosting-Network, Inc.

Central Office – A location where there is an assembly of equipment that establishes the connections between subscriber access lines, trunks, switched access circuits, private line facilities, and special access facilities with the rest of the telephone network.

Customer – The person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Exchange – The entire telephone plant and facilities used in providing telephone service to subscribers located in an exchange area.

Intra-LATA TOLL MESSAGES – Those toll messages which originate and terminate within the same LATA.

Message – A completed telephone call.

xDSL – A Digital Access line of various technological variances in the transmission and reception of signals.

VoA – Voice over Asynchronous Transfer Mode (ATM) via xDSL Access Line from Company and Central Office.

ATM - Short for *Asynchronous Transfer Mode*, a network technology based on transferring data in *cells* or *packets* of a fixed size. ATM equipment to transmit video, audio, and computer data over the same network, and assure that no single type of data hogs the line.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
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FORT MYERS FL 33901**

IAD - short for *Integrated Access Device*, a network device based on allowing simultaneous access and usage of Voice and Data over the same Access Line to customer premises or Private Line to the Central Office and Switching Station.

DATA - The term *data* is often used to distinguish binary machine-readable information from textual human-readable information. For example, some applications make a distinction between *data files* (files that contain binary data) and *text files* (files that contain ASCII data).

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 2 – RULES AND REGULATIONS

A company providing local service must include current rate for local service and connection charges; billing and payment arrangements; and the levels of service quality including repair and installation response time and the company's call completion ratio which the company holds itself out to provide. Companies must also state that access to 911 services will be maintained during temporary disconnections for non-payment of a residential subscriber's local service.

2.1 Undertaking of the Company

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff. The Company's installs operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement. The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.

2.2.2 The Company's reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this tariff.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 2 - RULES AND REGULATIONS continued

2.2 Limitations (Cont.)

2.2.3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.4 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company

2.3.1 The Company's liability arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur, unless ordered by the Commission.

2.3.2 The Company shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.

(B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 2 - RULES AND REGULATIONS continued

2.4 Interruption of Service

2.4.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the customer, or due to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in Subsection

2.3.1. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, or equipment, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.

2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.

2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

Credit = $A/720 \times C$

"A" - outage time in hours

"B" - each month is considered to have 720 hours

"C" - total monthly charge for affected facility

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 2 - RULES AND REGULATIONS continued

2.5 Disconnection of Service by Carrier

The company (carrier), upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

2.5.1 Non-payment of any sum due to carrier for regulated service for more than 5 days beyond the date of rendition of the bill for such service.

2.5.2 A violation of any regulation governing the service under this tariff.

2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.

2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2.5.5 Service may be disconnected without notice for tampering with company equipment, for interfering with the service to other customers, for fraud, or in the event of a hazardous condition.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 2 - RULES AND REGULATIONS continued

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed on customer bills as separate line items and are not included in the quoted rates.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 3 – SERVICE DESCRIPTIONS

PRE-PAID – A single access line for messages within the LATA and provide access to toll-free messages. Subscriber does not maintain "credit" on file. Access to TOLL messages are restricted. Subscriber only "pre-pay" for one billing cycle without deposit for service.

BASIC LOCAL SERVICE - A single access line for messages within the LATA and messages Inter-LATA. Subscriber maintains "credit" on file for any and all services provided.

xDSL – A single pair of copper to subscribers network interface device to provide data service transport. Subscriber maintains "credit" on file for any and all services provided.

xDSL with Voice – A single or dual pair of copper to subscribers network interface device to provide data service transport and message services to LATA and Inter-LATA via dedicated channels, VoATM. Subscriber maintains "credit" on file for any and all services provided.

PRIVATE LINE – A single or dual pair of copper to subscriber's network interface device to provide data service transport and message service to LATA and Inter-LATA messages and services. Subscriber maintains "credit" on file for any and all services provided.

Calling-Card – An account with "credit" on file with Company to provide access numbers to Company's network to complete messages to LATA or Inter-LATA.

800 NUMBER - An account with "credit" on file with Company to provide access numbers to Company's network to complete messages to subscriber's access line.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

3.1 Timing of Calls

3.1.1 When Billing Charges Begin and End For Phone Calls

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communications, often referred to as "conversation time" is possible.). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1 minute increments.

3.1.3 Per-Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 3 - DESCRIPTION OF SERVICE continued

3.2 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

The square root of: $(V1 - V2)^2 + (H1 - H2)^2$

3.3 Minimum Call Completion Rate

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all Feature Group D services ("1+" dialing).

ISSUED DATE: DEC 1, 2002 EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 3 - DESCRIPTION OF SERVICE continued

3.4 Service Offerings

3.4.1 Hosting-Network, Inc. Long Distance Service

Hosting-Network, Inc. Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

3.4.2 Hosting-Network, Inc. 800/888 (Inbound) Long Distance Service

Hosting-Network, Inc. 800/888 (Inbound) Long Distance Service is offered to residential and business customers. The service permits inbound 800/888 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in sixty second increments, with sixty second minimum call duration. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

3.4.3 Hosting-Network, Inc. Calling Card Service

Hosting-Network, Inc. Calling Card Service is a calling card service offered to residential and business customers who subscribe to the Hosting-Network, Inc. Long Distance Service calling plan. Customers using the Carrier's calling card service access the service by dialing a 1-800 number followed by an account identification number and the number being called. This service permits subscribers utilizing the Carrier's calling card to make calls at a single per minute rate. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 3 - DESCRIPTION OF SERVICE continued

3.4.4 Operator Services

The Company's operator services are provided to residential and business customers who "**presubscribe**" to this service for intrastate calling. Operator services include the completion of collect, station-to-station, person-to-person, third party billing and credit card calls with the assistance of a Carrier operator. Each completed operator assisted call consists of two charge elements (except as otherwise indicated herein): (i) a fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station-to-station or person-to-person); and (ii) a measured usage charge dependent upon the duration, distance and/or time of day of the call.

3.4.4.A Operator Dialed Surcharge

This surcharge applies to calls when the customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to:

- 1) Calls where a customer cannot otherwise dial the call due to defective equipment or trouble on the Hosting-Network, Inc. Communication, Inc. network; and
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap. The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 4 - RATES

4.1 Hosting-Network, Inc. Long Distance Service

Rate per minute - \$0.10. Plan is billed in full minute increments.

4.2 Hosting-Network, Inc. 800/888 (Inbound) Long Distance Service

Rate per minute - \$0.12. Plan is billed in sixty second increments with a sixty second minimum.

4.3 Hosting-Network, Inc. Calling Card Service

Rate per minute - \$0.20. Plan is billed in full minute increments.

4.4 Operator Services (For presubscribed customers)

4.4.1 Usage Rates: The appropriate rate found under 4.1 or 4.3 shall apply.

4.4.2 Operator Charges:

Collect Station-to-Station \$1.00

Collect Person-to-Person \$3.25

Person-to-Person \$3.25

Station-to-Station \$1.00

Customer Dialed Calling Card \$1.00

Operator Dialed Calling Card \$1.75

Operator Dialed Surcharge \$0.75

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

4.9 Special Rates For The Handicapped

4.9.1. Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.9.2. Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.9.3. Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

**TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901**

SECTION 4 - RATES

4.9.4 Rates

xDSL	\$ 45.00 MONTHLY
xDSL W/Voice	\$ 50.00 MONTHLY
PRIVATE-LINE	\$ 1200.00 MONTHLY
E.E.L.	\$ 0.50 PER-DS0 MILE
TRANSPORT	\$ 0.50 PER-DS0 MILE
CROSS CONNECT 2 WIRE	\$ 10.00 MONTHLY
CROSS CONNECT 4 WIRE	\$ 30.00 MONTHLY
CROSS CONNECT DS3	\$ 60.00 MONTHLY
CROSS CONNECT OCC	\$ 500.00 MONTHLY

4.9.5 Miscellaneous Rates

SERVICE CALL	\$ 50.00 EACH
HOURLY SERVICE RATE	\$ 60.00 PER HOUR
PRIVATE LINE INSTALLATION	\$ 800.00
PRIVATE LINE SETUP	\$ 400.00
RE-CONNECTION FEE	\$ 30.00
SUSPENSION FEE	\$ 30.00
DIAGNOSTICS FEE	\$ 60.00 PER HOUR

ISSUED DATE: DEC 1, 2002

EFFECTIVE DATE: DEC 12, 2002

BY:

TRAVIS JOHNSON
1516 JACKSON ST
FORT MYERS FL 33901

HOWARD D. SANDERFORD

P.O. BOX 1214 ~ LEHIGH ACRES, FLORIDA 33970
Phone 239-368-0458 <> Fax 239-368-9516 <> Cell 239-691-0401
E-MAIL DSanderfor@CS.COM.
ACCOUNTING<>TAXES<>CONSULTING

August 31, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33901

Dear Mr. Johnson:

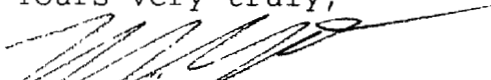
I have compiled the financial statement for Hosting-Network, Inc. for the period ended July, 2002, which contains a Balance Sheet and related statement of Income and Expense, and various other schedules. It is for supplemental information analysis purposes only, in accordance with Statements on Standards for Accounting and Review Services as defined by the National Accounting Service.

My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement is presented on the cash basis which accounts for monies that were deposited into your various bank accounts and check or withdrawals from these same accounts.

I have prepared this Financial Statement as an independent accountant, with no interest or investment in Hosting-Network, Inc.

Yours very truly;



Howard D. Sanderford

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

JULY 31, 2002

DEPRECIATION EXPENSE

Depreciation has been figured on equipment purchased in 2001 and in January thru. July, 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in 2002 at 20%.

This amount of \$67,184 is reflected in the statement.

RESERVE FOR FEDERAL ESTIMATED TAX

Net profit for the seven months before taxes is \$532,668 and an estimated tax due of \$171,241 has been established. The effective tax rate is 34%.

This amount of \$171,241 is reflected in the statement.

RESERVE FOR STATE ESTIMATED TAX

Net profit for the seven months is \$532,668 before taxes less the State deduction of \$5,000, with a tax rate of 5.5%. Estimated tax is \$29,016.

This amount is reflected in the statement.

CAPITAL ITEMS

Two large expenditures in the amount of \$90,000.00 for an investment in Earthworks, and \$225,750.00 for a domain has not been reflected in expenses. The investment in Earthworks is booked at cost with no adjustment for market value. Normally income or loss is only recorded at the time of disposition. It is yet to be determined if the domain is a section 197 property and also the useful life of the asset.

ACCOUNTS PAYABLE

At December 31, 2001 an accounts payable in the amount of \$76,313.00 was established, it is assumed that these items have been paid in 2002 and expensed, however the amount of accounts payable at 7-31-02 is not determined.

HOSTING-NETWORK, INC.

SOURCE & APPLICATION OF FUNDS

SEVEN MONTHS ENDED JULY 31, 2002

SOURCE OF FUNDS

PROFIT PER P & L STATEMENT 7-31-02		\$332,411
ADD NON CASH ITEMS:		
DEPRECIATION	\$67,184	
FEDERAL ESTIMATED TAX	171,241	
STATE ESTIMATED TAX	<u>29,016</u>	
TOTAL NON CASH ITEMS		<u>267,441</u>
TOTAL CASH AVAILABLE		599,852

APPLICATION OF FUNDS

PURCHASE OF DOMAIN	225,750	
UTILITY DEPOSIT	100	
DEPOSIT QWEST	3,000	
INVESTMENT EARTHMEDIA	90,000	
EMPLOYEE ADVANCE	9,012	
LEASEHOLD IMPROVEMENT	69,197	
EQUIPMENT PURCHASED	163,037	
PAYMENT OF EMPLOYEE TAXES (4TH QUART)	4,105	
PAYMENT OF FEDERAL TAX 2001	<u>21,966</u>	
TOTAL FUNDS APPLIED		<u>586,167</u>
BALANCE OF FUNDS AVAILABLE		13,685
PLUS BEGINING CASH		<u>163,733</u>
EQUALS ENDING CASH PER BALANCE SHEET		<u>\$177,418</u> =====

1:33 PM

09/01/02

Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of July 31, 2002

	Jul 31, 02	
	Debit	Credit
1000 1ST UN.370 PETTY CASH	2,583.23	
1002 1ST UN.45321 DBA	0.00	
1004 1ST UN. 2500053	9,217.22	
1006 1ST UN.2500121 RECURING	20,691.53	
1008 1ST UN.5162983	0.00	
1010 1ST UN.2500613 AUSTRIA	131,000.00	
1012 1ST UN TELCOM 2500532	13,926.07	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	90,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	9,012.16	
1310 DOMAINSYSTEMS, INC.	225,750.00	
1500 EQUIPMENT COST OVER 300	238,640.17	
1502 ACCL. DEPR. EQUIPMENT		61,463.00
1506 EQUIPMENT-ORIGINAL	195,000.00	
1508 ALLOW FOR DEPR ORIGINAL EQ		75,400.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		7,540.00
1600 LEASEHOLD IMPROVEMENTS	69,196.64	
2000 ACCOUNTS PAYABLE		72,000.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		171,241.00
2008 RESERVE FOR STATE TAX 02		29,016.00
2120 RESERVE FOR EST. TAX 01		816.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		80,669.02
4000 INCOME AMER. EXPRESS		353,455.91
4002 INCOME DISCOVERY/NOVUS		102,306.58
4004 INCOME-MC/VISA/NOVA		2,440,268.33
4006 INCOME-SATALITE		75.00
4008 INCOME-RENT		35,181.95
4010 INCOME-CELL PHONES		1,803.97
4012 INCOME-DIRECT SALES		26,698.03
4016 INCOME-ACH DIRECT		93,324.89
4018-INCOME-CABLE		225.00
4020 INCOME-EDISON TELEPHONE		9,466.15
4300 COST OF SERVICES PROVIDED	271,250.19	
ACCOUNTING FEES	3,625.00	
ADVERTISING	1,105,565.04	
AUTO EXPENSE	781.07	
AUTO LEASE	5,588.22	
BANK SERVICE CHARGE	2,930.87	
CO-LOCATION	177,149.57	
CONTINUING EDUCATION	1,000.00	
CONTRACT SERVICES	14,541.81	
CREDIT REPORTS	64.94	
DEPRECIATION RESERVE FOR 2002	67,184.00	
DUES	890.00	
ELECTRICITY	10,195.57	
EMPLOYEE BENEFITS	21,261.05	
EMPLOYEES LIFE INS.	1,975.52	
FREIGHT IN/OUT	12,968.44	
INSURANCE-BUSINESS	7,187.15	
INSURANCE-EMPLOYEES	4,371.64	
JANITORIAL SUPPLIES	2,291.58	
LEASE-CO-LOCATION	14,245.53	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	

1:33 PM
09/01/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance As of July 31, 2002

	Jul 31, 02	
	Debit	Credit
LEASE OF CIRCUITS	5,978.73	
LEGAL FEES	15,088.18	
LICENSE & REGISTRATION	69,348.36	
MEALS & ENTERTAINMENT	3,052.38	
MERCHANT DISCOUNTS	141,104.58	
OFFICE SUPPLIES & EXPENSE	8,679.14	
PARKING	885.00	
Payroll Expenses	0.00	
PAYROLL PREP. EXPENSE	5,633.57	
PEST CONTROL	422.94	
RENT & LEASE PAYMENTS	54,233.60	
REPAIRS & UPKEEP-BUILDING	13,324.18	
REPAIRS & UPKEEP-EQUIPMENT	7,854.60	
SALARIES	258,454.82	
SATALITE DISH	783.00	
SOFTWARE	2,527.07	
SUBSCRIPTIONS	125.45	
SUPPLIES & MISC. EXPENSE	22,713.36	
TAXES-BUSINESS	930.00	
TAXES-PAYROLL-FICA	15,474.62	
TAXES-PAYROLL-FUTA	1,100.67	
TAXES-PAYROLL-MEDICARE	2,294.44	
TAXES-PAYROLL-SUTA	3,399.21	
TAXES-PROPERTY	76.48	
TAXES-STATE INCOME	5,300.00	
TAXES-TELECOMMUNICATIONS	624.71	
TELEPHONE	146,606.25	
TELEPHONE ACCESS	7,390.02	
TRAVEL EXPENSE	7,526.60	
WEBSITE	325.00	
RESERVE FOR FEDERAL TAXES	171,241.00	
RESERVE FOR STATE TAXES	29,016.00	
TOTAL	<u>3,764,661.87</u>	<u>3,764,661.87</u>

HOSTING-NETWORK/FINANCIAL DATA
Balance Sheet
 As of July 31, 2002

Jul 31, 02

ASSETS		
Current Assets		
Checking/Savings		
1000 1ST UN.370 PETTY CASH	2,583 23	
1004 1ST UN. 2500053	9,217 22	
1006 1ST UN.2500121 RECURING	20,691 53	
1010 1ST UN.2500613 AUSTRIA	131,000.00	
1012 1ST UN TELCOM 2500532	13,926 07	
Total Checking/Savings	177,418 05	
Other Current Assets		
1300 UTILITY DEPOSIT	100 00	
1302 QWEST DEPOSIT	3,000 00	
1304 INVESTMENT EARTH MEDIA	90,000.00	
1306 RENT DEPOSIT	6,650 00	
1308 EMPLOYEE ADVANCE	9,012 16	
Total Other Current Assets	108,762.16	
Total Current Assets	286,180 21	
Fixed Assets		
1310 DOMAINSYSTEMS, INC.	225,750 00	
1500 EQUIPMENT COST OVER 300	238,640 17	
1502 ACCL. DEPR. EQUIPMENT	-61,463.00	
1506 EQUIPMENT-ORIGINAL	195,000 00	
1508 ALLOW FOR DEPR ORIGINAL EQ	-75,400 00	
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP	-7,540.00	
1600 LEASEHOLD IMPROVEMENTS	69,196 64	
Total Fixed Assets	603,683 41	
TOTAL ASSETS	<u>889,863.62</u>	
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 ACCOUNTS PAYABLE	72,000 00	
Total Accounts Payable	72,000 00	
Other Current Liabilities		
2002 LOAN FROM STOCKHOLDER	19,500 28	
2006 RESERVE FOR FED.TAX 02	171,241 00	
2008 RESERVE FOR STATE TAX 02	29,016 00	
2120 RESERVE FOR EST. TAX 01	816 00	
Total Other Current Liabilities	220,573 28	
Total Current Liabilities	292,573 28	
Total Liabilities	292,573 28	
Equity		
3044 CAPITAL STOCK	100 00	
3048 PAID IN SURPLUS	184,110 76	
3400 OPENING EQUITY	80,669 02	
Net Income	332,410 56	
Total Equity	597,290 34	
TOTAL LIABILITIES & EQUITY	<u>889,863.62</u>	

