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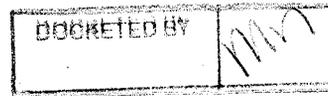
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Arizona Corporation Commission,
Docket Control,
1200 W. Washington Street,
Phoenix, AZ 85007-2927

Arizona Corporation Commission
DOCKETED

NOV - 3 2009



Billings, Oct. 29th 2009

Re: **ACC Letter of Insufficiency and First Set of Data Requests to Greenfly Networks, Inc. dba Clearfly Communications of October, 9th 2009. Docket No. T-20701A-09-0437**

To whom it may concern:

Please find here enclosed the original and 13 copies of the pages of our Application that have been amended pursuant to the requests made in the subject correspondence from ACC Staff.

Please do not hesitate to contact me should you have any questions or necessitate additional information from us.

Best regards

Mauro Calvi
CEO Clearfly Communications.
ClearPhone™ unified #: (406) 794-0221
<http://www.clearfly.net>
mauro.calvi@clearfly.net

RECEIVED
2009 NOV - 3 P 14: 31
AZ CORP COMMISSION
DOCKET CONTROL

Company understands this affidavit is not required at this time and that it may be requested by the Commission at a later stage of the review process of the present Application.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:

Yes No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

The company intends to resell services provided by 360 Networks Inc. and Qwest Communications Inc.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

State	PUC	Address	Phone number	
MT	MT Public Services Commission	1701 Prospect Ave P.O. Box 202601 Helena, MT 59620-2601 Email address: NA	(406)444-6185	Mike Lee
OR	OR Public Utility Commission Administrative Hearings Division	PO Box 2148 Salem, OR 97308-2148 Email address: NA	(503) 378-6137	Lee Sparling
ND	ND Public Service Commission	600 E. Boulevard, Dept. 408 Bismarck, ND 58505-0480 Email address: NA	(701) 328-2400	Illona Jeffcoat-Sacco
WA	WA Utilities and Transportation Commission	1300 South Evergreen Park Dr. SW PO Box 47250, Olympia, WA 98504 Email address: NA	(360) 664 1160	David Danner

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- Decision # 64178 Resold Long Distance
- Decision # 64178 Resold LEC
- Decision # 64178 Facilities Based Long Distance
- Decision # 64178 Facilities Based LEC

B. B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

- Yes No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Greenfly Networks relies on the financial resources of its majority shareholder, Better Business Systems Inc. to fund operations until profitability, which is expected in Q3 2010.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide

Attachment G: Certificate of Good Standing
(Complements Attachment A)

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****GREENFLY NETWORKS, INC.*****

a foreign corporation organized under the laws of Nevada did obtain authority to transact business in the State of Arizona on the 8th day of May 2009.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 23rd Day of October, 2009, A. D.



A handwritten signature in black ink, appearing to read "E G Johnson", written over a horizontal line.

Executive Director

By: _____ 405889

Attachment H: Financials for parent Company Better Business Systems, dba Avitus Group

BETTER BUSINESS SYSTEMS, INC.

dba AVITUS GROUP AND SUBSIDIARIES

AUDITED FINANCIAL STATEMENTS

March 31, 2009

BETTER BUSINESS SYSTEMS, INC.
dba AVITUS GROUP AND SUSIDIARIES
AUDITED FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

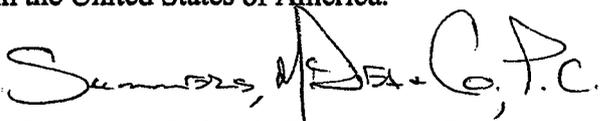
Summers McNea, P.C.
80 25th Street West
Billings, Montana 59102
406.652.2320
Toll-Free: 1.800.468.5333
Fax: 406.652.2043
www.summers-mcnea.com

To the Board of Directors
Better Business Systems, Inc.
dba Avitus Group and Subsidiaries
Billings, Montana

We have audited the accompanying consolidated balance sheet of Better Business Systems, Inc., dba Avitus Group (a Montana professional employer organization), and subsidiaries (the Company), as of March 31, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Better Business Systems, Inc., dba Avitus Group, and subsidiaries as of March 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Summers, McNea & Company, P.C.
Certified Public Accountants

September 4, 2009

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Balance Sheet

March 31, 2009

ASSETS

Current Assets

Cash and Equivalents	\$ 1,312,388
Accounts Receivable, net of allowance for bad debts	4,191,369
Accrued Interest Receivable	952
Marketable Securities	269,278
Prepaid Expenses	92,995
Prepaid Income Taxes	69,696
Deferred Tax Assets	46,380
Client Notes Receivable, current portion	55,284
Due from Related Parties, current portion	18,538
Workers Compensation Insurance Deposit, current portion	2,650,583
Total Current Assets	<u>\$ 8,707,463</u>

