

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
Access Point, Inc.:

We have audited the accompanying balance sheets of **Access Point, Inc.** (a North Carolina corporation and a majority-owned subsidiary of Access Point Communications, Inc.) as of December 31, 2006 and 2005, and the related statements of operations, changes in shareholders' (deficit) equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Point, Inc. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

GRANT THORNTON LLP

Raleigh, North Carolina  
May 3, 2007

# Access Point, Inc.

## Balance Sheets

December 31, 2006 and 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 302,138	\$ 638,732
Accounts receivable, net of allowance for doubtful accounts of \$612,139 and \$563,971, respectively	2,434,910	2,448,036
Inventory	99,375	62,734
Unbilled receivables	263,853	330,819
Prepaid expenses	89,796	99,473
Total current assets	<u>3,190,072</u>	<u>3,579,794</u>
<b>Property and equipment, net</b>	568,971	686,525
<b>Deposits</b>	424,856	288,186
	<u>\$ 4,183,899</u>	<u>\$ 4,554,505</u>
 <b><u>Liabilities and Shareholders' Deficit</u></b> 		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,736,483	\$ 1,519,353
Accrued expenses	866,286	1,103,523
Current portion of capital lease obligation	61,723	47,576
Notes payable	1,755,557	1,473,159
Deferred revenue	587,190	539,926
Total current liabilities	<u>5,007,239</u>	<u>4,683,537</u>
<b>Capital lease obligation, net of current portion</b>	32,503	76,861
<b>Deferred rent</b>	33,248	42,311
Total liabilities	<u>5,072,990</u>	<u>4,802,709</u>
<b>Commitments and contingencies (Note G)</b>		
<b>Shareholders' deficit:</b>		
Common stock, \$.01 par value; 1,000,000 shares authorized, 109,220 shares issued and outstanding	1,092	1,092
Preferred stock, \$.01 par value; 1,000,000 shares authorized, 20,313 shares issued and outstanding	6,415,007	6,109,708
Additional paid-in capital	13,692,104	13,692,104
Accumulated deficit	(20,997,294)	(20,051,108)
Total shareholders' deficit	<u>(889,091)</u>	<u>(248,204)</u>
	<u>\$ 4,183,899</u>	<u>\$ 4,554,505</u>

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

# Access Point, Inc.

## Statements of Operations

For the Years Ended December 31, 2006 and 2005

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	<u>2006</u>	<u>2005</u>
Sales	\$23,249,130	\$24,645,068
Cost of sales	<u>16,329,344</u>	<u>16,815,172</u>
Gross margin	<u>6,919,786</u>	<u>7,829,896</u>
<b>Operating expenses:</b>		
Selling, general and administrative	6,989,277	8,171,553
Depreciation and amortization	<u>267,224</u>	<u>784,226</u>
Total operating expenses	<u>7,256,501</u>	<u>8,955,779</u>
Loss from operations	<u>(336,715)</u>	<u>(1,125,883)</u>
<b>Other income and expense:</b>		
Interest income	8,215	26,534
Interest expense	<u>(312,387)</u>	<u>(131,282)</u>
Total other expense	<u>(304,172)</u>	<u>(104,748)</u>
Net loss	<u><u>\$ (640,887)</u></u>	<u><u>\$ (1,230,631)</u></u>

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

# Access Point, Inc.

## Statements of Cash Flows

For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Cash flows used in operating activities:</b>		
Net loss	\$(640,887)	\$(1,230,631)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	267,224	784,226
Provision for doubtful accounts	48,168	249,395
(Decrease) increase in deferred rent	(9,063)	42,311
Adjustments in operating assets and liabilities:		
Increase in accounts receivable	(35,042)	(284,244)
Increase in inventory	(36,641)	(62,734)
Decrease (increase) in prepaid expenses	9,677	(26,727)
Decrease in long-term deposits and unbilled receivables	(69,704)	20,553
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(20,107)	381,880
Increase in deferred revenue	47,263	35,869
Net cash used in operating activities	<u>(439,112)</u>	<u>(90,102)</u>
<b>Cash flows used in investing activities – Purchases of property and equipment</b>	<u>(129,803)</u>	<u>(397,828)</u>
<b>Cash flows provided by financing activities:</b>		
Net borrowings of note payable	282,399	649,064
Repayments of capital leases	(50,078)	0
Repayments of note payable	0	(99,699)
Net cash provided by financing activities	<u>232,321</u>	<u>549,365</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(336,594)</u>	<u>61,435</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>638,732</u>	<u>577,297</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 302,138</u></u>	<u><u>\$ 638,732</u></u>
<b>Supplemental disclosures of cash and noncash information:</b>		
Cash paid during the year for interest	\$ 312,386	\$ 131,282
Assets acquired with capital lease	19,867	124,437
Accrual of dividends on preferred stock	<u>305,299</u>	<u>366,560</u>

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