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
 July 2002

	Jul 02	Jan - Jul 02
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	74,472.87	353,455.91
4002 INCOME DISCOVERY/NOVUS	22,545.04	102,306.58
4004 INCOME-MC/VISA/NOVA	494,972.36	2,440,268.33
4006 INCOME-SATALITE	0.00	75.00
4008 INCOME-RENT	4,950.00	35,181.95
4010 INCOME-CELL PHONES	277.00	1,803.97
4012 INCOME-DIRECT SALES	3,047.74	26,698.03
4016 INCOME-ACH DIRECT	15,060.68	93,324.89
4018-INCOME-CABLE	75.00	225.00
4020 INCOME-EDISON TELEPHONE	4,786.15	9,466.15
Total Income	620,186.84	3,062,805.81
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	35,819.95	271,250.19
Total COGS	35,819.95	271,250.19
Gross Profit	584,366.89	2,791,555.62
Expense		
ACCOUNTING FEES	700.00	3,625.00
ADVERTISING	269,640.87	1,105,565.04
AUTO EXPENSE	118.23	781.07
AUTO LEASE	0.00	5,588.22
BANK SERVICE CHARGE	911.49	2,930.87
CO-LOCATION	51,159.50	177,149.57
CONTINUING EDUCATION	0.00	1,000.00
CONTRACT SERVICES	2,507.22	14,541.81
CREDIT REPORTS	24.95	64.94
DEPRECIATION RESERVE FOR 20...	9,001.00	67,184.00
DUES	890.00	890.00
ELECTRICITY	1,565.56	10,195.57
EMPLOYEE BENEFITS	902.00	21,261.05
EMPLOYEES LIFE INS.	548.24	1,975.52
FREIGHT IN/OUT	3,319.33	12,968.44
INSURANCE-BUSINESS	770.90	7,187.15
INSURANCE-EMPLOYEES	948.22	4,371.64
JANITORIAL SUPPLIES	2,109.24	2,291.58
LEASE-CO-LOCATION	7,462.61	14,245.53
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEASE OF CIRCUITS	0.00	5,978.73
LEGAL FEES	2,425.00	15,088.18
LICENSE & REGISTRATION	11,946.14	69,348.36
MEALS & ENTERTAINMENT	2,304.73	3,052.38
MERCHANT DISCOUNTS	18,923.61	141,104.58
OFFICE SUPPLIES & EXPENSE	1,838.91	8,679.14
PARKING	0.00	885.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	4,578.99	5,633.57
PEST CONTROL	0.00	422.94
RENT & LEASE PAYMENTS	7,818.00	54,233.60
REPAIRS & UPKEEP-BUILDING	1,883.01	13,324.18
REPAIRS & UPKEEP-EQUIPMENT	-352.92	7,854.60
SALARIES	53,935.24	258,454.82
SATALITE DISH	490.70	783.00
SOFTWARE	0.00	2,527.07
SUBSCRIPTIONS	0.00	125.45
SUPPLIES & MISC. EXPENSE	7,324.25	22,713.36
TAXES-BUSINESS	0.00	930.00
TAXES-PAYROLL-FICA	2,749.29	15,474.62
TAXES-PAYROLL-FUTA	0.00	1,100.67
TAXES-PAYROLL-MEDICARE	0.00	2,294.44
TAXES-PAYROLL-SUTA	0.00	3,399.21
TAXES-PROPERTY	0.00	76.48

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

July 2002

Type	Num	Date	Name	Account	Amount
Deposit		7/30/2002		1012 1ST UN TELC...	23,361.67
			TRANSFERS IN/OUT	1200 TRANSFERS	-23,361.67
TOTAL					-23,361.67
Deposit		7/31/2002		1000 1ST UN.370 P...	46,119.54
			TRANSFERS IN/OUT	1200 TRANSFERS	-45,420.36
			REFUNDS	TRAVEL EXPENSE	-296.31
			REFUNDS	REPAIRS & UPKE	-402.87
TOTAL					-46,119.54
Deposit		7/31/2002		1004 1ST UN. 2500...	726,794.50
			TRANSFERS IN/OUT	1200 TRANSFERS	-106,770.89
			DISCOVERY	4002 INCOME DIS	-22,545.04
			AMERICAN EXPRE ..	4000 INCOME AME	-74,472.87
			NOVA	4004 INCOME-MC/	-478,092.48
			NOVA	4004 INCOME-MC/	-16,879.88
			ACH DIRECT	4016 INCOME-ACH	-15,060.68
			COUNTER DEPOSIT	4012 INCOME-DIR .	-1,008.58
			REFUNDS	SUPPLIES & MISC..	-27.19
			ERROR IN DEPO	4012 INCOME-DIR...	-40.00
			COUNTER DEPOSIT	4020 INCOME-EDI .	-4,786.15
			COUNTER DEPOSIT	4012 INCOME-DIR ..	-2,110.74
			REFUNDS	ADVERTISING	-5,000.00
TOTAL					-726,794.50
Deposit		7/31/2002		1008 1ST UN.5162...	262,799.60
			TRANSFERS IN/OUT	1200 TRANSFERS	-262,799.60
TOTAL					-262,799.60
Deposit		7/31/2002		1010 1ST UN.2500...	576,782.43
			TRANSFERS IN/OUT	1200 TRANSFERS	-576,782.43
TOTAL					-576,782.43
Deposit		7/31/2002		1006 1ST UN.2500...	112,616.73
			TRANSFERS IN/OUT	1200 TRANSFERS .	-112,616.73
TOTAL					-112,616.73

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09/01/02

Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Profit & Loss YTD Comparison

July 2002

	Jul 02	Jan - Jul 02
TAXES-STATE INCOME	0.00	5,300.00
TAXES-TELECOMMUNICATIONS	624.71	624.71
TELEPHONE	21,825.60	146,606.25
TELEPHONE ACCESS	0.00	7,390.02
TRAVEL EXPENSE	3,297.39	7,526.60
WEBSITE	0.00	325.00
Total Expense	494,192.01	2,258,888.06
Net Ordinary Income	90,174.88	532,667.56
Other Income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	29,035.00	171,241.00
RESERVE FOR STATE TAXES	4,964.00	29,016.00
Total Other Expense	33,999.00	200,257.00
Net Other Income	-33,999.00	-200,257.00
Net Income	<u>56,175.88</u>	<u>332,410.56</u>

HOWARD D. SANDERFORD

P.O. BOX 1214 ~ LEHIGH ACRES, FLORIDA 33970
Phone 239-368-0458 <> Fax 239-368-9516 <> Cell 239-691-0401
E-MAIL DSanderfor@CS.COM.
ACCOUNTING<TAXES<CONSULTING

August 27, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33825

Dear Mr. Johnson:

I have compiled the financial statement for Hosting-Network, Inc. for the period ended June, 2002, which contains a Balance Sheet and related statement of Income and Expense, and various other schedules. It is for supplemental information analysis purposes only, in accordance with Statements on Standards for Accounting and Review Services as defined by the National Accounting Service.

My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement is presented on the cash basis which accounts for monies that were deposited into your various bank accounts and check or withdrawals from these same accounts.

I have prepared this Financial Statement as an independent accountant, with no interest or investment in Hosting-Network, Inc.

Yours very truly;



Howard D. Sanderford

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

JUNE 30, 2002

DEPRECIATION EXPENSE

Depreciation has been figured on equipment purchased in 2001 and in January thru. June, 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in 2002 at 20%.

This amount of \$58,183 is reflected in the statement.

RESERVE FOR FEDERAL ESTIMATED TAX

Net profit for the six months before taxes is \$444,132 less estimated State tax of \$24,052 (see note below) for a net profit of \$428,259 or a yearly profit of \$836,508. The tax rate is 34% for a estimated Federal tax of \$284,413 divided by 12 month equals a monthly total of \$23,701 X 6 months = \$142,206.

This amount is reflected in the statement.

RESERVE FOR STATE ESTIMATED TAX

Net profit for the six months is \$444,132 before taxes less the State deduction of \$5,000 x 12 months = \$874,624 X 5.5% = \$48,104 divided by 12 months = \$4,009 X 6 months = \$24,052.

This amount is reflected in the statement.

CAPITAL ITEMS

Two large expenditures in the amount of \$90,000.00 for an investment in Earthworks, and \$225,750.00 for a domain has not been reflected in expenses in any way. The investment in Earthworks is booked at cost with no adjustment for market value. Normally income or loss is only recorded at the time of disposition. It is yet to be determined if the domain is a section 197 property and also the useful life of the asset.

ACCOUNTS PAYABLE

At December 31, 2001 an accounts payable in the amount of \$76,313.00 was established, it is assumed that these items have been paid in 2002 and expensed, however the amount of accounts payable at 6-30-02 is not determined.

HOSTING-NETWORK, INC.

SOURCE & APPLICATION OF FUNDS

SIX MONTHS ENDED MAY 31, 2002

SOURCE OF FUNDS

PROFIT PER P & L STATEMENT 6-30-02 \$277,874

ADD NON CASH ITEMS:

DEPRECIATION	\$58,183	
FEDERAL ESTIMATED TAX	142,206	
STATE ESTIMATED TAX	<u>24,052</u>	
TOTAL NON CASH ITEMS		<u>224,441</u>

TOTAL CASH AVAILABLE 502,315

APPLICATION OF FUNDS

PURCHASE OF DOMAIN	225,750
UTILITY DEPOSIT	100
DEPOSIT QWEST	3,000
INVESTMENT EARTHMEDIA	90,000
EMPLOYEE ADVANCE	4,500
LEASEHOLD IMPROVEMENT	65,152
EQUIPMENT PURCHASED	148,571
PAYMENT OF EMPLOYEE TAXES (4TH QUART)	4,105
PAYMENT OF FEDERAL TAX 2001	<u>21,966</u>

TOTAL FUNDS APPLIED 563,144

BALANCE OF FUNDS AVAILABLE (60,829)

PLUS BEGINING CASH 163,733

EQUALS ENDING CASH PER BALANCE SHEET \$102,904
=====

11:38 AM
 08/27/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of June 30, 2002

	Jun 30, 02	
	Debit	Credit
1000 1ST UN.370 PETTY CASH	327.14	
1002 1ST UN.45321 DBA	0.00	
1004 1ST UN. 2500053	9,357.68	
1006 1ST UN.2500121 RECURING	4,504.39	
1008 1ST UN.5162983	1,714.76	
1010 1ST UN.2500613 AUSTRIA	87,000.00	
1012 1ST UN TELCOM 2500532	0.00	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	90,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	4,500.00	
1310 DOMAINSYSTEMS, INC.	225,750.00	
1500 EQUIPMENT COST OVER 300	224,173.85	
1502 ACCL. DEPR. EQUIPMENT		58,182.00
1506 EQUIPMENT-ORIGINAL	195,000.00	
1508 ALLOW FOR DEPR ORIGINAL EQ		70,200.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		7,020.00
1600 LEASEHOLD IMPROVEMENTS	65,152.91	
2000 ACCOUNTS PAYABLE		72,000.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		142,206.00
2008 RESERVE FOR STATE TAX 02		24,052.00
2120 RESERVE FOR EST. TAX 01		816.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		80,669.02
4000 INCOME AMER. EXPRESS		278,983.04
4002 INCOME DISCOVERY/NOVUS		79,761.54
4004 INCOME-MC/VISA/NOVA		1,945,295.97
4006 INCOME-SATALITE		75.00
4008 INCOME-RENT		30,231.95
4010 INCOME-CELL PHONES		1,526.97
4012 INCOME-DIRECT SALES		23,650.29
4016 INCOME-ACH DIRECT		78,264.21
4018-INCOME-CABLE		150.00
4020 INCOME-EDISON TELEPHONE		4,680.00
4300 COST OF SERVICES PROVIDED	235,430.34	
ACCOUNTING FEES	2,925.00	
ADVERTISING	835,924.17	
AUTO EXPENSE	662.84	
AUTO LEASE	5,588.22	
BANK SERVICE CHARGE	2,019.38	
CO-LOCATION	125,990.07	
CONTINUING EDUCATION	1,000.00	
CONTRACT SERVICES	10,914.59	
CREDIT REPORTS	39.99	
DEPRECIATION RESERVCE FOR 2002	58,183.00	
ELECTRICITY	8,630.01	
EMPLOYEE BENEFITS	20,359.05	
EMPLOYEES LIFE INS.	1,427.28	
FREIGHT IN/OUT	9,649.11	
INSURANCE-BUSINESS	6,416.25	
INSURANCE-EMPLOYEES	3,423.42	
JANITORIAL SUPPLIES	182.34	
LEASE-CO-LOCATION	6,782.92	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEASE OF CIRCUITS	5,978.73	

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance As of June 30, 2002

	Jun 30, 02	
	Debit	Credit
LEGAL FEES	12,663 18	
LICENSE & REGISTRATION	57,402 22	
MEALS & ENTERTAINMENT	747.65	
MERCHANT DISCOUNTS	122,181 27	
OFFICE SUPPLIES & EXPENSE	6,840 23	
PARKING	885 00	
Payroll Expenses	0 00	
PAYROLL PREP. EXPENSE	1,054 58	
PEST CONTROL	422 94	
RENT & LEASE PAYMENTS	46,415 60	
REPAIRS & UPKEEP-BUILDING	11,441 17	
REPAIRS & UPKEEP-EQUIPMENT	8,207 52	
SALARIES	204,519 58	
SATALITE DISH	292 30	
SOFTWARE	2,527 07	
SUBSCRIPTIONS	125 45	
SUPPLIES & MISC. EXPENSE	15,019 12	
TAXES-BUSINESS	780 00	
TAXES-PAYROLL-FICA	12,725.33	
TAXES-PAYROLL-FUTA	1,100 67	
TAXES-PAYROLL-MEDICARE	2,294.44	
TAXES-PAYROLL-SUTA	3,399.21	
TAXES-PROPERTY	76.48	
TAXES-STATE INCOME	5,300 00	
TELEPHONE	124,780.65	
TELEPHONE ACCESS	7,390 02	
TRAVEL EXPENSE	4,229 21	
WEBSITE	325 00	
RESERVE FOR FEDERAL TAXES	142,206 00	
RESERVE FOR STATE TAXES	24,052 00	
TOTAL	<u>3,101,475.03</u>	<u>3,101,475.03</u>

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Cash Basis

JUSTING-NETWORK/FINANCIAL L.L.P.A
Balance Sheet
As of June 30, 2002

Jun 30, 02

ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UN.370 PETTY CASH	327 14
1004 1ST UN. 2500053	9,357 68
1006 1ST UN.2500121 RECURING	4,504 39
1008 1ST UN.5162983	1,714 76
1010 1ST UN.2500613 AUSTRIA	87,000 00
Total Checking/Savings	102,903 97
Other Current Assets	
1300 UTILITY DEPOSIT	100 00
1302 QWEST DEPOSIT	3,000 00
1304 INVESTMENT EARTH MEDIA	90,000.00
1306 RENT DEPOSIT	6,650.00
1308 EMPLOYEE ADVANCE	4,500 00
Total Other Current Assets	104,250 00
Total Current Assets	207,153 97
Fixed Assets	
1310 DOMAINS SYSTEMS, INC.	225,750 00
1500 EQUIPMENT COST OVER 300	224,173 85
1502 ACCL. DEPR. EQUIPMENT	-58,182 00
1506 EQUIPMENT-ORIGINAL	195,000 00
1508 ALLOW FOR DEPR ORIGINAL EQ	-70,200 00
1510 TELECOMMUNICATION EQUIP.	19,499 60
1512 ACCL. DEPR. TELECOM. EQUIP	-7,020.00
1600 LEASEHOLD IMPROVEMENTS	65,152 91
Total Fixed Assets	594,174 36
TOTAL ASSETS	<u>801,328.33</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	72,000.00
Total Accounts Payable	72,000 00
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500 28
2006 RESERVE FOR FED.TAX 02	142,206 00
2008 RESERVE FOR STATE TAX 02	24,052 00
2120 RESERVE FOR EST. TAX 01	816 00
Total Other Current Liabilities	186,574 28
Total Current Liabilities	258,574 28
Total Liabilities	258,574 28
Equity	
3044 CAPITAL STOCK	100 00
3048 PAID IN SURPLUS	184,110 76
3400 OPENING EQUITY	80,669 02
Net Income	277,874 27
Total Equity	542,754 05
TOTAL LIABILITIES & EQUITY	<u>801,328.33</u>

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 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Profit & Loss YTD Comparison