Property and Equipment

Computer and Office Equipment	\$ 1,380,668
Telecommunications Equipment	509,048
Buildings and Improvements	474,666
Leasehold Improvements	63,842
Vehicles	51,260
Land	118,000
	<u>\$ 2,597,484</u>
Less: Accumulated Depreciation	(757,898)
Total Property and Equipment	<u>\$ 1,839,586</u>

Other Assets

Due from Related Parties, net of current portion	\$ 7,434
Workers Compensation Insurance Deposit, net of current portion	268,185
Deferred Tax Assets	1,568,329
Goodwill	352,440
Deposits	28,404
Total Other Assets	<u>\$ 2,224,792</u>
Total Assets	<u><u>\$ 12,771,841</u></u>

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

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Balance Sheet

March 31, 2009

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Revolving Lines of Credit	\$ 5,308
Current Maturities of Long-Term Debt	529,468
Accounts Payable	273,898
Accrued Payroll and Payroll Liabilities	5,277,804
Excise Taxes and Fees Payable	21,853
Accrued Interest Payable	30,247
Deferred Revenue	18,600
Workers Compensation Insurance Liability, current portion	1,073,407
Customer Deposits and Savings Club Liability, current portion	290,115
Total Current Liabilities	<u>\$ 7,520,700</u>

Long-Term Liabilities

Notes Payable, net of current maturities	\$ 2,651,004
Stock Subscription Liability	10,000
Workers Compensation Insurance Liability, net of current portion	146,716
Customer Deposits and Savings Club Liability, net of current portion	113,286
Deferred Tax Liability	103,309
Total Long-Term Liabilities	<u>\$ 3,024,315</u>
Total Liabilities	<u>\$ 10,545,015</u>

Commitments and Contingencies

-

Minority Interests in Subsidiaries

\$ (235,631)

Stockholders' Equity

Preferred Stock	\$ 1,400,000
Common Stock	-
Additional Paid-In Capital	26,844
Retained Earnings	1,035,613
Total Stockholders' Equity	<u>\$ 2,462,457</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 12,771,841</u></u>

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

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Statement of Income

For the Year Ended March 31, 2009

Sales	\$ 164,488,256
Costs of Sales	154,601,166
Gross Profit	<u>\$ 9,887,090</u>
Operating Expenses	9,922,268
Loss From Operations	<u>\$ (35,178)</u>
Other Income (Expenses)	
Depreciation	\$ (248,145)
Finance and Insurance Income	34,175
Gains (Losses) from Disposal of Assets	(1,926)
Impairment Expense	(362,632)
Interest Income	64,589
Interest Expense	(329,020)
Investment Gains (Losses)	(78,761)
Litigation Settlements	19,777
Loss from Investment in Subsidiaries	(93,949)
Other Income	7,999
Other Expenses	(1,000)
Rent Income	31,493
Total Other Income (Expenses)	<u>\$ (957,400)</u>
Net Loss Before Income Taxes	\$ (992,578)
Provision for Income Taxes	1,108,832
Minority Interests' Loss of Consolidated Entities	48,433
Net Income	<u><u>\$ 164,687</u></u>

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

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Statement of Stockholders' Equity

For the Year Ended March 31, 2009

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance - April 1, 2008	\$ -	\$ -	\$ 26,844	\$ 1,018,376	\$ 1,045,220
Issuance of Stock	1,400,000	-	-	-	1,400,000
Dividends Paid	-	-	-	(147,450)	(147,450)
Net Income	-	-	-	164,687	164,687
Balance - March 31, 2009	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ 26,844</u>	<u>\$ 1,035,613</u>	<u>\$ 2,462,457</u>

The following information is provided regarding the stock of the respective entities:

Better Business Systems, Inc.:

Preferred stock - \$1,000 par value; 10,000 shares authorized; 3% annual dividend but only when and as declared by the Board of Directors in its sole discretion; other dividends may be declared and paid at the sole discretion of the Board of Directors; preference provided at par in liquidation or other dissolution; redeemable after January 1, 2010 at discretion of Board of Directors; nonconvertible; no voting rights; no pre-emptive rights; dividends are non-cumulative; 1,400 shares issued and outstanding.

Common stock - no par value; 50,000 shares authorized; 25,000 shares issued and outstanding.

Greenfly Networks, Inc.:

Preferred stock - \$0.001 par value; 1,000,000 shares authorized; nonconvertible; no voting rights; no pre-emptive rights; no shares issued or outstanding.

Common stock - \$0.001 par value; 100,000,000 shares authorized; 11,800,000 shares issued and outstanding.

Avitus Payroll Services, Inc.:

Common stock - no par value, 100,000 shares authorized; 50,000 shares issued and outstanding.