June 2002

	Jun 02	Jan - Jun 02
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	50,448 64	278,983 04
4002 INCOME DISCOVERY/NOVUS	10,330 12	79,761 54
4004 INCOME-MC/VISA/NOVA	348,297 98	1,945,295 97
4006 INCOME-SATALITE	75 00	75 00
4008 INCOME-RENT	4,950 00	30,231 95
4010 INCOME-CELL PHONES	376 00	1,526 97
4012 INCOME-DIRECT SALES	5,755 05	23,650 29
4016 INCOME-ACH DIRECT	11,735 27	78,264 21
4018-INCOME-CABLE	0 00	150 00
4020 INCOME-EDISON TELEPHONE	4,014 00	4,680 00
Total Income	435,982 06	2,442,618 97
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	34,000 00	235,430 34
Total COGS	34,000 00	235,430 34
Gross Profit	401,982 06	2,207,188 63
Expense		
ACCOUNTING FEES	350 00	2,925 00
ADVERTISING	191,028 43	835,924 17
AUTO EXPENSE	137 62	662 84
AUTO LEASE	0 00	5,588 22
BANK SERVICE CHARGE	507 95	2,019 38
CO-LOCATION	37,490 00	125,990 07
CONTINUING EDUCATION	0 00	1,000 00
CONTRACT SERVICES	5,307 59	10,914 59
CREDIT REPORTS	39 99	39 99
DEPRECIATION RESERVE FOR 20...	7,500 00	58,183 00
ELECTRICITY	1,080 42	8,630 01
EMPLOYEE BENEFITS	600 00	20,359 05
EMPLOYEES LIFE INS.	462 45	1,427 28
FREIGHT IN/OUT	1,242 75	9,649 11
INSURANCE-BUSINESS	0 00	6,416 25
INSURANCE-EMPLOYEES	1,120 97	3,423 42
JANITORIAL SUPPLIES	66 85	182 34
LEASE-CO-LOCATION	0 00	6,782 92
LEASE-EQUIPMENT	0 00	2,164 10
LEASE-NETWORK	0 00	1,650 00
LEASE OF CIRCUITS	0 00	5,978 73
LEGAL FEES	11,125 00	12,663 18
LICENSE & REGISTRATION	7,502 00	57,402 22
MEALS & ENTERTAINMENT	78 13	747 65
MERCHANT DISCOUNTS	17,489 58	122,181 27
OFFICE SUPPLIES & EXPENSE	617 88	6,840 23
PARKING	375 00	885 00
Payroll Expenses	0 00	0 00
PAYROLL PREP. EXPENSE	619 23	1,054 58
PEST CONTROL	422 94	422 94
RENT & LEASE PAYMENTS	7,640 00	46,415 60
REPAIRS & UPKEEP-BUILDING	1,779 82	11,441 17
REPAIRS & UPKEEP-EQUIPMENT	715 46	8,207 52
SALARIES	39,090 01	204,519 58
SATALITE DISH	0 00	292 30
SOFTWARE	910 39	2,527 07
SUBSCRIPTIONS	0 00	125 45
SUPPLIES & MISC. EXPENSE	1,387 68	15,019 12
TAXES-BUSINESS	550 00	780 00
TAXES-PAYROLL-FICA	2,839 13	12,725 33
TAXES-PAYROLL-FUTA	0 00	1,100 67
TAXES-PAYROLL-MEDICARE	0 00	2,294 44
TAXES-PAYROLL-SUTA	0 00	3,399 21
TAXES-PROPERTY	0 00	76 48
TAXES-STATE INCOME	0 00	5,300 00

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
June 2002

	Jun 02	Jan - Jun 02
TELEPHONE	14,983 22	124,780 65
TELEPHONE ACCESS	0 00	7 390 02
TRAVEL EXPENSE	723 38	4,229 21
WEBSITE	0 00	325 00
Total Expense	355,783 87	1,763,056 36
Net Ordinary Income	46,198 19	444,132 27
Other Income/Expense		-
Other Expense		
RESERVE FOR FEDERAL TAXES	-18,729 00	142,206 00
RESERVE FOR STATE TAXES	-3,376 00	24,052 00
Total Other Expense	-22,105 00	166,258 00
Net Other Income	22,105 00	-166,258 00
Net Income	<u>68,303.19</u>	<u>277,874.27</u>

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

June 2002

Type	Num	Date	Name	Account	Amount
Deposit		6/30/2002		1000 1ST UN.370 P...	31,772.45
			TRANSFERS IN/OUT	1200 TRANSFERS	-31,528.67
			REFUNDS	4012 INCOME-DIR	-243.78
TOTAL					-31,772.45
Deposit		6/30/2002		1004 1ST UN. 2500...	487,150.03
			DEPOSIT	4012 INCOME-DIR	-9,058.16
			DISCOVERY	4002 INCOME DIS	-10,330.12
			NOVA	4004 INCOME-MC/	-348,297.98
			AMERICAN EXPRE	4000 INCOME AME	-50,448.64
			TRANSFERS IN/OUT	1200 TRANSFERS	-57,279.86
			ACH DIRECT	4016 INCOME-ACH	-11,735.27
TOTAL					-487,150.03
Deposit		6/30/2002		1006 1ST UN.2500...	126,146.19
			TRANSFERS IN/OUT	1200 TRANSFERS	-125,649.08
			COUNTER DEPOSIT	4012 INCOME-DIR	-423.11
			COUNTER DEPOSIT	4012 INCOME-DIR	-74.00
TOTAL					-126,146.19
Deposit		6/30/2002		1008 1ST UN.5162...	188,158.69
			TRANSFERS IN/OUT	1200 TRANSFERS	-188,158.69
TOTAL					-188,158.69
Deposit		6/30/2002		1010 1ST UN.2500...	363,051.07
			REFUNDS	ADVERTISING	-3,923.09
			TRANSFERS IN/OUT	1200 TRANSFERS	-359,127.98
TOTAL					-363,051.07
Deposit		6/30/2002		1012 1ST UN TELC...	700.00
			TRANSFERS IN/OUT	1200 TRANSFERS	-700.00
TOTAL					-700.00

HOWARD D. SANDERFORD

P.O. BOX 1214 ~ LEHIGH ACRES, FLORIDA 33970
Phone 239-368-0458 < > Fax 239-368-9516 < > Cell 239-691-0401
E-MAIL DSanderfor@CS.COM.
ACCOUNTING<>TAXES<>CONSULTING

August 19, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33625

copy

Dear Mr. Johnson:

I have prepared the financial statement for Hosting-Network, Inc. for the month of May, 2002.

The statement is presented on the cash basis which accounts for monies that went into your various bank accounts in March and check or withdrawals from these same accounts. I have not attempted to establish an accounts receivable which would increase your profits or an accounts payable which would decrease your profits for this period.

The statement contains the accounts payable which I established at December 31, 2001 which may or may not be correct.

I worked with figures that I have not verified so please review the statement in detail and advise me of any changes, corrections or errors.

My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement contains the following schedule and forms in the order listed.

- A. Trial Balance
- B. Balance Sheet
- C. Profit & Loss Statement
- D. Deposit Detail
- E. Check & Disbursement Detail
- F. Bank Statements and reconciliations.

I prepared this Financial Statement an independent accountant, with out any interest or investment in Hosting-Network, Inc.

Yours very truly;


Howard D. Sanderford

HOSTING-NETWORK, INC.

SOURCE & APPLICATION OF FUNDS

FIVE MONTHS ENDED MAY 31, 2002

SOURCE

PROFIT PER P & L STATEMENT 5-31-02		\$312,400
ADD NON CASH ITEMS:		
DEPRECIATION	\$50,683	
FEDERAL ESTIMATED TAX	160,935	
STATE ESTIMATED TAX	<u>27,428</u>	
TOTAL NON CASH ITEMS		<u>239,046</u>
TOTAL CASH AVAILABLE		551,446

APPLICATION

DEPOSIT QWEST	3,000	
INVESTMENT EARTHMEDIA	90,000	
EMPLOYEE ADVANCE	100	
LEASEHOLD IMPROVEMENT	50,478	
EQUIPMENT PURCHASED	174,942	
PAYMENT OF EMPLOYEE TAXES (4TH QUART)	5,951	
PAYMENT OF FEDERAL TAX 2001	22,782	
PAYMENT OF STATE TAX 2001	<u>5,300</u>	
TOTAL FUNDS APPLIED		<u>352,553</u>
BALANCE OF FUNDS AVAILABLE		198,893
PLUS BEGINING CASH		<u>163,434</u>
EQUALS ENDING CASH PER BALANCE SHEET		\$362,327
		=====

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

May 31, 2002

Depreciation Expense:

Depreciation has been figured on equipment purchased in 2001 and in January thru. May, 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in 2002 at 20%.

This amount of \$50,683 is reflected in the statement.

Reserve for Federal Income Tax:

Net profit for the five months before taxes was \$500,763 less estimated State tax of \$27,428 (see note below) for a net profit of \$473,335 for a yearly total of \$1,136,004. The tax rate is 34% for a estimated Federal tax of \$386,241 divided by 12 month equals a monthly total of \$32,187 X 5 months = \$160,935.

This amount is reflected in the statement.

Reserve for State Income Tax:

Net profit for the five months is \$500,763 before taxes less the State deduction of \$5,000 x 12 months = \$1,196,824 X 5.5% = \$65,826 divided by 12 months = \$5,486 X 5 months = \$27,428.

This amount is reflected in the statement.

10:09 PM
 08/17/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of May 31, 2002

	May 31, 02	
	Debit	Credit
1000 1ST UN.370 PETTY CASH	8,479.84	
1002 1ST UN.45321 DBA	0.00	
1004 1ST UN. 2500053	12,354.65	
1006 1ST UN.2500121 RECURING	21,483.30	
1008 1ST UN.5162983	300,000.00	
1010 1ST UN.2500613 AUSTRIA	20,000.00	
1012 1ST UN TELCOM 2500532	8.88	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	90,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	4,500.00	
1500 EQUIPMENT COST OVER 300	250,545.66	
1502 ACCL. DEPR. EQUIPMENT		56,402.00
1506 EQUIPMENT-ORIGINAL	195,000.00	
1508 ALLOW FOR DEPR ORIGINAL EQ		65,000.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		6,500.00
1600 LEASEHOLD IMPROVEMENTS	50,760.25	
2000 ACCOUNTS PAYABLE		76,313.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		160,935.00
2008 RESERVE FOR STATE TAX 02		27,428.00
2120 RESERVE FOR EST. TAX 01		816.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
4000 INCOME AMER. EXPRESS		228,534.40
4002 INCOME DISCOVERY/NOVUS		69,431.42
4004 INCOME-MC/VISA/NOVA		1,595,176.88
4008 INCOME-RENT		25,281.95
4010 INCOME-CELL PHONES		1,150.97
4012 INCOME-DIRECT SALES		18,561.21
4016 INCOME-ACH DIRECT		66,528.94
4018 INCOME-CABLE		150.00
4300 COST OF SERVICES PROVIDED	201,430.34	
ACCOUNTING FEES	2,575.00	
ADVERTISING	634,195.74	
AUTO EXPENSE	525.22	
AUTO LEASE	5,588.22	
BANK SERVICE CHARGE	1,511.43	
CONTINUING EDUCATION	1,000.00	
CONTRACT SERVICES	5,607.00	
DEPRECIATION RESERVCE FOR 2002	50,683.00	
ELECTRICITY	7,549.59	
EMPLOYEE BENEFITS	19,759.05	
EMPLOYEES LIFE INS.	964.83	
FREIGHT IN/OUT	8,406.36	
INSURANCE-BUSINESS	6,416.25	
INSURANCE-EMPLOYEES	2,302.45	
JANITORIAL SUPPLIES	115.49	
LEASE-CO-LOCATION	6,782.92	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEASE OF CIRCUITS	5,978.73	
LEGAL FEES	1,538.18	
LICENSE & REGISTRATION	49,850.22	
MEALS & ENTERTAINMENT	669.52	
MERCHANT DISCOUNTS	104,691.69	
OFFICE SUPPLIES & EXPENSE	6,222.35	
PARKING	510.00	
Payroll Expenses	0.00	

10:09 PM
08/17/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Trial Balance
As of May 31, 2002

	May 31, 02	
	Debit	Credit
PAYROLL PREP. EXPENSE	435.35	
RENT & LEASE PAYMENTS	38,775.60	
REPAIRS & UPKEEP-BUILDING	9,661.35	
REPAIRS & UPKEEP-EQUIPMENT	7,492.06	
SALARIES	165,429.57	
SATALITE DISH	292.30	
SOFTWARE	1,616.68	
SUBSCRIPTIONS	125.45	
SUPPLIES & MISC. EXPENSE	13,531.44	
TAXES-BUSINESS	230.00	
TAXES-PAYROLL-FICA	9,886.20	
TAXES-PAYROLL-FUTA	1,100.67	
TAXES-PAYROLL-MEDICARE	2,294.44	
TAXES-PAYROLL-SUTA	3,399.21	
TAXES-PROPERTY	76.48	
TAXES-STATE INCOME	5,300.00	
TELEPHONE	109,797.43	
TELEPHONE ACCESS	7,390.02	
TRAVEL EXPENSE	3,505.83	
WEBSITE	325.00	
RESERVE FOR FEDERAL TAXES	160,935.00	
RESERVE FOR STATE TAXES	27,428.00	
TOTAL	<u>2,680,097.94</u>	<u>2,680,097.94</u>

10:10 PM
 08/17/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Balance Sheet
 As of May 31, 2002

	May 31, 02
ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UN.370 PETTY CASH	8,479.84
1004 1ST UN. 2500053	12,354.65
1006 1ST UN.2500121 RECURING	21,483.30
1008 1ST UN.5162983	300,000.00
1010 1ST UN.2500613 AUSTRIA	20,000.00
1012 1ST UN TELCOM 2500532	8.88
Total Checking/Savings	362,326.67
Other Current Assets	
1300 UTILITY DEPOSIT	100.00
1302 QWEST DEPOSIT	3,000.00
1304 INVESTMENT EARTH MEDIA	90,000.00
1306 RENT DEPOSIT	6,650.00
1308 EMPLOYEE ADVANCE	4,500.00
Total Other Current Assets	104,250.00
Total Current Assets	466,576.67
Fixed Assets	
1500 EQUIPMENT COST OVER 300	250,545.66
1502 ACCL. DEPR. EQUIPMENT	-56,402.00
1506 EQUIPMENT-ORIGINAL	195,000.00
1508 ALLOW FOR DEPR ORIGINAL EQ	-65,000.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
1512 ACCL. DEPR. TELECOM. EQUIP	-6,500.00
1600 LEASEHOLD IMPROVEMENTS	50,760.25
Total Fixed Assets	387,903.51
TOTAL ASSETS	854,480.18
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	76,313.00
Total Accounts Payable	76,313.00
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500.28
2006 RESERVE FOR FED.TAX 02	160,935.00
2008 RESERVE FOR STATE TAX 02	27,428.00
2120 RESERVE FOR EST. TAX 01	816.00
Total Other Current Liabilities	208,679.28
Total Current Liabilities	284,992.28
Total Liabilities	284,992.28
Equity	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
Net Income	307,100.01
Total Equity	569,487.90
TOTAL LIABILITIES & EQUITY	854,480.18

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
May 2002

	May 02	Jan - May 02
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	43,280.45	228,534.40
4002 INCOME DISCOVERY/NOVUS	14,461.48	69,431.42
4004 INCOME-MC/VISA/NOVA	368,698.32	1,595,176.88
4008 INCOME-RENT	4,900.00	25,281.95
4010 INCOME-CELL PHONES	532.57	1,150.97
4012 INCOME-DIRECT SALES	4,793.21	18,561.21
4016 INCOME-ACH DIRECT	13,605.30	66,528.94
4018-INCOME-CABLE	75.00	150.00
Total Income	450,346.33	2,004,815.77
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	36,080.00	201,430.34
Total COGS	36,080.00	201,430.34
Gross Profit	414,266.33	1,803,385.43
Expense		
ACCOUNTING FEES	0.00	2,575.00
ADVERTISING	199,743.85	634,195.74
AUTO EXPENSE	306.16	525.22
AUTO LEASE	0.00	5,588.22
BANK SERVICE CHARGE	499.19	1,511.43
CONTINUING EDUCATION	0.00	1,000.00
CONTRACT SERVICES	80.00	5,607.00
DEPRECIATION RESERVE FOR 2...	10,483.00	50,683.00
ELECTRICITY	2,718.76	7,549.59
EMPLOYEE BENEFITS	1,404.00	19,759.05
EMPLOYEES LIFE INS.	496.58	964.83
FREIGHT IN/OUT	4,075.69	8,406.36
INSURANCE-BUSINESS	2,175.75	6,416.25
INSURANCE-EMPLOYEES	993.98	2,302.45
JANITORIAL SUPPLIES	0.00	115.49
LEASE-CO-LOCATION	975.47	6,782.92
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEASE OF CIRCUITS	3,042.12	5,978.73
LEGAL FEES	201.48	1,538.18
LICENSE & REGISTRATION	15,200.00	49,850.22
MEALS & ENTERTAINMENT	255.46	669.52
MERCHANT DISCOUNTS	18,589.39	104,691.69
OFFICE SUPPLIES & EXPENSE	1,430.95	6,222.35
PARKING	240.00	510.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	0.00	435.35
RENT & LEASE PAYMENTS	7,795.00	38,775.60
REPAIRS & UPKEEP-BUILDING	1,535.82	9,661.35
REPAIRS & UPKEEP-EQUIPMENT	2,031.00	7,492.06
SALARIES	34,444.38	165,429.57
SATLITE DISH	0.00	292.30
SOFTWARE	0.00	1,616.68
SUBSCRIPTIONS	0.00	125.45
SUPPLIES & MISC. EXPENSE	9,864.82	13,531.44
TAXES-BUSINESS	80.00	230.00
TAXES-PAYROLL-FICA	2,008.17	9,886.20
TAXES-PAYROLL-FUTA	0.00	1,100.67
TAXES-PAYROLL-MEDICARE	469.65	2,294.44
TAXES-PAYROLL-SUTA	0.00	3,399.21
TAXES-PROPERTY	0.00	76.48
TELEPHONE	39,420.14	109,797.43
TELEPHONE ACCESS	0.00	7,390.02

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
May 2002

	<u>May 02</u>	<u>Jan - May 02</u>
TRAVEL EXPENSE	0.00	3,505.83
WEBSITE	0.00	325.00
Total Expense	<u>360,560.81</u>	<u>1,302,622.42</u>
Net Ordinary Income	53,705.52	500,763.01
Other income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	14,879.00	160,935.00
RESERVE FOR STATE TAXES	2,523.00	27,428.00
Total Other Expense	<u>17,402.00</u>	<u>188,363.00</u>
Net Other Income	-17,402.00	-188,363.00
Net Income	<u>36,303.52</u>	<u>312,400.01</u>

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08/17/02

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

May 2002

Type	Num	Date	Name	Account	Amount
Deposit		5/31/2002		1000 1ST UN.370 P...	49,743.10
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-44,913.40
			DEPOSIT	4012 INCOME-DIR...	-4,770.37
			REFUNDS	OFFICE SUPPLIES...	-59.33
TOTAL					-49,743.10
Deposit		5/31/2002		1004 1ST UN. 2500...	517,160.59
			DISCOVERY	4002 INCOME DIS...	-14,461.48
			ACH DIRECT	4016 INCOME-ACH...	-13,605.30
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-77,115.04
			AMERICAN EXPR...	4000 INCOME AME...	-43,280.45
			NOVA	4004 INCOME-MC/...	-368,698.32
TOTAL					-517,160.59
Deposit		5/31/2002		1006 1ST UN.2500...	202,220.36
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-201,999.52
			PAYPAL	4012 INCOME-DIR...	-0.44
			DEPOSIT	4012 INCOME-DIR...	-220.40
TOTAL					-202,220.36
Deposit		5/31/2002		1008 1ST UN.5162...	327,298.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-327,298.00
TOTAL					-327,298.00
Deposit		5/31/2002		1010 1ST UN.2500...	106,615.90
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-106,615.90
TOTAL					-106,615.90
Deposit		5/31/2002		1012 1ST UN TELC...	120.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-120.00
TOTAL					-120.00

HOWARD D. SANDERFORD

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ACCOUNTING<>TAXES<>CONSULTING

August 7, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33825

Dear Mr. Johnson:

I have prepared the financial statement for Hosting-Network, Inc. for the month of April, 2002.

The statement is presented on the cash basis which accounts for monies that went into your various bank accounts in March and check or withdrawals from these same accounts. I have not attempted to establish an accounts receivable which would increase your profits or an accounts payable which would decrease your profits for this period.

The statement contains the accounts payable which I established at December 31, 2001 which may or may not be correct.

I worked with figures that I have not verified so please review the statement in detail and advise me of any changes, corrections or errors.

My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement contains the following schedule and forms in the order listed.

- A. Trial Balance
- B. Balance Sheet
- C. Profit & Loss Statement
- D. Deposit Detail
- E. Check & Disbursement Detail
- F. Bank Statements and reconciliations.

I prepared this Financial Statement an independent accountant, with out any interest or investment in Hosting-Network, Inc.

Yours very truly;


Howard D. Sanderford

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

April 30, 2002

Depreciation Expense:

Depreciation has been figured on equipment purchased in 2001 and in January thru. April, 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in this year at 20%.

This amount of \$40,200 is reflected in the statement.

Reserve for Federal Income Tax:

Net profit for the four months before taxes was \$454,482 less estimated State tax of \$24,905 (see note below) for a net profit of \$429,577 X 3 for a yearly total of \$1,288,731. The tax rate is 34% for a estimated Federal tax of \$438,169 divided by 12 month equals a monthly total of \$36,514 X 4 months = \$146,056.

This amount is reflected in the statement.

Reserve for State Income Tax:

Net profit for the four months is \$454,482 before taxes X 3 = \$1,363,444 less the State deduction of \$5,000 = \$1,358,446 X 5.5% = \$74,715 divided by 12 months = \$5,730 X 4 months = \$24,905.

This amount is reflected in the statement.

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 08/06/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of April 30, 2002

	Apr 30, 02	
	Debit	Credit
1000 1ST UN.370 PETTY CASH	1,625.02	
1002 1ST UN.45321 DBA	0.00	
1004 1ST UN. 2500053	13,523.58	
1006 1ST UN.2500121 RECURING	14,382.35	
1008 1ST UN.5162983	345,582.00	
1010 1ST UN.2500613 AUSTRIA	5.00	
1012 1ST UN TELCOM 2500532	18.00	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	60,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	100.00	
1500 EQUIPMENT COST OVER 300	237,620.66	
1502 ACCL. DEPR. EQUIPMENT		51,119.00
1506 EQUIPMENT-ORIGINAL	195,000.00	
1508 ALLOW FOR DEPR ORIGINAL EQ		59,800.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		6,500.00
1600 LEASEHOLD IMPROVEMENTS	50,478.45	
2000 ACCOUNTS PAYABLE		76,313.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		146,056.00
2008 RESERVE FOR STATE TAX 02		19,605.00
2120 RESERVE FOR EST. TAX 01		22,782.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
4000 INCOME AMER. EXPRESS		185,253.95
4002 INCOME DISCOVERY/NOVUS		54,969.94
4004 INCOME-MC/VISA/NOVA		1,226,478.56
4008 INCOME-RENT		20,381.95
4010 INCOME-CELL PHONES		618.40
4012 INCOME-DIRECT SALES		13,768.00
4016 INCOME-ACH DIRECT		52,923.64
4018-INCOME-CABLE		75.00
4300 COST OF SERVICES PROVIDED	165,350.34	
ACCOUNTING FEES	1,800.00	
ADVERTISING	427,951.89	
AUTO EXPENSE	219.06	
AUTO LEASE	5,588.22	
BANK SERVICE CHARGE	1,012.24	
CONTINUING EDUCATION	1,000.00	
CONTRACT SERVICES	5,527.00	
DEPRECIATION RESERVE FOR 2002	40,200.00	
ELECTRICITY	4,830.83	
EMPLOYEE BENEFITS	18,355.05	
EMPLOYEES LIFE INS.	468.25	
FREIGHT IN/OUT	4,330.67	
INSURANCE-BUSINESS	4,240.50	
INSURANCE-EMPLOYEES	1,308.47	
JANITORIAL SUPPLIES	115.49	
LEASE-CO-LOCATION	5,807.45	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEASE OF CIRCUITS	2,936.61	
LEGAL FEES	1,336.70	
LICENSE & REGISTRATION	34,650.22	
MEALS & ENTERTAINMENT	414.06	
MERCHANT DISCOUNTS	86,102.30	
OFFICE SUPPLIES & EXPENSE	4,791.40	
PARKING	270.00	
Payroll Expenses	0.00	

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of April 30, 2002

	Apr 30, 02	
	Debit	Credit
PAYROLL PREP. EXPENSE	435.35	
RENT & LEASE PAYMENTS	30,980.60	
REPAIRS & UPKEEP-BUILDING	8,125.53	
REPAIRS & UPKEEP-EQUIPMENT	5,461.06	
SALARIES	130,985.19	
SATALITE DISH	292.30	
SOFTWARE	1,616.68	
SUBSCRIPTIONS	125.45	
SUPPLIES & MISC. EXPENSE	3,666.62	
TAXES-PAYROLL-FICA	7,878.03	
TAXES-PAYROLL-FUTA	1,100.67	
TAXES-PAYROLL-MEDICARE	1,824.79	
TAXES-PAYROLL-SUTA	3,399.21	
TAXES-PROPERTY	76.48	
TELEPHONE	70,377.29	
TELEPHONE ACCESS	7,390.02	
TRAVEL EXPENSE	3,505.83	
WEBSITE	325.00	
RESERVE FOR FEDERAL TAXES	146,056.00	
RESERVE FOR STATE TAXES	24,905.00	
TOTAL	<u>2,218,532.61</u>	<u>2,218,532.61</u>

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08/06/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Balance Sheet
As of April 30, 2002

	<u>Apr 30, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UN.370 PETTY CASH	1,625.02
1004 1ST UN. 2500053	13,523.58
1006 1ST UN.2500121 RECURING	14,382.35
1008 1ST UN.5162983	345,582.00
1010 1ST UN.2500613 AUSTRIA	5.00
1012 1ST UN TELCOM 2500532	18.00
Total Checking/Savings	<u>375,135.95</u>
Other Current Assets	
1300 UTILITY DEPOSIT	100.00
1302 QWEST DEPOSIT	3,000.00
1304 INVESTMENT EARTH MEDIA	60,000.00
1306 RENT DEPOSIT	6,650.00
1308 EMPLOYEE ADVANCE	100.00
Total Other Current Assets	<u>69,850.00</u>
Total Current Assets	444,985.95
Fixed Assets	
1500 EQUIPMENT COST OVER 300	237,620.66
1502 ACCL. DEPR. EQUIPMENT	-51,119.00
1506 EQUIPMENT-ORIGINAL	195,000.00
1508 ALLOW FOR DEPR ORIGINAL EQ	-59,800.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
1512 ACCL. DEPR. TELECOM. EQUIP	-6,500.00
1600 LEASEHOLD IMPROVEMENTS	50,478.45
Total Fixed Assets	<u>385,179.71</u>
TOTAL ASSETS	<u>830,165.66</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	76,313.00
Total Accounts Payable	<u>76,313.00</u>
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500.28
2006 RESERVE FOR FED.TAX 02	146,056.00
2008 RESERVE FOR STATE TAX 02	19,605.00
2120 RESERVE FOR EST. TAX 01	22,782.00
Total Other Current Liabilities	<u>207,943.28</u>
Total Current Liabilities	<u>284,256.28</u>
Total Liabilities	284,256.28
Equity	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
Net Income	283,521.49
Total Equity	<u>545,909.38</u>
TOTAL LIABILITIES & EQUITY	<u>830,165.66</u>

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 08/06/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
 April 2002

	<u>Apr 02</u>	<u>Jan - Apr 02</u>
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	52,702.15	185,253.95
4002 INCOME DISCOVERY/NOVUS	10,565.18	54,969.94
4004 INCOME-MC/VISA/NOVA	349,009.31	1,226,478.56
4008 INCOME-RENT	4,940.00	20,381.95
4010 INCOME-CELL PHONES	398.00	618.40
4012 INCOME-DIRECT SALES	6,895.80	13,768.00
4016 INCOME-ACH DIRECT	17,553.50	52,923.64
4018-INCOME-CABLE	75.00	75.00
Total Income	<u>442,138.94</u>	<u>1,554,469.44</u>
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	36,808.73	165,350.34
Total COGS	<u>36,808.73</u>	<u>165,350.34</u>
Gross Profit	405,330.21	1,389,119.10
Expense		
ACCOUNTING FEES	0.00	1,800.00
ADVERTISING	194,712.78	427,951.89
AUTO EXPENSE	114.52	219.06
AUTO LEASE	0.00	5,588.22
BANK SERVICE CHARGE	315.60	1,012.24
CONTINUING EDUCATION	0.00	1,000.00
CONTRACT SERVICES	455.00	5,527.00
DEPRECIATION RESERVE FOR 2...	-955.00	40,200.00
ELECTRICITY	1,425.87	4,830.83
EMPLOYEE BENEFITS	5,919.72	18,355.05
EMPLOYEES LIFE INS.	468.25	468.25
FREIGHT IN/OUT	937.47	4,330.67
INSURANCE-BUSINESS	0.00	4,240.50
INSURANCE-EMPLOYEES	821.22	1,308.47
JANITORIAL SUPPLIES	115.49	115.49
LEASE-CO-LOCATION	1,253.75	5,807.45
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEASE OF CIRCUITS	2,936.61	2,936.61
LEGAL FEES	0.00	1,336.70
LICENSE & REGISTRATION	11,378.22	34,650.22
MEALS & ENTERTAINMENT	77.95	414.06
MERCHANT DISCOUNTS	20,310.66	86,102.30
OFFICE SUPPLIES & EXPENSE	941.80	4,791.40
PARKING	0.00	270.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	86.56	435.35
RENT & LEASE PAYMENTS	7,640.00	30,980.60
REPAIRS & UPKEEP-BUILDING	622.48	8,125.53
REPAIRS & UPKEEP-EQUIPMENT	1,617.10	5,461.06
SALARIES	35,681.17	130,985.19
SATALITE DISH	0.00	292.30
SOFTWARE	540.55	1,616.68
SUBSCRIPTIONS	71.45	125.45
SUPPLIES & MISC. EXPENSE	1,165.88	3,666.62
TAXES-PAYROLL-FICA	2,084.85	7,878.03
TAXES-PAYROLL-FUTA	157.23	1,100.67
TAXES-PAYROLL-MEDICARE	487.59	1,824.79
TAXES-PAYROLL-SUTA	530.66	3,399.21
TAXES-PROPERTY	76.48	76.48
TELEPHONE	833.51	70,377.29
TELEPHONE ACCESS	7,390.02	7,390.02
TRAVEL EXPENSE	2,955.83	3,505.83
WEBSITE	50.00	325.00
Total Expense	<u>303,221.27</u>	<u>934,636.61</u>
Net Ordinary Income	102,108.94	454,482.49

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
April 2002

	<u>Apr 02</u>	<u>Jan - Apr 02</u>
Other Income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	32,517.00	146,056.00
RESERVE FOR STATE TAXES	5,542.00	24,905.00
Total Other Expense	<u>38,059.00</u>	<u>170,961.00</u>
Net Other Income	<u>-38,059.00</u>	<u>-170,961.00</u>
Net Income	<u>64,049.94</u>	<u>283,521.49</u>

8:59 AM

08/07/02

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

April 2002

Type	Num	Date	Name	Account	Amount
Deposit		4/30/2002		1000 1ST UN.370 P...	18,761.47
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-11,637.27
			SALES	4012 INCOME-DIR...	-7,124.20
TOTAL					-18,761.47
Deposit		4/30/2002		1004 1ST UN. 2500...	516,298.87
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-128,279.94
			ACH DIRECT	4016 INCOME-ACH. .	-17,553.50
			NOVA	4004 INCOME-MC/ .	-349,009.31
			AMERICAN EXPR...	4000 INCOME AME...	-19,180.32
			DISCOVERY	4002 INCOME DIS...	-2,275.80
TOTAL					-516,298.87
Deposit		4/30/2002		1006 1ST UN.2500...	138,889.69
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-130,600.31
			DISCOVERY	4002 INCOME DIS...	-8,289.38
TOTAL					-138,889.69
Deposit		4/30/2002		1008 1ST UN.5162...	330,650.32
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-330,650.32
TOTAL					-330,650.32
Deposit		4/30/2002		1010 1ST UN.2500...	15.07
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-15.07
TOTAL					-15.07
Deposit		4/30/2002		1012 1ST UN TELC...	221,617.84
			AMERICAN EXPR...	4000 INCOME AME...	-33,521.83
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-188,078.01
			SC	BANK SERVICE C...	-18.00
TOTAL					-221,617.84

HOWARD D. SANDERFORD

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ACCOUNTING<TAXES<CONSULTING

July 29, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33825

COPY

Dear Mr. Johnson:

I have prepared the financial statement for Hosting-Network, Inc. for the month of March, 2002.

The statement is presented on the cash basis which accounts for monies that went into your various bank accounts in March and check or withdrawals from these same accounts. I have not attempted to establish an accounts receivable which would increase your profits or an accounts payable which would decrease your profits for this period.

The statement contains the accounts payable which I established at December 31, 2001 which may or may not be correct.

I worked with figures that I have not verified so please review the statement in detail and advise me of any changes, corrections or errors.

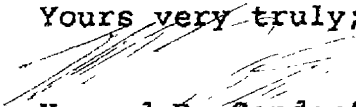
My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement contains the following schedule and forms in the order listed.

- A. Trial Balance
- B. Balance Sheet
- C. Profit & Loss Statement
- D. Deposit Detail
- E. Check & Disbursement Detail
- F. Bank Statements and reconciliations.

I prepared this Financial Statement an independent accountant, with out any interest or investment in Hosting-Network, Inc.

Yours very truly;


Howard D. Sanderford

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

MARCH 31, 2002

Depreciation Expense:

Depreciation has been figured on equipment purchased in 2001 and in January thru. March, 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in this year at 20%.

This amount of \$41,155 is reflected in the statement.

Reserve for Federal Income Tax:

Net profit for the three months before taxes was \$353,299 less estimated State tax of \$19,362 (see note below) for a net profit of \$333,937 X 4 for a yearly total of \$1,335,748. The tax rate is 34% for a estimated Federal tax of \$454,154 divided by 12 month equals a monthly total of \$37,846 X 3 months = \$113,539.

This amount is reflected in the statement.

Reserve for State Income Tax:

Net profit for the three months is \$353,299 before taxes X 4 = \$1,413,196 less the State deduction of \$5,000 = \$1,408,196 X 5.5% = \$77,451 divided by 12 months = \$6,454 X 3 months = \$19,363.

This amount is reflected in the statement.