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

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Statement of Cash Flows

For The Year Ended March 31, 2009

Cash Flows From Operating Activities

Net Income	\$ 164,687
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:	
Depreciation	248,145
Realized Losses on Marketable Securities	2,579
Unrealized Losses on Marketable Securities	76,181
Loss on Disposal of Property and Equipment	1,926
Impairment of Goodwill	362,632
Loss from Investments in Subsidiaries	93,949
Minority Interests' Share of Consolidated Income	(48,433)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	917,461
Accrued Interest Receivable	20,261
Prepaid Expenses	(18,958)
Prepaid Income Taxes	(176)
Workers' Compensation Insurance Deposit	(925,237)
Deferred Tax Assets	(1,614,709)
Deposits	3,985
Accounts Payable	37,750
Accrued Payroll and Payroll Liabilities	(990,140)
Excise Taxes and Fees Payable	15,689
Accrued Income Taxes Payable	24,584
Accrued Interest Payable	7,234
Deferred Revenue	(20,900)
Workers' Compensation Insurance Liability	517,845
Customer Deposits and Savings Club Liabilities	52,028
Deferred Tax Liability	27,800
Net Cash Used in Operating Activities	\$ (1,043,817)

Cash Flows From Investing Activities

Investment Income Reinvested in Marketable Securities	\$ 8,575
Purchases of Marketable Securities	(8,896,378)
Proceeds from Sales of Marketable Securities	8,894,639
Purchase of Property and Equipment	(256,359)

(Continued on next page)

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries
Statement of Cash Flows (Continued)
For The Year Ended March 31, 2009

Cash Flows From Investing Activities (Continued)	
Proceeds from Sale of Property and Equipment	\$ 599
Deposit for Investment in Affiliate Returned	200,000
Principal Received on Client Notes Receivable	8,174
Advances on Amounts Due from Related Parties	(283,406)
Repayments of Amounts Due from Related Parties	516,484
Purchase of Goodwill	(12,873)
Purchase of Controlling Interest in Subsidiary	3,179
Net Cash Provided by Investing Activities	<u>\$ 182,634</u>
Cash Flows From Financing Activities	
Net Advances on Revolving Lines of Credit	\$ 2,891
Proceeds from Long-Term Debt	1,201,714
Repayments on Long-Term Debt	(574,206)
Repayments of Amounts Due to Related Parties	946
Dividends Paid	(147,450)
Net Cash Provided by Financing Activities	<u>\$ 483,895</u>
Increase in Cash and Equivalents	<u>\$ (377,288)</u>
Cash and Equivalents - Beginning of Year	<u>1,689,676</u>
Cash and Equivalents - End of Year	<u><u>\$ 1,312,388</u></u>
Supplemental Information	
Interest Paid	<u>\$ 321,786</u>
Income Taxes Paid	<u>\$ 132,068</u>
Conversion of Long-Term Debt to Preferred Stock	<u>\$ 1,400,000</u>

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

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Operations

Better Business Systems, Inc. (BBS) is a corporation organized on May 1, 1996 in the State of Montana. BBS provides employment services in the areas of payroll disbursement, tax preparation, benefit offering and administration, employment regulations expertise and counseling, and risk and safety assessment in 28 states around the United States. BBS also provides in-depth cost analysis and strategic planning services to its clients.

In July 2007, the Company formed Avitus Payroll Services, Inc. (Payroll Services), a Montana corporation. The subsidiary is owned 80% by BBS and 20% by BBS employees and limits its services to providing payroll preparation and reporting for its clients.

Greenfly Networks, Inc. (Greenfly) is a corporation organized on November 16, 2006 in the State of Nevada that conducts business under the name of Clearly Communications. Greenfly is an infrastructure-based provider of communications solutions for the small and medium business community including local and long distance voice-over-IP (internet protocol) telephone services and internet access in single integrated packages. On August 1, 2008 Better Systems, Inc., dba Avitus Group, increased its stock ownership in the Company from 28.00% to 84.07% whereupon Greenfly Networks, Inc. became a consolidated subsidiary of Avitus Group.

BBS and its subsidiaries do business as Avitus Group and is headquartered in Billings, Montana with offices in San Diego, Orange and Concord, California; Gillette, Wyoming; Denver, Colorado; and Bismark, North Dakota.

Financial Statement Presentation and Affiliate

The financial statements for BBS and its subsidiaries have been consolidated. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

All highly liquid securities, including certificates of deposit, with original maturities of three months or less are considered to be cash equivalents. As disclosed in Note 5, cash and equivalents does not include a certificate of deposit in the amount of \$428,201 that serves as collateral for the irrevocable standby letter of credit as discussed in Note 12.

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Marketable Securities

The Company classifies its marketable securities as trading, as defined by Statement on Financial Accounting Standards (SFAS) No. 115. Under SFAS No. 115, marketable securities classified as trading are recorded at fair value. Unrealized holding gains and losses are included in income. Realized gains and losses from sales of marketable securities are determined utilizing specific identification of securities on a first-in, first-out basis. Investment income on marketable securities is recognized when dividends are declared.

Accounts Receivable

Avitus Group grants credit to customers who operate businesses in an unlimited number of industries. Ongoing credit evaluations are conducted on those customers. Generally, no collateral or deposits are required. However, based upon credit evaluations, occasionally advance deposits to guarantee performance of clients may be required. The Company maintains its allowance for doubtful trade accounts receivable based upon management's evaluation of what they believe to be ultimately collectible. As of March 31, 2009, based upon management's assessment, an allowance for uncollectible accounts of \$39,079 has been provided for. Total bad debt expense for the year ended March 31, 2009 was \$129,759. Finance charges are accrued on trade receivables outstanding over 30 days and until such time as past due receivables are written off. Trade receivables are written off at such time as management deems them to be uncollectible. The total of accounts receivable as of March 31, 2009 that were 90 days or older was approximately \$130,990. As disclosed in Note 7, all accounts receivable serve as collateral for certain financing arrangements.

Property and Equipment

Property and equipment are recorded at original cost when cost is in excess of \$500 unless impaired under the provisions of SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". If applicable, cost includes material, labor, contractor costs, and construction overheads.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

For financial statement purposes, depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the applicable asset that range from 2 to 39 years and which are periodically reviewed and adjusted by management. The Company utilizes accelerated methods and rates of depreciation for income tax purposes.

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Goodwill

In accordance with Statement of Financial Accounting Standards No. 142 (SFAS 142), "Goodwill and Other Intangible Assets", the cost of investments in purchased companies in excess of the underlying fair value of net assets at dates of acquisition is recorded as goodwill and assessed at least annually for impairment. If considered impaired goodwill is written down to fair value and a corresponding impairment loss recognized.

Savings Club

BBS provides a savings club for all employees. Employees may elect to participate in the club on a quarterly basis. Interest at the rate of 6.00% is paid on all deposits made by the participants and are available for withdrawal on demand; funds are accounted for on a first-in, first-out basis. Based upon historical withdrawal rates, management anticipates \$283,572 to be withdrawn over the next 12 months and the balance of \$18,582 to be withdrawn over a period of time after March 31, 2010.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of property and equipment, the timing of deductible expenses, unrealized losses on investments, and income and losses of subsidiaries for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credits that are available to offset future federal and state income taxes. For the year ended March 31, 2009 BBS and its subsidiaries will file a consolidated tax return. The consolidated amounts of current and deferred tax expense is allocated to members based upon separate calculations for each of the members.

Financial Instruments

At March 31, 2009, the carrying value of cash and cash equivalents, revolving lines of credit and other credit facilities approximated fair value due to either the short-term nature of the instruments or variable interest rates associated with the financial instruments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

2. MARKETABLE SECURITIES:

Cost and fair value of marketable debt and equity securities held for trading as of March 31, 2009 are as follows:

Equity Securities:	
Fair Value	\$ 167,770
Unrealized Gains (Losses)	<u>(82,186)</u>
	<u>\$ 85,584</u>
Mutual Funds:	
Fair Value	\$ 213,627
Unrealized Gains (Losses)	<u>(29,933)</u>
	<u>\$ 183,694</u>
	<u>\$ 269,278</u>

The following is a summary of investment earnings, gains, and losses on marketable securities for the year ended March 31, 2009:

Interest and Dividends	\$ 8,574
Realized Gains (Losses)	(2,579)
Unrealized Gains (Losses)	<u>(76,181)</u>
	<u>\$ (70,186)</u>

3. CLIENT NOTES RECEIVABLE:

As of March 31, 2009 notes receivable from clients consist of the following:

Note receivable in weekly installments of \$500, a 0.00% stated rate of interest, bearing an original maturity date of September 2008, unsecured	\$ 7,913
--	----------

Note receivable in monthly installments of \$2,469, including interest at the rate of 12.00%, a final maturity date of March 2010, unsecured	<u>47,371</u>
	<u>\$ 55,284</u>

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

4. DUE FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS:

From time to time, advances are made to officers of Avitus Group, Real Estate Systems of Gillette, Inc. which is owned by the majority stockholder of BBS, and other related parties. The advances are generally repaid to the Companies in the normal course of business and, as such, are classified as a current asset in the accompanying financial statements. Advances outstanding as of March 31, 2009 totaled \$3,340.

The Company advanced a stockholder \$35,000 under a promissory note dated July 22, 2007. The unsecured note is receivable in monthly installments of \$1,000, including interest at the rate of 6.00% and a final maturity date of October 22, 2010. As of March 31, 2009 the remaining balance of the note receivable was \$17,699 of which \$11,244 and \$6,455 is scheduled to be received during the years ending March 31, 2010 and 2011, respectively.