8:02 PM
 07/29/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance
 As of March 31, 2002

	Mar 31, 02	
	Debit	Credit
1000 1ST UNION PETTY CASH	131.03	
1002 1ST UN DBA ACCT. 45321	0.00	
1004 1ST UNION 2500053	17,140.00	
1006 1ST UN RECURG 2500121	52,039.61	
1008 1ST UNION ACCT. 5182983	300,000.00	
1010 1ST UNION AUSTRIA 2500613	0.00	
1012 1ST UN TELCOM 2500532	58,229.40	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	30,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	100.00	
1500 EQUIPMENT COST OVER 300	337,341.58	
1502 ACCL. DEPR. EQUIPMENT		111,874.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		6,500.00
1600 LEASEHOLD IMPROVEMENTS	25,299.50	
2000 ACCOUNTS PAYABLE		76,313.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		113,539.00
2008 RESERVE FOR STATE TAX 02		19,363.00
2120 RESERVE FOR EST. TAX 01		22,782.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
2214 SUTA TAX PAYABLE	736.08	
2216 FUTA TAXES PAYABLE	218.11	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
Retained Earnings	2,171.18	
4000 INCOME AMER. EXPRESS		132,551.80
4002 INCOME DISCOVERY/NOVUS		44,404.76
4004 INCOME-MC/VISA/NOVA		877,469.25
4008 INCOME-RENT		15,441.95
4010 INCOME-CELL PHONES		220.40
4012 INCOME-DIRECT SALES		6,872.20
4016 INCOME-ACH DIRECT		35,370.14
4300 COST OF SERVICES PROVIDED	120,041.61	
ACCOUNTING FEES	1,800.00	
ADVERTISING	233,067.93	
AUTO EXPENSE	104.54	
AUTO LEASE	5,588.22	
BANK SERVICE CHARGE	696.64	
CONTINUING EDUCATION	1,000.00	
CONTRACT SERVICES	8,072.00	
DEPRECIATION RESERVE FOR 2002	41,155.00	
ELECTRICITY	3,404.96	
EMPLOYEE BENEFITS	12,435.33	
FREIGHT IN/OUT	3,393.20	
INSURANCE-BUSINESS	4,240.50	
INSURANCE-EMPLOYEES	2,399.88	
LEASE-CO-LOCATION	4,553.70	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEGAL FEES	1,336.70	
LICENSE & REGISTRATION	23,272.00	
MEALS & ENTERTAINMENT	336.11	
MERCHANT DISCOUNTS	85,791.64	
OFFICE SUPPLIES & EXPENSE	3,849.80	
PARKING	270.00	
Payroll Expenses	0.00	
PAYROLL PREP. EXPENSE	852.55	
RENT & LEASE PAYMENTS	23,340.60	
REPAIRS & UPKEEP-BUILDING	9,703.05	

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Trial Balance
As of March 31, 2002

	Mar 31, 02	
	Debit	Credit
REPAIRS & UPKEEP-EQUIPMENT	3,843.96	
SALARIES	98,342.66	
SATALITE DISH	292.30	
SOFTWARE	4,576.13	
SUBSCRIPTIONS	54.00	
SUPPLIES & MISC. EXPENSE	2,500.74	
TAXES-PAYROLL-FICA	1,967.09	
TAXES-PAYROLL-FUTA	557.63	
TAXES-PAYROLL-MEDICARE	442.17	
TAXES-PAYROLL-SUTA	1,566.45	
TELEPHONE	69,543.78	
TRAVEL EXPENSE	550.00	
WEBSITE	275.00	
RESERVE FOR FEDERAL TAXES	113,539.00	
RESERVE FOR STATE TAXES	19,363.00	
TOTAL	1,744,589.67	1,744,589.67

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Cash Basis

HOSTING-NETWORK/FINANCIAL D. I/A
Balance Sheet
As of March 31, 2002

	<u>Mar 31, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UNION PETTY CASH	131.03
1004 1ST UNION 2500053	17,140.00
1006 1ST UN RECURG 2500121	52,039.61
1008 1ST UNION ACCT. 5162983	300,000.00
1012 1ST UN TELCOM 2500532	58,229.40
Total Checking/Savings	<u>427,540.04</u>
Other Current Assets	
1300 UTILITY DEPOSIT	100.00
1302 QWEST DEPOSIT	3,000.00
1304 INVESTMENT EARTH MEDIA	30,000.00
1306 RENT DEPOSIT	6,650.00
1308 EMPLOYEE ADVANCE	100.00
Total Other Current Assets	<u>39,850.00</u>
Total Current Assets	467,390.04
Fixed Assets	
1500 EQUIPMENT COST OVER 300	337,341.58
1502 ACCL. DEPR. EQUIPMENT	-111,874.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
1512 ACCL. DEPR. TELECOM. EQUIP	-6,500.00
1600 LEASEHOLD IMPROVEMENTS	25,299.50
Total Fixed Assets	<u>263,766.68</u>
TOTAL ASSETS	<u><u>731,156.72</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	76,313.00
Total Accounts Payable	<u>76,313.00</u>
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500.28
2006 RESERVE FOR FED.TAX 02	113,539.00
2008 RESERVE FOR STATE TAX 02	19,363.00
2120 RESERVE FOR EST. TAX 01	22,782.00
Total Other Current Liabilities	<u>175,184.28</u>
Total Current Liabilities	251,497.28
Long Term Liabilities	
2214 SUTA TAX PAYABLE	-736.09
2216 FUTA TAXES PAYABLE	-218.11
Total Long Term Liabilities	<u>-954.20</u>
Total Liabilities	250,543.08
Equity	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
Retained Earnings	-2,171.18
Net Income	220,396.93
Total Equity	<u>480,613.64</u>
TOTAL LIABILITIES & EQUITY	<u><u>731,156.72</u></u>

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 Cash Basis

HOSPING-NETWORK/FINANCIAL DAT.
Profit & Loss YTD Comparison
 March 2002

	Mar 02	Jan - Mar 02
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	45,659.93	132,551.80
4002 INCOME DISCOVERY/NOVUS	12,105.93	44,404.76
4004 INCOME-MC/VISA/NOVA	343,717.49	877,469.25
4008 INCOME-RENT	4,700.00	15,441.95
4010 INCOME-CELL PHONES	98.00	220.40
4012 INCOME-DIRECT SALES	1,872.20	6,872.20
4016 INCOME-ACH DIRECT	12,113.06	35,370.14
Total Income	420,266.61	1,112,330.50
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	30,000.00	120,041.61
Total COGS	30,000.00	120,041.61
Gross Profit	390,266.61	992,288.89
Expense		
ACCOUNTING FEES	0.00	1,800.00
ADVERTISING	56,938.63	233,067.93
AUTO EXPENSE	58.27	104.54
AUTO LEASE	0.00	5,588.22
BANK SERVICE CHARGE	89.85	696.64
CONTINUING EDUCATION	1,000.00	1,000.00
CONTRACT SERVICES	1,760.00	8,072.00
DEPRECIATION RESERVE FOR 2...	24,999.00	41,155.00
ELECTRICITY	1,058.48	3,404.96
EMPLOYEE BENEFITS	0.00	12,435.33
FREIGHT IN/OUT	464.31	3,393.20
INSURANCE-BUSINESS	0.00	4,240.50
INSURANCE-EMPLOYEES	2,875.50	2,399.68
LEASE-CO-LOCATION	1,609.47	4,553.70
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEGAL FEES	0.00	1,336.70
LICENSE & REGISTRATION	8,280.00	23,272.00
MEALS & ENTERTAINMENT	0.00	336.11
MERCHANT DISCOUNTS	20,879.30	65,791.64
OFFICE SUPPLIES & EXPENSE	1,819.47	3,849.60
PARKING	0.00	270.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	589.57	852.55
RENT & LEASE PAYMENTS	7,640.00	23,340.60
REPAIRS & UPKEEP-BUILDING	2,187.58	9,703.05
REPAIRS & UPKEEP-EQUIPMENT	714.83	3,843.96
SALARIES	33,680.68	98,342.66
SATALITE DISH	0.00	292.30
SOFTWARE	2,000.00	4,576.13
SUBSCRIPTIONS	54.00	54.00
SUPPLIES & MISC. EXPENSE	881.92	2,500.74
TAXES-PAYROLL-FICA	0.00	1,967.09
TAXES-PAYROLL-FUTA	0.00	557.63
TAXES-PAYROLL-MEDICARE	0.00	442.17
TAXES-PAYROLL-SUTA	0.00	1,566.45
TELEPHONE	24,190.63	69,543.78
TRAVEL EXPENSE	0.00	550.00
WEBSITE	125.00	275.00
Total Expense	193,886.49	638,889.96
Net Ordinary Income	196,370.12	353,298.93
Other Income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	61,269.00	113,539.00
RESERVE FOR STATE TAXES	10,465.00	19,363.00
Total Other Expense	71,734.00	132,902.00

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Cash Basis

HOSTING-NETWORK/FINANCIAL DA
Profit & Loss YTD Comparison
March 2002

	<u>Mar 02</u>	<u>Jan - Mar 02</u>
<i>Net Other Income</i>	-71,734.00	-132,902.00
Net Income	<u>124,636.12</u>	<u>220,396.93</u>

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HOSTING-NETWORK/FINANCIAL DATA
Deposit Detail
March 2002

Type	Num	Date	Name	Account	Amount
Deposit		3/31/2002		1000 1ST UNION P...	32,157.18
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-31,784.98
			DEPOSIT	4012 INCOME-DIR...	-372.20
TOTAL					-32,157.18
Deposit		3/31/2002		1002 1ST UN DBA ...	7,459.90
			AMERICAN EXPR...	4000 INCOME AME...	-7,459.90
TOTAL					-7,459.90
Deposit		3/31/2002		1004 1ST UNION 2...	456,676.71
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-99,346.16
			ACH DIRECT	4016 INCOME-ACH...	-12,113.06
			DIRECT DEPOSIT	4012 INCOME-DIR...	-1,500.00
			NOVA	4004 INCOME-MC/...	-343,717.49
TOTAL					-456,676.71
Deposit		3/31/2002		1006 1ST UN REC...	12,105.93
			DISCOVERY	4002 INCOME DIS...	-12,105.93
TOTAL					-12,105.93
Deposit		3/31/2002		1006 1ST UN REC...	132,940.54
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-132,940.54
TOTAL					-132,940.54
Deposit		3/31/2002		1008 1ST UNION A...	338,917.66
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-338,917.66
TOTAL					-338,917.66
Deposit		3/31/2002		1010 1ST UNION A...	42,013.54
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-42,013.54
TOTAL					-42,013.54
Deposit		3/31/2002		1012 1ST UN TELC...	359,949.64
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-319,230.61
			AMERICAN EXPR...	4000 INCOME AME...	-40,719.03
TOTAL					-359,949.64

HOWARD D. SANDERFORD

P.O. BOX 1214 ~ LEHIGH ACRES, FLORIDA 33970
Phone 239-368-0458 <> Fax 239-368-9516 <> Cell 239-691-0401
E-MAIL DSanderfor@CS.COM.
ACCOUNTING<>TAXES<>CONSULTING

July 29, 2002

Mr. Travis Johnson, CTO
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1516 Jackson Street
Fort Myers, Florida 33825

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HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

MARCH 31, 2002

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1006 1ST UN RECURG 2500121	52,038.61	
1008 1ST UNION ACCT. 5162963	300,000.00	
1010 1ST UNION AUSTRIA 2500613	0.00	
1012 1ST UN TELCOM 2500532	58,229.40	
1200 TRANSFERS IN/OUT	0.00	
1300 UTILITY DEPOSIT	100.00	
1302 QWEST DEPOSIT	3,000.00	
1304 INVESTMENT EARTH MEDIA	30,000.00	
1306 RENT DEPOSIT	6,650.00	
1308 EMPLOYEE ADVANCE	100.00	
1500 EQUIPMENT COST OVER 300	337,341.59	
1502 ACCL. DEPR. EQUIPMENT		111,874.00
1510 TELECOMMUNICATION EQUIP.	19,499.80	
1512 ACCL. DEPR. TELECOM. EQUIP		6,500.00
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2008 RESERVE FOR STATE TAX 02		19,363.00
2120 RESERVE FOR EST. TAX 01		22,782.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
2214 SUTA TAX PAYABLE	736.09	
2216 FUTA TAXES PAYABLE	218.11	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
Retained Earnings	2,171.18	
4000 INCOME AMER. EXPRESS		132,551.80
4002 INCOME DISCOVERY/NOVUS		44,404.76
4004 INCOME-MC/VISA/NOVA		877,469.25
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BANK SERVICE CHARGE	896.64	
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DEPRECIATION RESERVE FOR 2002	41,155.00	
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TAXES-PAYROLL-FUTA	557.63	
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TAXES-PAYROLL-SUTA	1,566.45	
TELEPHONE	69,543.78	
TRAVEL EXPENSE	550.00	
WEBSITE	275.00	
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RESERVE FOR STATE TAXES	19,363.00	
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8:02 PM
 07/29/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL STATEMENTS
Balance Sheet
 As of March 31, 2002

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<i>Current Assets</i>	
<i>Checking/Savings</i>	
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1304 INVESTMENT EARTH MEDIA	30,000.00
1306 RENT DEPOSIT	6,650.00
1308 EMPLOYEE ADVANCE	100.00
Total Other Current Assets	<u>39,850.00</u>
Total Current Assets	467,390.04
<i>Fixed Assets</i>	
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1502 ACCL. DEPR. EQUIPMENT	-111,874.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
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TOTAL ASSETS	<u><u>731,156.72</u></u>
LIABILITIES & EQUITY	
<i>Liabilities</i>	
<i>Current Liabilities</i>	
<i>Accounts Payable</i>	
2000 ACCOUNTS PAYABLE	76,313.00
Total Accounts Payable	<u>76,313.00</u>
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Total Current Liabilities	251,497.28
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2216 FUTA TAXES PAYABLE	-218.11
Total Long Term Liabilities	<u>-954.20</u>
Total Liabilities	250,543.08
<i>Equity</i>	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
<i>Retained Earnings</i>	-2,171.18
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Total Equity	<u>480,613.64</u>
TOTAL LIABILITIES & EQUITY	<u><u>731,156.72</u></u>

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 March 2002

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Income		
4000 INCOME AMER. EXPRESS	45,659.93	132,551.80
4002 INCOME DISCOVERY/NOVUS	12,105.93	44,404.76
4004 INCOME-MCA/VISA/NOVA	343,717.49	877,469.25
4008 INCOME-RENT	4,700.00	15,441.95
4010 INCOME-CELL PHONES	98.00	220.40
4012 INCOME-DIRECT SALES	1,872.20	6,872.20
4016 INCOME-ACH DIRECT	12,113.06	35,370.14
Total Income	420,266.61	1,112,330.50
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	30,000.00	120,041.61
Total COGS	30,000.00	120,041.61
Gross Profit	390,266.61	992,288.89
Expense		
ACCOUNTING FEES	0.00	1,800.00
ADVERTISING	56,938.63	233,067.93
AUTO EXPENSE	58.27	104.54
AUTO LEASE	0.00	5,588.22
BANK SERVICE CHARGE	89.85	696.64
CONTINUING EDUCATION	1,000.00	1,000.00
CONTRACT SERVICES	1,760.00	8,072.00
DEPRECIATION RESERVE FOR 2...	24,999.00	41,155.00
ELECTRICITY	1,058.48	3,404.96
EMPLOYEE BENEFITS	0.00	12,435.33
FREIGHT IN/OUT	464.31	3,393.20
INSURANCE-BUSINESS	0.00	4,240.50
INSURANCE-EMPLOYEES	2,875.50	2,399.68
LEASE-CO-LOCATION	1,609.47	4,553.70
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEGAL FEES	0.00	1,336.70
LICENSE & REGISTRATION	8,280.00	23,272.00
MEALS & ENTERTAINMENT	0.00	336.11
MERCHANT DISCOUNTS	20,879.30	65,791.64
OFFICE SUPPLIES & EXPENSE	1,819.47	3,849.60
PARKING	0.00	270.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	589.57	852.55
RENT & LEASE PAYMENTS	7,640.00	23,340.60
REPAIRS & UPKEEP-BUILDING	2,187.58	9,703.05
REPAIRS & UPKEEP-EQUIPMENT	714.83	3,843.96
SALARIES	33,680.68	98,342.66
SATALITE DISH	0.00	292.30
SOFTWARE	2,000.00	4,576.13
SUBSCRIPTIONS	54.00	54.00
SUPPLIES & MISC. EXPENSE	881.92	2,500.74
TAXES-PAYROLL-FICA	0.00	1,967.09
TAXES-PAYROLL-FUTA	0.00	557.63
TAXES-PAYROLL-MEDICARE	0.00	442.17
TAXES-PAYROLL-SUTA	0.00	1,566.45
TELEPHONE	24,190.63	69,543.78
TRAVEL EXPENSE	0.00	550.00
WEBSITE	125.00	275.00
Total Expense	193,886.49	638,989.96
Net Ordinary Income	196,370.12	353,298.93
Other Income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	61,269.00	113,539.00
RESERVE FOR STATE TAXES	10,465.00	19,363.00
Total Other Expense	71,734.00	132,902.00

7:59 PM
07/29/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DA
Profit & Loss YTD Comparison
March 2002

	<u>Mar 02</u>	<u>Jan - Mar 02</u>
<i>Net Other Income</i>	-71,734.00	-132,902.00
Net Income	<u>124,836.12</u>	<u>220,386.93</u>

8:05 PM

07/29/02

HUSTING-NETWORK/FINANCIAL DATA
Deposit Detail
 March 2002

Type	Num	Date	Name	Account	Amount
Deposit		3/31/2002		1000 1ST UNION P...	32,157.18
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-31,784.98
			DEPOSIT	4012 INCOME-DIR...	-372.20
TOTAL					-32,157.18
Deposit		3/31/2002		1002 1ST UN DBA ...	7,459.90
			AMERICAN EXPR. .	4000 INCOME AME...	-7,459.90
TOTAL					-7,459.90
Deposit		3/31/2002		1004 1ST UNION 2...	456,676.71
			TRANSFERS IN/OUT	1200 TRANSFERS ..	-99,346.16
			ACH DIRECT	4016 INCOME-ACH ..	-12,113.06
			DIRECT DEPOSIT	4012 INCOME-DIR...	-1,500.00
			NOVA	4004 INCOME-MC/...	-343,717.49
TOTAL					-456,676.71
Deposit		3/31/2002		1006 1ST UN REC...	12,105.93
			DISCOVERY	4002 INCOME DIS .	-12,105.93
TOTAL					-12,105.93
Deposit		3/31/2002		1006 1ST UN REC...	132,940.54
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-132,940.54
TOTAL					-132,940.54
Deposit		3/31/2002		1008 1ST UNION A...	338,917.66
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-338,917.66
TOTAL					-338,917.66
Deposit		3/31/2002		1010 1ST UNION A...	42,013.54
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-42,013.54
TOTAL					-42,013.54
Deposit		3/31/2002		1012 1ST UN TELC...	359,949.64
			TRANSFERS IN/OUT	1200 TRANSFERS ..	-319,230.61
			AMERICAN EXPR. .	4000 INCOME AME...	-40,719.03
TOTAL					-359,949.64

HOWARD D. SANDERFORD

P.O. BOX 1214 ~ LEHIGH ACRES, FLORIDA 33970
Phone 239-368-0458 < Fax 239-368-9516 < Cell 239-691-0401
E-MAIL DSanderfor@CS.COM.
ACCOUNTING<TAXES<CONSULTING

July 26, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33825

COPY

Dear Mr. Johnson:

I have prepared the financial statement for Hosting-Network, Inc. for the month of February, 2002.