On July 16, 2007 BBS advanced an employee of the Company \$11,000 under a promissory note bearing interest at the rate of 5.00%. The note is receivable in semi-monthly installments of \$165 and is unsecured. As of March 31, 2009 the remaining balance of the note receivable was \$4,933 of which \$3,954 and \$979 is scheduled to be received during the years ending March 31, 2010 and 2011, respectively.

BBS pays Real Estate Systems of Gillette, Inc. a management fee for accounting and payroll services. The total management fees paid to that company for the year ended March 31, 2009 was \$4,350.

5. WORKERS' COMPENSATION INSURANCE:

The Company provides workers' compensation insurance coverage for internal employees and worksite employees as required by states' laws. The coverage is provided through a captive insurance company and state-sponsored workers' compensation insurance funds. The workers' compensation insurance liabilities are based on estimates prepared by management. The liability is accrued during the year based on actual payrolls and projected loss estimates prepared by the captive insurance company. Payments are made against the liabilities during the year. At the end of the year, the accrued liability is further adjusted to reflect revised loss estimates, which utilize information from an independent third-party actuary relating to actual claims paid, potential claims outstanding, and potential losses. Depending on the initial estimates, the actual exposure in total payroll dollars during the year, and the final revised actuarial study, workers' compensation can be a prepaid amount or a liability. As of March 31, 2009, the provisions for workers' compensation insurance included in the accompanying balance sheet was as follows:

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

5. WORKERS' COMPENSATION INSURANCE (Continued):

Deposits:

Certificate of Deposit	\$	428,201
Security Deposit:		
Estimated Current Portion		2,222,382
Estimated Long-Term Portion		<u>268,185</u>
	\$	<u>2,918,768</u>

Liability Provisions:

Estimated Current Portion	\$	1,073,407
Estimated Long-Term Portion		<u>146,716</u>
	\$	<u>1,220,123</u>

6. GOODWILL:

As disclosed in Note 1, goodwill is accounted for in accordance with SFAS No. 142. Goodwill of the Company relates to the acquisition of the book of business of an unrelated company. The purchase agreement provides for contingent payments which are accounted for as additional goodwill purchased during the year. All contingent payment obligations were satisfied during the year ended March 31, 2009. As the accounts related to the book of business acquired decrease in value impairment is recorded. For the year ended March 31, 2009 goodwill has been accounted for as follows:

Balance, beginning of year	\$	702,199
Additional Paid for Goodwill		12,873
Impairment Recorded		<u>(362,632)</u>
Balance, end of year	\$	<u>352,440</u>

7. PLEDGED ASSETS, LINES OF CREDIT AND LONG-TERM DEBT:

Revolving Lines of Credit

\$25,000 revolving credit facility provided by US Bank in the name of a minority shareholder of Avitus Group with a variable interest rate, currently 8.99%, unsecured

\$ 3,316

\$25,000 revolving credit facility provided by Dell Financial Services with a variable interest rate, currently 11.99%, unsecured

1,992

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

7. PLEDGED ASSETS, LINES OF CREDIT AND LONG-TERM DEBT (Continued):

Revolving Lines of Credit (Continued)

\$400,000 revolving line of credit payable to First Interstate Bank, Billings, Montana with a variable rate of interest, most recently 4.25%, secured by substantially all assets of BBS and personal guarantees of its stockholders

\$ 0

\$75,000 revolving line of credit payable to Wells Fargo Bank, Billings, Montana with a variable rate of interest, most recently 3.25% secured by substantially all assets of BBS and personal guarantees of its stockholders

0
\$ 5,308

Notes Payable

\$471,682 note dated October 10, 2007 payable to Microsoft Financing in 6 monthly installments of \$50, and 36 monthly installments of \$15,355, including interest at the rate of 7.95%, secured by equipment

\$ 366,977

\$10,826 capital lease obligation dated July 12, 2007 payable to Skyline Advanced Technology Services due in 36 monthly installments of \$411, including interest imputed at the rate of 20.77%, secured by equipment with an original depreciable basis of \$10,826 and a current remaining book value of approximately \$8,172

6,011

\$700,000 promissory note dated March 10, 2009 payable to JW Enterprises, LLC due in 143 monthly installments of \$4,083 for interest only at the rate of 7.00% with the entire principal due March 10, 2021, secured by certain assets of BBS and limited personal guarantees of its shareholders

700,000

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

7. PLEDGED ASSETS, LINES OF CREDIT AND LONG-TERM DEBT (Continued):

Notes Payable (Continued)

\$880,000 promissory note dated October 25, 2004 payable to unrelated individuals, due in interest only payments at a rate of 2.00% over the Wall Street Journal prime rate, with a floor of 5.75%, currently 5.75%, unsecured with the entire principal due October 25, 2014. In addition, the Company will pay the individuals bonus interest equal to 15% of proportionate cash flow from any projects the funds are used to acquire