The statement is presented on the cash basis which accounts for monies that went into your various bank accounts in February and check or withdrawals from these same accounts. I have not attempted to establish an accounts receivable which would increase your profits or an accounts payable which would decrease your profits for this period.

The statement contains the accounts payable which I established at December 31, 2001 which may or may not be correct.

I worked with figures that I have not verified so please review the statement in detail and advise me of any changes, corrections or errors.

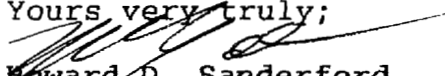
My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of cancel checks.

The statement contains the following schedule and forms in the order listed.

- A. Trial Balance
- B. Balance Sheet
- C. Profit & Loss Statement
- D. Deposit Detail
- E. Check & Disbursement Detail
- F. Bank Statements and reconciliations.

I prepared this Financial Statement an independent accountant, with out any interest or investment in Hosting-Network, Inc.

Yours very truly;


Howard D. Sanderford

HOSTING-NETWORK, INC.

FINANCIAL STATEMENTS NOTES

FEBRUARY 28, 2002

Depreciation Expense:

Depreciation has been figured on equipment purchased in 2001 and in January and February 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in this year at 20%.

This amount of \$16,156 is reflected in the statement.

Reserve for Federal Income Tax:

Net profit for the two months before taxes was \$162,637 less estimated State tax of \$8,899 (see note below) for a net profit of \$153,738 X 6 months for a yearly total of \$922,428. The tax rate is 34% X \$922,428 for a estimated Federal tax of \$313,626 divided by 12 month equals a monthly total of \$26,135 X 2 months = \$52,270.

This amount is reflected in the statement.

Reserve for State Income Tax:

Net profit for the two months is \$162,637 before taxes X 6 months = \$975,822 less the State deduction of \$5,000 = \$970,822 X 5.5% = \$53,395 divided by 12 months = \$4,449 X 2 months = \$8,898.

This amount is reflected in the statement.

9:56 AM

07/27/02

Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of February 28, 2002

	Feb 28, 02	
	Debit	Credit
1000 1ST UNION PETTY CASH	301.50	
1002 1ST UN DBA ACCT. 45321	117,980.88	
1004 1ST UNION 2500053	5,639.92	
1006 1ST UN RECURG 2500121	7,493.58	
1008 1ST UNION ACCT. 5162983	0.00	
1010 1ST UNION AUSTRIA 2500613	0.00	
1012 1ST UN TELCOM 2500532	130,000.00	
1200 TRANSFERS IN/OUT	0.80	
1702 UTILITY DEPOSIT	100.00	
1500 EQUIPMENT COST OVER 300	322,006.17	
1502 ACCL. DEPR. EQUIPMENT		88,435.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPR. TELECOM. EQUIP		4,940.00
1600 LEASEHOLD IMPROVEMENTS	21,734.53	
1700 RENT DEPOSIT	12,238.22	
2000 ACCOUNTS PAYABLE		76,313.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		52,270.00
2008 RESERVE FOR STATE TAX 02		8,898.00
2120 RESERVE FOR EST. TAX 01		22,782.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
4000 INCOME AMER. EXPRESS		86,891.87
4002 INCOME DISCOVERY/NOVUS		32,298.83
4004 INCOME-MC/VISA/NOVA		533,751.76
4008 INCOME-RENT		10,741.95
4010 INCOME-CELL PHONES		122.40
4012 INCOME-DIRECT SALES		5,000.00
4016 INCOME-ACH DIRECT		23,257.08
4300 COST OF SERVICES PROVIDED	90,041.61	
ACCOUNTING FEES	1,800.00	
ADVERTISING	176,129.30	
AUTO EXPENSE	46.27	
BANK SERVICE CHARGE	606.79	
CONTRACT SERVICES	6,312.00	
DEPRECIATION RESERVE FOR 2002	16,156.00	
ELECTRICITY	2,346.48	
EMPLOYEE BENEFITS	12,435.33	
FREIGHT IN/OUT	2,928.89	
INSURANCE-BUSINESS	4,240.50	
INSURANCE-EMPLOYEES		475.82
LEASE-CO-LOCATION	2,944.23	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEGAL FEES	1,336.70	
LICENSE & REGISTRATION	14,992.00	
MEALS & ENTERTAINMENT	336.11	
MERCHANT DISCOUNTS	44,912.34	
OFFICE SUPPLIES & EXPENSE	2,030.13	
PARKING	150.00	
Payroll Expenses	0.00	
PAYROLL PREP. EXPENSE	262.98	
RENT & LEASE PAYMENTS	15,700.60	
REPAIRS & UPKEEP-BUILDING	7,515.47	
REPAIRS & UPKEEP-EQUIPMENT	3,129.13	
SALARIES	64,661.98	
SATALITE DISH	292.30	
SOFTWARE	2,576.13	
SUPPLIES & MISC. EXPENSE	1,618.82	
TAXES-PAYROLL-FICA	1,967.09	
TAXES-PAYROLL-FUTA	557.63	
TAXES-PAYROLL-MEDICARE	442.17	

9:56 AM
07/27/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Trial Balance
As of February 28, 2002

	Feb 28, 02	
	Debit	Credit
TAXES-PAYROLL-SUTA	1,566.45	
TELEPHONE	45,353.15	
TRAVEL EXPENSE	550.00	
WEBSITE	150.00	
RESERVE FOR FEDERAL TAXES	52,270.00	
RESERVE FOR STATE TAXES	8,898.00	
TOTAL	<u>1,228,065.88</u>	<u>1,228,065.88</u>

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 07/27/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Balance Sheet
 As of February 28, 2002

	<u>Feb 28, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UNKN PETTY CASH	301.50
1002 1ST UN DBA ACCT. 45321	117,980.88
1004 1ST UNKN 2500053	5,639.92
1006 1ST UN RECURG 2500121	7,493.58
1012 1ST UN TELCOM 2500532	<u>130,000.00</u>
Total Checking/Savings	261,415.88
Other Current Assets	
1200 TRANSFERS IN/OUT	0.80
1702 UTILITY DEPOSIT	<u>100.00</u>
Total Other Current Assets	100.80
Total Current Assets	261,516.68
Fixed Assets	
1500 EQUIPMENT COST OVER 300	322,006.17
1502 ACCL. DEPR. EQUIPMENT	-88,435.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
1512 ACCL. DEPR. TELECOM. EQUIP	-4,940.00
1600 LEASEHOLD IMPROVEMENTS	<u>21,734.53</u>
Total Fixed Assets	269,865.30
Other Assets	
1700 RENT DEPOSIT	<u>12,238.22</u>
Total Other Assets	12,238.22
TOTAL ASSETS	<u>543,620.20</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	<u>76,313.00</u>
Total Accounts Payable	76,313.00
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500.28
2006 RESERVE FOR FED.TAX 02	52,270.00
2008 RESERVE FOR STATE TAX 02	8,898.00
2120 RESERVE FOR EST. TAX 01	<u>22,782.00</u>
Total Other Current Liabilities	103,450.28
Total Current Liabilities	179,763.28
Total Liabilities	
	179,763.28
Equity	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
Net Income	<u>101,469.03</u>
Total Equity	363,856.92
TOTAL LIABILITIES & EQUITY	<u>543,620.20</u>

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 07/26/02
 Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Profit & Loss YTD Comparison

February 2002

	Feb 02	Jan - Feb 02
Ordinary Income/Expense		
Income		
4000 INCOME AMER. EXPRESS	43,891.06	86,891.87
4002 INCOME DISCOVERY/NOVUS	17,813.00	32,298.83
4004 INCOME-MC/VISA/NOVA	221,952.07	533,751.76
4008 INCOME-RENT	4,235.00	10,741.95
4010 INCOME-CELL PHONES	0.00	122.40
4012 INCOME-DIRECT SALES	0.00	5,000.00
4016 INCOME-ACH DIRECT	12,850.66	23,257.08
Total Income	300,541.79	692,063.89
Cost of Goods Sold		
4300 COST OF SERVICES PROVIDED	58,000.00	90,041.61
Total COGS	58,000.00	90,041.61
Gross Profit	242,541.79	602,022.28
Expense		
ACCOUNTING FEES	987.50	1,800.00
ADVERTISING	59,612.96	176,129.30
AUTO EXPENSE	36.27	46.27
BANK SERVICE CHARGE	504.73	606.79
CONTRACT SERVICES	1,574.00	6,312.00
DEPRECIATION RESERVE FOR 2...	8,567.00	16,156.00
ELECTRICITY	1,002.02	2,346.48
EMPLOYEE BENEFITS	12,435.33	12,435.33
FREIGHT IN/OUT	412.21	2,928.89
INSURANCE-BUSINESS	4,240.50	4,240.50
INSURANCE-EMPLOYEES	-500.00	-475.82
LEASE-CO-LOCATION	1,557.93	2,944.23
LEASE-EQUIPMENT	0.00	2,164.10
LEASE-NETWORK	0.00	1,650.00
LEGAL FEES	836.70	1,336.70
LICENSE & REGISTRATION	7,490.00	14,992.00
MEALS & ENTERTAINMENT	229.95	336.11
MERCHANT DISCOUNTS	28,862.87	44,912.34
OFFICE SUPPLIES & EXPENSE	626.00	2,030.13
PARKING	95.00	150.00
Payroll Expenses	0.00	0.00
PAYROLL PREP. EXPENSE	104.80	262.98
RENT & LEASE PAYMENTS	7,808.00	15,700.60
REPAIRS & UPKEEP-BUILDING	2,528.05	7,515.47
REPAIRS & UPKEEP-EQUIPMENT	490.77	3,129.13
SALARIES	33,668.65	64,661.98
SATALITE DISH	0.00	292.30
SOFTWARE	1,591.23	2,576.13
SUPPLIES & MISC. EXPENSE	1,423.55	1,618.82
TAXES-PAYROLL-FICA	0.00	1,967.09
TAXES-PAYROLL-FUTA	0.00	557.63
TAXES-PAYROLL-MEDICARE	0.00	442.17
TAXES-PAYROLL-SUTA	779.11	1,566.45
TELEPHONE	25,146.68	45,353.15
TRAVEL EXPENSE	0.00	550.00
WEBSITE	0.00	150.00
Total Expense	202,111.81	439,385.25
Net Ordinary Income	40,429.98	162,637.03

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07/26/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Profit & Loss YTD Comparison
February 2002

	<u>Feb 02</u>	<u>Jan - Feb 02</u>
Other Income/Expense		
Other Expense		
RESERVE FOR FEDERAL TAXES	13,000.00	52,270.00
RESERVE FOR STATE TAXES	2,199.00	8,898.00
Total Other Expense	<u>15,199.00</u>	<u>61,168.00</u>
Net Other Income	<u>-15,199.00</u>	<u>-61,168.00</u>
Net Income	<u>25,230.96</u>	<u>101,469.03</u>

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07/26/02

HOSTING-NETWORK/FINANCIAL DA

Deposit Detail

February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/1/2002		1004 1ST UNION 2...	12,985.03
			NOVA	4004 INCOME-MC/...	-12,985.03
TOTAL					-12,985.03
Deposit		2/1/2002		1006 1ST UN REC...	25,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-25,000.00
TOTAL					-25,000.00
Deposit		2/1/2002		1010 1ST UNION A...	1,744.73
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-1,744.73
TOTAL					-1,744.73
Deposit		2/1/2002		1004 1ST UNION 2...	26.24
			CHIPTECH INC	SUPPLIES & MISC....	-26.24
TOTAL					-26.24
Deposit		2/1/2002		1004 1ST UNION 2...	319.57
			ACH DIRECT	4016 INCOME-ACH. .	-319.57
TOTAL					-319.57
Deposit		2/4/2002		1006 1ST UN REC...	591.60
			DISCOVERY	4002 INCOME DIS	-591.60
TOTAL					-591.60
Deposit		2/4/2002		1006 1ST UN REC...	795.10
			DISCOVERY	4002 INCOME DIS ..	-795.10
TOTAL					-795.10
Deposit		2/4/2002		1004 1ST UNION 2...	15,765.03
			NOVA	4004 INCOME-MC/...	-15,765.03
TOTAL					-15,765.03
Deposit		2/4/2002		1004 1ST UNION 2...	10,036.89
			NOVA	4004 INCOME-MC/...	-10,036.89
TOTAL					-10,036.89
Deposit		2/4/2002		1000 1ST UNION P...	17,688.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-17,688.00
TOTAL					-17,688.00

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07/26/02

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/4/2002		1004 1ST UNION 2...	735.48
			ACH DIRECT	4016 INCOME-ACH...	-735.48
TOTAL					-735.48
Deposit		2/4/2002		1004 1ST UNION 2...	6,398.50
			NOVA	4004 INCOME-MC/...	-6,398.50
TOTAL					-6,398.50
Deposit		2/5/2002		1004 1ST UNION 2...	627.71
			ACH DIRECT	4016 INCOME-ACH...	-627.71
TOTAL					-627.71
Deposit		2/5/2002		1004 1ST UNION 2...	14,044.87
			NOVA	4004 INCOME-MC/...	-14,044.87
TOTAL					-14,044.87
Deposit		2/5/2002		1006 1ST UN REC...	422.20
			DISCOVERY	4002 INCOME DIS..	-422.20
TOTAL					-422.20
Deposit		2/5/2002		1006 1ST UN REC...	6,518.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-6,518.00
TOTAL					-6,518.00
Deposit		2/6/2002		1004 1ST UNION 2...	15,290.74
			NOVA	4004 INCOME-MC/...	-15,290.74
TOTAL					-15,290.74
Deposit		2/6/2002		1004 1ST UNION 2...	402.71
			ACH DIRECT	4016 INCOME-ACH...	-402.71
TOTAL					-402.71
Deposit		2/6/2002		1006 1ST UN REC...	337.80
			DISCOVERY	4002 INCOME DIS...	-337.80
TOTAL					-337.80
Deposit		2/7/2002		1004 1ST UNION 2...	14,499.83
			NOVA	4004 INCOME-MC/..	-14,499.83
TOTAL					-14,499.83

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07/26/02

HOSTING-NETWORK/FINANCIAL DA
Deposit Detail
 February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/7/2002		1004 1ST UNION 2...	1,044.60
			ACH DIRECT	4016 INCOME-ACH...	-1,044.60
TOTAL					-1,044.60
Deposit		2/7/2002		1006 1ST UN REC...	552.80
			DISCOVERY	4002 INCOME DIS...	-552.80
TOTAL					-552.80
Deposit		2/8/2002		1006 1ST UN REC...	337.80
			DISCOVERY	4002 INCOME DIS...	-337.80
TOTAL					-337.80
Deposit		2/8/2002		1004 1ST UNION 2...	1,019.28
			ACH DIRECT	4016 INCOME-ACH...	-1,019.28
TOTAL					-1,019.28
Deposit		2/8/2002		1004 1ST UNION 2...	12,066.90
			NOVA	4004 INCOME-MC/...	-12,066.90
TOTAL					-12,066.90
Deposit		2/11/2002		1006 1ST UN REC...	109.40
			DISCOVERY	4002 INCOME DIS ..	-109.40
TOTAL					-109.40
Deposit		2/11/2002		1006 1ST UN REC...	733.20
			DISCOVERY	4002 INCOME DIS...	-733.20
TOTAL					-733.20
Deposit		2/11/2002		1006 1ST UN REC...	2,888.71
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-2,888.71
TOTAL					-2,888.71
Deposit		2/11/2002		1006 1ST UN REC...	8,000.00
			TRANSFERS IN/OUT	4002 INCOME DIS..	-8,000.00
TOTAL					-8,000.00
Deposit		2/11/2002		1010 1ST UNION A...	3,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-3,000.00
TOTAL					-3,000.00

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07/26/02

HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/11/2002		1004 1ST UNION 2...	17,298.93
			NOVA	4004 INCOME-MC/...	-17,298.93
TOTAL					-17,298.93
Deposit		2/11/2002		1004 1ST UNION 2...	7,089.30
			NOVA	4004 INCOME-MC/...	-7,089.30
TOTAL					-7,089.30
Deposit		2/11/2002		1004 1ST UNION 2...	5,863.30
			NOVA	4004 INCOME-MC/...	-5,863.30
TOTAL					-5,863.30
Deposit		2/11/2002		1004 1ST UNION 2...	203.40
			NOVA	4004 INCOME-MC/...	-203.40
TOTAL					-203.40
Deposit		2/11/2002		1000 1ST UNION P...	59.49
			KINKOS.COM	OFFICE SUPPLIES..	-59.49
TOTAL					-59.49
Deposit		2/11/2002		1004 1ST UNION 2...	735.97
			ACH DIRECT	4016 INCOME-ACH...	-735.97
TOTAL					-735.97
Deposit		2/12/2002		1008 1ST UNION A...	9,604.91
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-9,604.91
TOTAL					-9,604.91
Deposit		2/12/2002		1006 1ST UN REC...	15,000.00
			CREDIT MEMO	TELEPHONE	-15,000.00
TOTAL					-15,000.00
Deposit		2/12/2002		1006 1ST UN REC...	5,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-5,000.00
TOTAL					-5,000.00
Deposit		2/12/2002		1006 1ST UN REC...	144.40
			DISCOVERY	4002 INCOME DIS .	-144.40
TOTAL					-144.40

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HOSTING-NETWORK/FINANCIAL DATA
Deposit Detail
 February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/12/2002		1004 1ST UNION 2...	11,363.75
			NOVA	4004 INCOME-MC/	-11,363.75
TOTAL					-11,363.75
Deposit		2/12/2002		1004 1ST UNION 2...	933.09
			ACH DIRECT	4016 INCOME-ACH	-933.09
TOTAL					-933.09
Deposit		2/12/2002		1004 1ST UNION 2...	119.40
			NOVA	4004 INCOME-MC/	-119.40
TOTAL					-119.40
Deposit		2/12/2002		1006 1ST UN REC...	25,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS	-25,000.00
TOTAL					-25,000.00
Deposit		2/13/2002		1004 1ST UNION 2...	107.77
			ACH DIRECT	4016 INCOME-ACH	-107.77
TOTAL					-107.77
Deposit		2/13/2002		1006 1ST UN REC...	12,162.34
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-12,162.34
TOTAL					-12,162.34
Deposit		2/13/2002		1006 1ST UN REC...	675.60
			DISCOVERY	4002 INCOME DIS	-675.60
TOTAL					-675.60
Deposit		2/13/2002		1004 1ST UNION 2...	13,623.66
			NOVA	4004 INCOME-MC/	-13,623.66
TOTAL					-13,623.66
Deposit		2/13/2002		1010 1ST UNION A...	2,204.93
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-2,204.93
TOTAL					-2,204.93
Deposit		2/14/2002		1004 1ST UNION 2...	10,941.73
			NOVA	4004 INCOME-MC/	-10,941.73
TOTAL					-10,941.73

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HOSTING-NETWORK/FINANCIAL DAT.
Deposit Detail
February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/14/2002		1004 1ST UNION 2...	107.77
			ACH DIRECT	4016 INCOME-ACH...	-107.77
TOTAL					-107.77
Deposit		2/14/2002		1006 1ST UN REC...	1,010.00
			DISCOVERY	4002 INCOME DIS...	-1,010.00
TOTAL					-1,010.00
Deposit		2/16/2002		1006 1ST UN REC...	253.20
			DEBIT MEMO	1200 TRANSFERS ...	-253.20
TOTAL					-253.20
Deposit		2/15/2002		1004 1ST UNION 2...	83.14
			ACH DIRECT	4016 INCOME-ACH ..	-83.14
TOTAL					-83.14
Deposit		2/15/2002		1004 1ST UNION 2...	10,239.33
			N.V.S. ENTERPRIS...	4004 INCOME-MC/...	-10,239.33
TOTAL					-10,239.33
Deposit		2/19/2002		1004 1ST UNION 2...	1,425.64
			ACH DIRECT	4016 INCOME-ACH...	-1,425.64
TOTAL					-1,425.64
Deposit		2/19/2002		1004 1ST UNION 2...	7,375.93
			NOVA	4004 INCOME-MC/...	-7,375.93
TOTAL					-7,375.93
Deposit		2/19/2002		1004 1ST UNION 2...	8,186.93
			NOVA	4004 INCOME-MC/...	-8,186.93
TOTAL					-8,186.93
Deposit		2/19/2002		1004 1ST UNION 2...	11,758.53
			NOVA	4004 INCOME-MC/...	-11,758.53
TOTAL					-11,758.53
Deposit		2/19/2002		1004 1ST UNION 2...	16,800.09
			NOVA	4004 INCOME-MC/...	-16,800.09
TOTAL					-16,800.09

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HOS IING-NETWORK/FINANCIAL DATA

Deposit Detail

February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/19/2002		1006 1ST UN REC...	73.40
			DISCOVERY	4002 INCOME DIS...	-73.40
TOTAL					-73.40
Deposit		2/19/2002		1006 1ST UN REC...	412.60
			DISCOVERY	4002 INCOME DIS	-412.60
TOTAL					-412.60
Deposit		2/19/2002		1006 1ST UN REC...	603.20
			DISCOVERY	4002 INCOME DIS...	-603.20
TOTAL					-603.20
Deposit		2/20/2002		1006 1ST UN REC...	601.20
			DISCOVERY	4002 INCOME DIS	-601.20
TOTAL					-601.20
Deposit		2/20/2002		1006 1ST UN REC...	414.52
			TRANSFERS IN/OUT	1200 TRANSFERS ..	-414.52
TOTAL					-414.52
Deposit		2/20/2002		1004 1ST UNION 2...	819.21
			ACH DIRECT	4016 INCOME-ACH...	-819.21
TOTAL					-819.21
Deposit		2/20/2002		1006 1ST UN REC...	400.00
			TRANSFERS IN/OUT	1200 TRANSFERS ..	-400.00
TOTAL					-400.00
Deposit		2/21/2002		1006 1ST UN REC...	1,590.55
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-1,590.55
TOTAL					-1,590.55
Deposit		2/21/2002		1006 1ST UN REC...	278.20
			DISCOVERY	4002 INCOME DIS...	-278.20
TOTAL					-278.20
Deposit		2/21/2002		1006 1ST UN REC...	5,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS .	-5,000.00
TOTAL					-5,000.00

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HOSTING-NETWORK/FINANCIAL DATA
Deposit Detail
 February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/22/2002		1004 1ST UNION 2...	319.57
			ACH DIRECT	4016 INCOME-ACH...	-319.57
TOTAL					-319.57
Deposit		2/22/2002		1006 1ST UN REC...	228.40
			DISCOVERY	4002 INCOME DIS	-228.40
TOTAL					-228.40
Deposit		2/25/2002		1006 1ST UN REC...	249.50
			DISCOVERY	4002 INCOME DIS...	-249.50
TOTAL					-249.50
Deposit		2/25/2002		1004 1ST UNION 2...	332.77
			ACH DIRECT	4016 INCOME-ACH...	-332.77
TOTAL					-332.77
Deposit		2/25/2002		1006 1ST UN REC...	493.20
			DISCOVERY	4002 INCOME DIS...	-493.20
TOTAL					-493.20
Deposit		2/26/2002		1004 1ST UNION 2...	2,390.05
			ACH DIRECT	4016 INCOME-ACH...	-2,390.05
TOTAL					-2,390.05
Deposit		2/26/2002		1006 1ST UN REC...	109.40
			DISCOVERY	4002 INCOME DIS...	-109.40
TOTAL					-109.40
Deposit		2/27/2002		1006 1ST UN REC...	541.20
			DISCOVERY	4002 INCOME DIS...	-541.20
TOTAL					-541.20
Deposit		2/27/2002		1004 1ST UNION 2...	805.42
			ACH DIRECT	4016 INCOME-ACH...	-805.42
TOTAL					-805.42
Deposit		2/28/2002		1004 1ST UNION 2...	640.91
			ACH DIRECT	4016 INCOME-ACH...	-640.91
TOTAL					-640.91

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

February 2002

Type	Num	Date	Name	Account	Amount
Deposit		2/28/2002		1006 1ST UN REC...	312.80
			DISCOVERY	4002 INCOME DIS..	-312.80
TOTAL					-312.80
Deposit		2/28/2002		1006 1ST UN REC...	4,000.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-4,000.00
TOTAL					-4,000.00
Deposit		2/28/2002		1012 1ST UN TELC...	258,485.39
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-258,485.39
TOTAL					-258,485.39
Deposit		2/28/2002		1002 1ST UN DBA ...	43,891.06
			AMERICAN EXPR...	4000 INCOME AME ..	-43,891.06
TOTAL					-43,891.06
Deposit		2/28/2002		1004 1ST UNION 2...	81,745.55
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-81,745.55
TOTAL					-81,745.55

HOWARD D. SANDERFORD

P.O BOX 1214 - LEHIGH ACRES, FLORIDA 33970
Phone 941-368-0458 <> Fax 941-368-9516
E-MAIL DSanderfor@CS.COM
ACCOUNTING<>TAXES<>CONSULTING

July 22, 2002

Mr. Travis Johnson, CTO
Hosting-Network, Inc.
1516 Jackson Street
Fort Myers, Florida 33825

COPY

Dear Mr. Johnson:

I have prepared the financial statement for Hosting-Network, Inc. for the month of January, 2002.

The statement is presented on the cash basis which accounts for monies that went into your various bank accounts in January and check or withdrawals from these same accounts. I have not attempted to establish an accounts receivable which would increase your profits or an accounts payable which would decrease your profits for this period.

The statement contains the accounts payable which I established at December 31, 2001 which may or may not be correct.

I worked with figures that I have not verified so please review the statement in detail and advise me of any changes, corrections or errors.

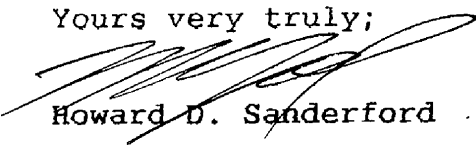
My compilation consist mainly of inquiries of company management, and personnel, posting receipts and disbursement, reconciling bank statements and a limited review of check stubs and a few invoices.

The statement contains the following schedule and forms in the order listed.

- A. Trial Balance
- B. Balance Sheet
- C. Profit & Loss Statement
- D. Deposit Detail
- E. Check & Disbursement Detail
- F. Bank Statements and reconciliations.

I prepared this Financial Statement an independent accountant, with out any interest or investment in Hosting-Network, Inc.

Yours very truly;


Howard D. Sanderford

HOSTING-NETWORK, INC.
FINANCIAL STATEMENTS NOTES

JANUARY 31, 2002

Depreciation Expense:

Depreciation has been figured on equipment purchased in 2001 and in January 2002 on the double declining balance method, 200% half year. Depreciation on assets purchased in 2001 was figured at 32% and assets purchased in January 2002 at 20%. This amount of \$7,589 is reflected in the statement.

Reserve for Federal Income Tax:

Net profit for January, 2002 before taxes was \$122,207 less estimated State tax of \$6,699 (see note below) for a net profit of \$115,508 X 12 months for a yearly total of \$1,386,000. The tax rate is 34% X \$1,386,000 for a Federal tax of \$471,240 divided by 12 month equals a monthly total of \$39,270.

This amount is reflected in the statement.

Reserve for State Income Tax:

Net profit for January, 2002 before taxes was \$122,207 X 12 month = \$1,466,484 less the State deduction of \$5,000 = \$1,461,484 X 5.5% = \$80,382 divided by 12 months = \$6,699 estimated State tax for January.

This amount is reflected in the statement.

attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. See Regulations section 1.1561-3(b) for other requirements and for the time and manner of making the consent.

Unequal apportionment plan.

Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they want. There is no need for consistency among taxable income brackets. Any member may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members cannot be more than the total amount in each taxable income bracket.

Equal apportionment plan. If no apportionment plan is adopted, members of a controlled group must divide the amount in each taxable income bracket equally among themselves. For example, Controlled Group AB consists of Corporation A and Corporation B. They do not elect an apportionment plan. Therefore, each corporation is entitled to:

- \$25,000 (one-half of \$50,000) on line 2a(1),
- \$12,500 (one-half of \$25,000) on line 2a(2), and
- \$4,962,500 (one-half of \$9,925,000) on line 2a(3)

Line 2b. Members of a controlled group are treated as one group to figure the applicability of the additional 5% tax and the additional 3% tax. If an additional tax applies, each member will pay that tax based on the part of the amount used in each taxable income bracket to reduce that member's tax. See section 1561(a). If an additional tax applies, attach a schedule showing the taxable income of the entire group and how the corporation figured its share of the additional tax.

Line 2b(1). Enter the corporation's share of the additional 5% tax on line 2b(1).

Line 2b(2). Enter the corporation's share of the additional 3% tax on line 2b(2).

**Line 3, Form 1120
(Line 1, Form 1120-A)**

Members of a controlled group should use the worksheet above to figure the tax for the group. In addition, members of a controlled group must attach to Form 1120 a statement showing the computation of the tax entered on line 3.

Most corporations not filing a consolidated return figure their tax by using the Tax Rate Schedule below. Qualified personal service corporations should see the instructions below.

Tax Computation Worksheet for Members of a Controlled Group
(keep for your records)

Note: Each member of a controlled group (except a qualified personal service corporation) must compute the tax using this worksheet.

1. Enter taxable income (line 30, page 1, Form 1120) 1. _____
2. Enter line 1 or the corporation's share of the \$50,000 taxable income bracket, whichever is less 2. _____
3. Subtract line 2 from line 1 3. _____
4. Enter line 3 or the corporation's share of the \$25,000 taxable income bracket, whichever is less 4. _____
5. Subtract line 4 from line 3 5. _____
6. Enter line 5 or the corporation's share of the \$9,925,000 taxable income bracket, whichever is less 6. _____
7. Subtract line 6 from line 5 7. _____
8. Multiply line 2 by 15% 8. _____
9. Multiply line 4 by 25% 9. _____
10. Multiply line 6 by 34% 10. _____
11. Multiply line 7 by 35% 11. _____
12. If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the smaller of: 5% of the taxable income in excess of \$100,000, or \$11,750 (See the instructions for Schedule J, line 2b.) 12. _____
13. If the taxable income of the controlled group exceeds \$15 million, enter this member's share of the smaller of: 3% of the taxable income in excess of \$15 million, or \$100,000 (See the instructions for Schedule J, line 2b.) 13. _____
14. Total. Add lines 8 through 13. Enter here and on line 3, Schedule J, Form 1120 14. _____

Tax Rate Schedule

If taxable income (line 30, Form 1120, or line 26, Form 1120-A) on page 1 is:

Over—	But not over—	Tax is	Of the amount over—
\$0	\$50,000	15%	\$0
50,000	75,000	\$ 7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	35%	0

Qualified personal service corporation. A qualified personal service corporation is taxed at a flat rate of 35% on taxable income. If the corporation is a qualified personal service corporation, check the box on line 3, Schedule J, Form 1120 (or line 1, Part I, Form 1120-A) even if the corporation has no tax liability.

A corporation is a qualified personal service corporation if it meets both of the following tests:

- Substantially all of the corporation's activities involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting and
- At least 95% of the corporation's stock, by value, is owned, directly or indirectly, by (a) employees performing the services, (b) retired employees who had performed the services listed above, (c) any estate of the employee or retiree described above, or (d) any person who acquired the stock of the corporation as a result of the death of an employee or retiree (but only for the 2-year period beginning on the date of the

employee or retiree's death). See Temporary Regulations section 1.448-1T(e) for details.

Mutual savings bank conducting life insurance business. The tax under section 594 consists of the sum of (a) a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department and (b) a partial tax on the taxable income computed on Form 1120-L of the life insurance department. Enter the combined tax on line 3 of Schedule J, Form 1120. Attach Form 1120-L as a schedule and identify it as such.

Deferred tax under section 1291. If the corporation was a shareholder in a passive foreign investment company (PFIC) and received an excess distribution or disposed of its investment in the PFIC during the year, it must include the increase in taxes due under section 1291(c)(2) in the total for line 3, Schedule J, Form 1120. On the dotted line next to line 3, write "Section 1291" and the amount.

Do not include on line 3 any interest due under section 1291(c)(3). Instead, show the amount of interest owed in the bottom margin of page 1, Form 1120, and write "Section 1291 interest." For details, see Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

Additional tax under section 197(f). A corporation that elects to pay tax on the gain from the sale of an intangible under the related person exception to the anti-churning rules should include any additional tax due under section 197(f)(9)(B) in the total for line 3. On the dotted line next to line 3, write "Section 197" and the amount. For more information, see Pub. 535, Business Expenses.

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of January 31, 2002

	Jan 31, 02	
	Debit	Credit
1000 1ST UNION PETTY CASH	1,861.32	
1002 1ST UN DBA ACCT. 45321	115,746.83	
1004 1ST UNION 2500053	21,460.14	
1006 1ST UN RECURG 2500121	30,953.75	
1008 1ST UNION ACCT. 5162983	205.00	
1010 1ST UNION AUSTRIA 2500613	53,562.92	
1012 1ST UN TELCOM 2500532	35,000.00	
1200 TRANSFERS IN/OUT	0.00	
1702 UTILITY DEPOSIT	100.00	
1500 EQUIPMENT COST OVER 300	292,678.15	
1502 ACCL. DEPR. EQUIPMENT		80,388.00
1510 TELECOMMUNICATION EQUIP.	19,499.60	
1512 ACCL. DEPT. TELECOM. EQUIP		4,420.00
1600 LEASEHOLD IMPROVEMENTS	10,280.51	
1700 RENT DEPOSIT	6,650.00	
2000 ACCOUNTS PAYABLE		76,313.00
2002 LOAN FROM STOCKHOLDER		19,500.28
2006 RESERVE FOR FED.TAX 02		39,270.00
2008 RESERVE FOR STATE TAX 02		6,699.00
2120 RESERVE FOR EST. TAX 01		22,782.00
2200 FEDERAL EMPLOYEES TAX PAY	0.00	
2210 EMPLOYEES FICA PAYABLE	0.00	
2212 EMPLOYEES MEDICARE TAX PAY	0.00	
3044 CAPITAL STOCK		100.00
3048 PAID IN SURPLUS		184,110.76
3400 OPENING EQUITY		78,177.13
4000 INCOME AMER. EXPRESS		43,000.81
4002 INCOME DISCOVERY/NOVUS		14,685.83
4004 INCOME-MC/VISA/NOVA		311,799.69
4008 INCOME-RENT		6,506.95
4010 INCOME-CELL PHONES		122.40
4012 INCOME-DIRECT SALES		5,000.00
4016 INCOME-ACH DIRECT		10,406.42
4300 COST OF SERVICES PROVIDED	32,041.61	
ACCOUNTING FEES	812.50	
ADVERTISING	116,516.34	
AUTO EXPENSE	10.00	
BANK SERVICE CHARGE	102.06	
CONTRACT SERVICES	4,738.00	
DEPRECIATION RESERVE FOR 2002	7,589.00	
ELECTRICITY	1,344.46	
FREIGHT IN/OUT	2,516.68	
INSURANCE-EMPLOYEES	24.18	
LEASE-CO-LOCATION	1,386.30	
LEASE-EQUIPMENT	2,164.10	
LEASE-NETWORK	1,650.00	
LEGAL FEES	500.00	
LICENSE & REGISTRATION	7,502.00	
MEALS & ENTERTAINMENT	106.16	
MERCHANT DISCOUNTS	16,049.47	