\$ 880,000

5 individual installment payment agreements with original amounts totaling \$493,739 and dates ranging from March 24, 2008 to July 8, 2008 payable to Microsoft Financing under a master installment payment agreement in primarily 36 monthly installments totaling \$18,471, secured by equipment

421,256

\$93,104 promissory note dated January 22, 2007 payable to Wells Fargo Equipment Finance, Inc. due in 36 monthly installments of \$2,946 including interest at the rate of 8.65%, secured by equipment

28,322

\$231,696 promissory note dated June 4, 2008 payable to First Interstate Bank, Billings, Montana in 36 monthly installments of \$7,111 including interest at the rate of 6.50%, secured by substantially all assets of BBS

177,960

\$77,500 mortgage note dated July 29, 2006 payable to USAA Federal Savings Bank, San Antonio, Texas due in 240 monthly installments of \$649 including interest at the rate of 8.00%, secured by a deed of trust on real property (This note was paid in full in June 2009)

73,001

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

7. PLEDGED ASSETS, LINES OF CREDIT AND LONG-TERM DEBT (Continued):

Notes Payable (Continued)

\$55,189 promissory note dated July 19, 2007 payable to First Interstate Bank, Billings, Montana in 36 monthly installments of \$1,685 including interest at the rate of 6.24%, secured by a vehicle \$ 25,807

\$486,000 mortgage note dated March 21, 2005 payable to Washington Mutual Bank, FA (WaMu) in 480 variable monthly installments which are currently \$1555 including interest at a variable rate not to exceed 9.95%, currently 4.003%, secured by a deed of trust on real property 443,842

\$217,935 installment contract dated May 5, 2005 payable to an individual for the purchase of a book of business in 60 monthly installments of \$4,213 including interest at the rate of 6.00%, secured by the book of business 57,296

Total Long-Term Debt	\$ 3,180,472
Less Amount Due Within 1 Year	<u>(529,468)</u>
Amount Due After 1 Year	<u>\$ 2,651,004</u>

Aggregate maturities of long-term debt as of March 31, 2009 were as follows:

Year Ending	
<u>March 31,</u>	
2010	\$ 529,468
2011	488,046
2012	75,562
2013	3,601
2014	3,857
Thereafter	<u>2,079,938</u>
	<u>\$ 3,180,472</u>

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

8. STOCK SUBSCRIPTION RECEIVABLE:

On February 1, 2007, Greenfly entered into a stock subscription agreement with the parents of one of its shareholders whereby the individuals agreed to invest a total amount of \$10,000 in Greenfly as a subscription for 10,000 shares of common stock at a price of \$1.00 per share. The subscription agreement was later modified to provide for 100,000 shares of common stock at \$0.10 per share when the total number of shares authorized and outstanding changed on August 1, 2008. No shares of stock have been issued to the subscribers as of March 31, 2009 and the subscription agreement contains no other provisions for repayment or other settlement.

9. INCOME TAXES:

The components of income tax (expense) benefit are as follows:

Current Income Taxes:	
Federal	\$ 51,947
States	<u>23,455</u>
	<u>\$ 75,402</u>
Deferred Income Taxes:	
Federal	\$ 250,279
States	<u>783,151</u>
	<u>\$ 1,033,430</u>
Total Provision for Income Taxes	<u>\$ 1,108,832</u>

For 2009, the Company was able to utilize a social security tax tip credit in the amount of \$23,114 and a work opportunity tax credit in the amount of \$36,990 as provided by the Internal Revenue Code on its federal income tax return. Utilization of the credits reduces federal taxable income by the amount of the credit and the credit reduces the Company's federal income tax. Additionally, as disclosed in Note 13, the Company has recorded a deferred tax asset in the amount of \$726,000 for a state enterprise zone employment tax credit that will be utilized to reduce future state income tax liabilities.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities that give rise to significant portions of the net deferred income tax assets and liabilities relate to the following:

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

9. INCOME TAXES (Continued):

Property and Equipment, due to use of accelerated depreciation methods for tax purposes	\$ (252,130)
Goodwill, due to use of amortization for tax purposes	295,927
Loss from investment in affiliate	45,516
Deferred workers compensation expense	403,846
Unrealized losses on marketable securities	76,181
Subsidiary net operating loss carryforward	<u>1,230,786</u>
	<u>\$ 1,800,126</u>

Deferred tax assets and liabilities consist of the following:

Temporary Differences:	
Current Asset	\$ 46,380
Other Asset	842,329
Long-Term Liability	(103,309)
Tax Credit	<u>726,000</u>
	<u>\$ 1,511,400</u>

The effective income tax rate differs from the statutory federal income tax rate principally due to state income tax, net of the federal benefit, and the effect of nondeductible expenses.

Of the total net operating loss carryforward of the subsidiary included in temporary differences above \$89,784, \$618,479, and \$522,523 expire in the years ending March 31, 2022, 2023, and 2024, respectively. Additionally, of the total net operating loss carryforward, \$708,263 of the loss is limited to reducing future taxable income of the subsidiary and only limited amounts of the other consolidated companies. There is no limitation as to the number of years the state enterprise zone employment credit may be carried over.

Statement of Financial Accounting Standards No. 109 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company believes that all of the deferred tax assets will be realized; therefore, no valuation allowance as been provided for.

BETTER BUSINESS SYSTEMS, INC.

dba Avitus Group and Subsidiaries

Notes to Financial Statements

March 31, 2009

10. RETIREMENT PLAN:

For the year ended March 31, 2009, the Company maintained a multiple employer 401(k) plan whereby each client can elect to participate with varying options, including matching discretionary contributions which are made by the Company to individual participant accounts of all eligible employees. The Company's contributions to the plan were reimbursed by those participating clients, with the exception of contributions for the internal employees of the Company. For the year ended March 31, 2009, the Company incurred \$94,524 in pension plan contributions for internal employees.

11. LEASING ARRANGEMENTS:

The Company leases certain office facilities, data storage facilities, equipment, and telecommunication network facilities under several non-cancelable operating leases. As of March 31, 2009, the Company was obligated under 14 such leases with commencement dates ranging from January 1, 2005 to September 1, 2008, ending dates ranging from December 31, 2007 to April 2, 2013, and terms ranging from 1 to 85 months. The leases include various renewal options, provide for additional variable charges based upon utilization, and generally continue on a month-to-month or year-to-year basis at termination of the initial lease period. As of March 31, 2009 the total minimum monthly rents required under the leases was approximately \$40,190. Rent expense under those leases for the year ended March 31, 2009 totaled approximately \$436,125. Certain of those leases are with related parties and are further described in below. The remaining future minimum lease payments under the operating leases as of March 31, 2009 were as follows:

Year Ending March 31,	
2010	\$ 413,143
2011	404,715
2012	247,128
2013	105,070
2014	1,724
	<u>\$ 1,171,780</u>

Buzzkill Equipment Leasing, LLC (Buzzkill) is a limited liability Company owned by the shareholders of Greenfly Networks, Inc. and shareholders of the Company's parent company, Better Business Systems, Inc. Buzzkill and BBS both purchase consumer premises equipment (CPE) and lease it to Greenfly for 97% of the revenue generated from Greenfly renting the equipment to its customers. For the year ended March 31, 2009, Greenfly incurred CPE lease expense in the amount of \$8,818 and \$8,734 for CPE leased from Buzzkill and BBS, respectively.

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

12. COMMITMENTS AND CONTINGENCIES:

The Company maintains an irrevocable standby letter of credit as of March 31, 2009 with First Interstate Bank, Billings, Montana in favor of Bank of America, N.A. Its purpose is to provide collateral to Raffles Insurance Limited, the Company's workers' compensation insurance provider. The letter of credit is for \$427,618 and expires August 31, 2009. However, it can be drawn upon for up to one year after expiration. The letter of credit is secured by a certificate of deposit as disclosed in Notes 1 and 5. There were no draws on the letter of credit for the year ended March 31, 2009. The Company anticipates cancelling the letter of credit in September 2009 and transferring the proceeds from the certificate of deposit to the captive insurance carrier in place of the letter of credit.

13. SIGNIFICANT ESTIMATE:

In June of 2009, the Company entered into an agreement with an independent tax specialist firm whereby that firm will assist the Company in obtaining available federal and state income tax credits. That firm specifically identified a State of California enterprise zone employment tax credit that the Company is eligible for. At the date these financial statements are being issued, the tax specialist firm was still in the process of obtaining certifications from local and state labor agencies. Accordingly, the deferred tax asset disclosed in Note 9 in the amount of \$726,000 is an estimate based upon the number of qualifying employees, the amount of wages subject to the credit, and the applicable rate of the credit. The estimate made by the tax specialist firm in the amount of \$920,000 was revised by management to a lesser amount in case some anticipated certifications were not received from the employees. This significant estimate of the amount of the tax credit is subject to change in the near term.

14. CONCENTRATIONS:

Operating funds are maintained in two financial institutions and insured by the FDIC up to \$250,000. As of March 31, 2009, deposits in one financial institution aggregated \$656,724. However, the Company has entered into a repurchase agreement with the financial institution. Additionally, as of March 31, 2009, cash and equivalents included approximately \$323,507 in money market accounts maintained with brokerage firms that are insured by the SPIC,

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Notes to Financial Statements
March 31, 2009

15. SUBSEQUENT EVENTS:

Subsequent to March 31, 2009, the Company formed a new corporation under the name of Avitus, Inc. and was in the process of transferring the operations of Better Business Systems, Inc. to that new subsidiary. When completed, Avitus, Inc., Avitus Payroll Services, Inc., and Greenfly Networks, Inc. will be the entities in which business operations are conducted. BBS will be a holding company that owns the stock in those subsidiaries.