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Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Trial Balance

As of January 31, 2002

	Jan 31, 02	
	Debit	Credit
OFFICE SUPPLIES & EXPENSE	1,404.13	
PARKING	55.00	
Payroll Expenses	0.00	
PAYROLL PREP. EXPENSE	158.18	
RENT-APARTMENTS	1,374.60	
RENT-OFFICE BUILDING	6,518.00	
REPAIRS & UPKEEP-BUILDING	4,987.42	
REPAIRS & UPKEEP-EQUIPMENT	2,638.36	
SALARIES	30,993.33	
SATALITE DISH	292.30	
SOFTWARE	984.90	
SUPPLIES & MISC. EXPENSE	195.27	
TAXES-PAYROLL-FICA	1,967.09	
TAXES-PAYROLL-FUTA	557.63	
TAXES-PAYROLL-MEDICARE	442.17	
TAXES-PAYROLL-SUTA	787.34	
TELEPHONE	20,206.47	
TRAVEL EXPENSE	550.00	
WEBSITE	150.00	
RESERVE FOR FEDERAL TAXES	39,270.00	
RESERVE FOR STATE TAXES	6,699.00	
TOTAL	<u>903,282.27</u>	<u>903,282.27</u>

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07/23/02
Cash Basis

HOSTING-NETWORK/FINANCIAL DATA
Balance Sheet
As of January 31, 2002

	<u>Jan 31, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 1ST UNION PETTY CASH	1,861.32
1002 1ST UN DBA ACCT. 45321	115,746.83
1004 1ST UNION 2500053	21,460.14
1006 1ST UN RECURG 2500121	30,953.75
1008 1ST UNION ACCT. 5162983	205.00
1010 1ST UNION AUSTRIA 2500613	53,562.92
1012 1ST UN TELCOM 2500532	35,000.00
Total Checking/Savings	<u>258,789.96</u>
Other Current Assets	
1702 UTILITY DEPOSIT	100.00
Total Other Current Assets	<u>100.00</u>
Total Current Assets	<u>258,889.96</u>
Fixed Assets	
1500 EQUIPMENT COST OVER 300	292,678.15
1502 ACCL. DEPR. EQUIPMENT	-80,388.00
1510 TELECOMMUNICATION EQUIP.	19,499.60
1512 ACCL. DEPT. TELECOM. EQUIP	-4,420.00
1600 LEASEHOLD IMPROVEMENTS	10,280.51
Total Fixed Assets	<u>237,650.26</u>
Other Assets	
1700 RENT DEPOSIT	6,650.00
Total Other Assets	<u>6,650.00</u>
TOTAL ASSETS	<u><u>503,190.22</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 ACCOUNTS PAYABLE	76,313.00
Total Accounts Payable	<u>76,313.00</u>
Other Current Liabilities	
2002 LOAN FROM STOCKHOLDER	19,500.28
2006 RESERVE FOR FED.TAX 02	39,270.00
2008 RESERVE FOR STATE TAX 02	6,699.00
2120 RESERVE FOR EST. TAX 01	22,782.00
Total Other Current Liabilities	<u>88,251.28</u>
Total Current Liabilities	<u>164,564.28</u>
Total Liabilities	164,564.28
Equity	
3044 CAPITAL STOCK	100.00
3048 PAID IN SURPLUS	184,110.76
3400 OPENING EQUITY	78,177.13
Net Income	<u>76,238.05</u>
Total Equity	<u>338,625.94</u>
TOTAL LIABILITIES & EQUITY	<u><u>503,190.22</u></u>

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07/23/02

Cash Basis

HOSTING-NETWORK/FINANCIAL DATA

Profit & Loss

January 2002

	<u>Jan 02</u>
Ordinary Income/Expense	
Income	
4000 INCOME AMER. EXPRESS	43,000.81
4002 INCOME DISCOVERY/NOVUS	14,885.83
4004 INCOME-MC/VISA/NOVA	311,799.89
4008 INCOME-RENT	6,506.95
4010 INCOME-CELL PHONES	122.40
4012 INCOME-DIRECT SALES	5,000.00
4016 INCOME-ACH DIRECT	10,406.42
Total Income	<u>391,522.10</u>
Cost of Goods Sold	
4300 COST OF SERVICES PROVIDED	32,041.61
Total COGS	<u>32,041.61</u>
Gross Profit	359,480.49
Expense	
ACCOUNTING FEES	812.50
ADVERTISING	118,516.34
AUTO EXPENSE	10.00
BANK SERVICE CHARGE	102.06
CONTRACT SERVICES	4,738.00
DEPRECIATION RESERVE FOR 2...	7,589.00
ELECTRICITY	1,344.46
FREIGHT IN/OUT	2,516.68
INSURANCE-EMPLOYEES	24.18
LEASE-CO-LOCATION	1,386.30
LEASE-EQUIPMENT	2,164.10
LEASE-NETWORK	1,650.00
LEGAL FEES	500.00
LICENSE & REGISTRATION	7,502.00
MEALS & ENTERTAINMENT	106.16
MERCHANT DISCOUNTS	16,049.47
OFFICE SUPPLIES & EXPENSE	1,404.13
PARKING	55.00
Payroll Expenses	0.00
PAYROLL PREP. EXPENSE	158.18
RENT-APARTMENTS	1,374.60
RENT-OFFICE BUILDING	6,518.00
REPAIRS & UPKEEP-BUILDING	4,987.42
REPAIRS & UPKEEP-EQUIPMENT	2,638.36
SALARIES	30,993.33
SATALITE DISH	292.30
SOFTWARE	984.90
SUPPLIES & MISC. EXPENSE	195.27
TAXES-PAYROLL-FICA	1,967.09
TAXES-PAYROLL-FUTA	557.63
TAXES-PAYROLL-MEDICARE	442.17
TAXES-PAYROLL-SUTA	787.34
TELEPHONE	20,206.47
TRAVEL EXPENSE	550.00
WEBSITE	150.00
Total Expense	<u>237,273.44</u>
Net Ordinary Income	122,207.05
Other Income/Expense	
Other Expense	
RESERVE FOR FEDERAL TAXES	39,270.00
RESERVE FOR STATE TAXES	6,699.00
Total Other Expense	<u>45,969.00</u>
Net Other Income	-45,969.00
Net Income	<u><u>76,238.05</u></u>

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
General Journal	JAN 02	1/1/2002		1000 1ST UNION P...	2,562.55
				1002 1ST UN DBA ...	83,765.80
				1004 1ST UNION 2...	22,195.21
				1006 1ST UN REC...	18,359.97
				1008 1ST UNION A...	36,850.00
				1500 EQUIPMENT ...	270,602.82
				1502 ACCL. DEPR...	-73,319.00
				1510 TELECOMMU...	19,499.60
				1512 ACCL. DEPT...	-3,900.00
				1700 RENT DEPO...	6,650.00
			AUSTRIAL COS	2000 ACCOUNTS ...	-76,313.00
				2002 LOAN FROM ...	-19,500.28
				2120 RESERVE F...	-22,782.00
				2200 FEDERAL EM...	-4,014.91
				2210 EMPLOYEES...	-72.92
				2212 EMPLOYEES...	-17.06
				3044 CAPITAL ST...	-100.00
				3048 PAID IN SUR...	-184,110.76
				3400 OPENING EQ...	-76,356.02
TOTAL					-2,562.55
Deposit		1/2/2002		1004 1ST UNION 2...	660.02
			ACH DIRECT	4016 INCOME-ACH...	-660.02
TOTAL					-660.02
Deposit		1/2/2002		1004 1ST UNION 2...	8,288.80
			NOVA	4004 INCOME-MC/...	-8,288.80
TOTAL					-8,288.80
Deposit		1/2/2002		1004 1ST UNION 2...	4,565.60
			NOVA	4004 INCOME-MC/...	-4,565.60
TOTAL					-4,565.60
Deposit		1/3/2002		1004 1ST UNION 2...	9,622.80
			NOVA	4004 INCOME-MC/..	-9,622.80
TOTAL					-9,622.80
Deposit		1/4/2002		1004 1ST UNION 2...	589.88
			ACH DIRECT	4016 INCOME-ACH...	-589.88
TOTAL					-589.88
Deposit		1/4/2002		1004 1ST UNION 2...	11,897.39
			NOVA	4004 INCOME-MC/...	-11,897.39
TOTAL					-11,897.39
Deposit		1/7/2002		1004 1ST UNION 2...	10,919.80
			NOVA	4004 INCOME-MC/...	-10,919.80
TOTAL					-10,919.80

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/7/2002		1004 1ST UNION 2...	5,520.00
			NOVA	4004 INCOME-MC/...	-5,520.00
TOTAL					-5,520.00
Deposit		1/7/2002		1004 1ST UNION 2...	5,420.53
			NOVA	4004 INCOME-MC/...	-5,420.53
TOTAL					-5,420.53
Deposit		1/8/2002		1004 1ST UNION 2...	10,902.10
			NOVA	4004 INCOME-MC/...	-10,902.10
TOTAL					-10,902.10
Deposit		1/8/2002		1004 1ST UNION 2...	542.13
			ACH DIRECT	4016 INCOME-ACH...	-542.13
TOTAL					-542.13
Deposit		1/9/2002		1004 1ST UNION 2...	9,004.60
			NOVA	4004 INCOME-MC/...	-9,004.60
TOTAL					-9,004.60
Deposit		1/9/2002		1004 1ST UNION 2...	588.70
			ACH DIRECT	4016 INCOME-ACH...	-588.70
TOTAL					-588.70
Deposit		1/10/2002		1012 1ST UN TELC...	2,500.00
			SALES	4012 INCOME-DIR...	-2,500.00
TOTAL					-2,500.00
Deposit		1/10/2002		1004 1ST UNION 2...	15,457.04
			NOVA	4004 INCOME-MC/...	-15,457.04
TOTAL					-15,457.04
Deposit		1/10/2002		1004 1ST UNION 2...	849.16
			ACH DIRECT	4016 INCOME-ACH...	-849.16
TOTAL					-849.16
Deposit		1/10/2002		1010 1ST UNION A...	2,500.00
			UNKNOWN DEPS...	4012 INCOME-DIR...	-2,500.00
TOTAL					-2,500.00

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/11/2002		1004 1ST UNION 2...	12,875.85
			NOVA	4004 INCOME-MC/...	-12,875.85
TOTAL					-12,875.85
Deposit		1/11/2002		1004 1ST UNION 2...	84.40
			NOVA	4004 INCOME-MC/...	-84.40
TOTAL					-84.40
Deposit		1/11/2002		1004 1ST UNION 2...	873.02
			ACH DIRECT	4016 INCOME-ACH...	-673.02
TOTAL					-673.02
Deposit		1/14/2002		1004 1ST UNION 2...	5,303.80
			NOVA	4004 INCOME-MC/...	-5,303.80
TOTAL					-5,303.80
Deposit		1/14/2002		1004 1ST UNION 2...	7,778.60
			NOVA	4004 INCOME-MC/...	-7,778.60
TOTAL					-7,778.60
Deposit		1/14/2002		1004 1ST UNION 2...	1,484.55
			ACH DIRECT	4016 INCOME-ACH...	-1,484.55
TOTAL					-1,484.55
Deposit		1/14/2002		1004 1ST UNION 2...	299.40
			NOVA	4004 INCOME-MC/...	-299.40
TOTAL					-299.40
Deposit		1/14/2002		1004 1ST UNION 2...	10,836.39
			NOVA	4004 INCOME-MC/...	-10,836.39
TOTAL					-10,836.39
Deposit		1/15/2002		1004 1ST UNION 2...	58.51
			ACH DIRECT	4016 INCOME-ACH...	-58.51
TOTAL					-58.51
Deposit		1/15/2002		1004 1ST UNION 2...	11,437.90
			NOVA	4004 INCOME-MC/...	-11,437.90
TOTAL					-11,437.90

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HUSTING-NETWORK/FINANCIAL DATA
Deposit Detail
January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/16/2002		1004 1ST UNION 2...	576.09
			ACH DIRECT	4016 INCOME-ACH...	-576.09
TOTAL					-576.09
Deposit		1/16/2002		1004 1ST UNION 2...	14,056.53
			NOVA	4004 INCOME-MC/...	-14,056.53
TOTAL					-14,056.53
Deposit		1/17/2002		1004 1ST UNION 2...	921.07
			ACH DIRECT	4016 INCOME-ACH...	-921.07
TOTAL					-921.07
Deposit		1/17/2002		1004 1ST UNION 2...	11,447.27
			NOVA	4004 INCOME-MC/...	-11,447.27
TOTAL					-11,447.27
Deposit		1/18/2002		1004 1ST UNION 2...	11,788.23
			NOVA	4004 INCOME-MC/...	-11,788.23
TOTAL					-11,788.23
Deposit		1/18/2002		1004 1ST UNION 2...	58.51
			ACH DIRECT	4016 INCOME-ACH...	-58.51
TOTAL					-58.51
Deposit		1/22/2002		1004 1ST UNION 2...	578.84
			ACH DIRECT	4016 INCOME-ACH...	-578.84
TOTAL					-578.84
Deposit		1/22/2002		1004 1ST UNION 2...	5,727.00
			NOVA	4004 INCOME-MC/...	-5,727.00
TOTAL					-5,727.00
Deposit		1/22/2002		1004 1ST UNION 2...	8,279.36
			NOVA	4004 INCOME-MC/...	-8,279.36
TOTAL					-8,279.36
Deposit		1/22/2002		1004 1ST UNION 2...	12,762.61
			NOVA	4004 INCOME-MC/...	-12,762.61
TOTAL					-12,762.61

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/22/2002		1004 1ST UNION 2...	14,232.47
			NOVA	4004 INCOME-MC/...	-14,232.47
TOTAL					-14,232.47
Deposit		1/23/2002		1004 1ST UNION 2...	366.65
			ACH DIRECT	4016 INCOME-ACH...	-366.65
TOTAL					-366.65
Deposit		1/23/2002		1004 1ST UNION 2...	11,898.20
			NOVA	4004 INCOME-MC/...	-11,898.20
TOTAL					-11,898.20
Deposit		1/24/2002		1004 1ST UNION 2...	11,871.47
			NOVA	4004 INCOME-MC/...	-11,871.47
TOTAL					-11,871.47
Deposit		1/24/2002		1004 1ST UNION 2...	225.00
			ACH DIRECT	4016 INCOME-ACH...	-225.00
TOTAL					-225.00
Deposit		1/25/2002		1004 1ST UNION 2...	83.14
			ACH DIRECT	4016 INCOME-ACH...	-83.14
TOTAL					-83.14
Deposit		1/25/2002		1004 1ST UNION 2...	13,167.10
			NOVA	4004 INCOME-MC/...	-13,167.10
TOTAL					-13,167.10
Deposit		1/28/2002		1004 1ST UNION 2...	5,717.90
			NOVA	4004 INCOME-MC/...	-5,717.90
TOTAL					-5,717.90
Deposit		1/28/2002		1004 1ST UNION 2...	12,586.64
			NOVA	4004 INCOME-MC/...	-12,586.64
TOTAL					-12,586.64
Deposit		1/28/2002		1004 1ST UNION 2...	122.40
			ACH DIRECT	4010 INCOME-CEL...	-122.40
TOTAL					-122.40

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/28/2002		1004 1ST UNION 2...	5,094.53
			NOVA	4004 INCOME-MC/...	-5,094.53
TOTAL					-5,094.53
Deposit		1/29/2002		1004 1ST UNION 2...	11,050.40
			NOVA	4004 INCOME-MC/...	-11,050.40
TOTAL					-11,050.40
Deposit		1/29/2002		1004 1ST UNION 2...	1,367.57
			ACH DIRECT	4016 INCOME-ACH...	-1,367.57
TOTAL					-1,367.57
Deposit		1/30/2002		1004 1ST UNION 2...	986.68
			ACH DIRECT	4016 INCOME-ACH...	-986.68
TOTAL					-986.68
Deposit		1/30/2002		1004 1ST UNION 2...	13,013.90
			NOVA	4004 INCOME-MC/...	-13,013.90
TOTAL					-13,013.90
Deposit		1/31/2002		1002 1ST UN DBA ...	43,000.81
			AMERICAN EXPR...	4000 INCOME AME...	-43,000.81
TOTAL					-43,000.81
Deposit		1/31/2002		1004 1ST UNION 2...	131.90
			ACH DIRECT	4016 INCOME-ACH...	-131.90
TOTAL					-131.90
Deposit		1/31/2002		1004 1ST UNION 2...	8,891.08
			NOVA	4004 INCOME-MC/...	-8,891.08
TOTAL					-8,891.08
General Journal		1/31/2002		1006 1ST UN REC...	1,821.11
				3400 OPENING EQ...	-1,821.11
TOTAL					-1,821.11
Deposit		1/31/2002		1006 1ST UN REC...	14,685.83
			DISCOVERY	4002 INCOME DIS...	-14,685.83
TOTAL					-14,685.83

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HOSTING-NETWORK/FINANCIAL DATA

Deposit Detail

January 2002

Type	Num	Date	Name	Account	Amount
Deposit		1/31/2002		1006 1ST UN REC...	99,980.29
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-99,980.29
TOTAL					-99,980.29
Deposit		1/31/2002		1008 1ST UNION A...	117,389.07
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-117,389.07
TOTAL					-117,389.07
Deposit		1/31/2002		1010 1ST UNION A...	92,339.00
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-92,339.00
TOTAL					-92,339.00
Deposit		1/31/2002		1012 1ST UN TELC...	245,650.45
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-245,650.45
TOTAL					-245,650.45
Deposit		1/31/2002		1000 1ST UNION P...	13,434.22
			TRANSFRERS	1200 TRANSFERS ...	-13,434.22
TOTAL					-13,434.22
Deposit		1/31/2002		1004 1ST UNION 2...	80,672.15
			TRANSFERS IN/OUT	1200 TRANSFERS ...	-80,672.15
TOTAL					-80,672.15