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Summers McNea, P.C.
80 25th Street West
Billings, Montana 59102
406.652.2320
Toll-Free: 1.800.468.5333
Fax: 406.652.2043
www.summers-mcnea.com

To the Board of Directors
Better Business Systems, Inc.
dba Avitus Group and Subsidiaries
Billings, Montana

Our report on our audits of the consolidated financial statements of Better Business Systems, Inc., dba Avitus Group and subsidiaries appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The consolidating information on pages 22 through 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied to the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.


Summers, McNea & Company, P.C.
Certified Public Accountants

September 4, 2009

BETTER BUSINESS SYSTEMS, INC.
dba Avitus Group and Subsidiaries
Consolidating Schedule - Balance Sheet Information
March 31, 2009

ASSETS	Better Business Systems, Inc.	Greenfly Networks	Payroll Services	Eliminations	Consolidated Balance
Current Assets					
Cash and Equivalents	\$ 1,112,226	\$ 12,782	\$ 187,380	\$ -	\$ 1,312,388
Accounts Receivable	4,182,869	16,117	1,283	(8,900)	4,191,369
Accrued Interest Receivable	952	-	-	-	952
Marketable Securities	269,278	-	-	-	269,278
Prepaid Expenses	92,995	-	-	-	92,995
Prepaid Income Taxes	69,696	-	-	-	69,696
Deferred Tax Asset	46,380	-	-	-	46,380
Client Notes Receivable	55,284	-	-	-	55,284
Due from Related Parties	18,538	652,185	276,561	(928,746)	18,538
Workers Compensation Insurance Deposit	2,650,583	-	-	-	2,650,583
Total Current Assets	\$ 8,498,801	\$ 681,084	\$ 465,224	\$ (937,646)	\$ 8,707,463
Property and Equipment					
Computer and Office Equipment	\$ 1,379,668	\$ -	\$ 1,000	\$ -	\$ 1,380,668
Telecommunications Equipment	-	509,048	-	-	509,048
Buildings and Improvements	474,666	-	-	-	474,666
Leasehold Improvements	63,842	-	-	-	63,842
Vehicles	51,260	-	-	-	51,260
Land	118,000	-	-	-	118,000
	<u>\$ 2,087,436</u>	<u>\$ 509,048</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 2,597,484</u>
Less: Accumulated Depreciation	(654,548)	(103,050)	(300)	-	(757,898)
Total Property and Equipment	\$ 1,432,888	\$ 405,998	\$ 700	\$ -	\$ 1,839,586
Other Assets					
Client Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Related Parties	7,434	-	-	-	7,434
Workers Compensation Insurance Deposit	268,185	-	-	-	268,185
Investment in Affiliates	1,506,723	-	-	(1,506,723)	-
Deferred Tax Asset	1,076,029	492,300	-	-	1,568,329
Goodwill	352,440	-	-	-	352,440
Deposits	4,262	24,142	-	-	28,404
Total Other Assets	\$ 3,215,073	\$ 516,442	\$ -	\$ (1,506,723)	\$ 2,224,792
Total Assets	\$ 13,146,762	\$ 1,603,524	\$ 465,924	\$ (2,444,369)	\$ 12,771,841

See accountants' report on supplementary information.

BETTER BUSINESS SYSTEMS, INC.
 dba Avitus Group and Subsidiaries
 Consolidating Schedule - Balance Sheet Information
 March 31, 2009

	Better Business Systems, Inc.	Greenfly Networks	Payroll Services	Eliminations	Consolidated Balance
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Revolving Lines of Credit	\$ -	\$ 5,308	\$ -	\$ -	\$ 5,308
Current Maturities of Long-Term Debt	364,216	165,252	-	-	529,468
Accounts Payable	202,701	67,417	10,528	(6,748)	273,898
Accrued Payroll and Payroll Liabilities	5,001,338	-	276,466	-	5,277,804
Excise Taxes and Fees Payable	-	21,853	-	-	21,853
Accrued Interest Payable	30,247	-	-	-	30,247
Deferred Revenue	18,600	-	-	-	18,600
Workers Compensation Insurance Liability	1,073,407	-	-	-	1,073,407
Customer Deposits and Savings Club Liability	286,271	-	3,844	-	290,115
Related Party Payables, current portion	928,746	-	2,152	(930,898)	-
Total Current Liabilities	\$ 7,905,526	\$ 259,830	\$ 292,990	\$ (937,646)	\$ 7,520,700
Long-Term Liabilities					
Notes Payable	\$ 2,443,268	\$ 207,736	\$ -	\$ -	\$ 2,651,004
Stock Subscription Liability	-	10,000	-	-	10,000
Workers Compensation Insurance Liability	146,716	-	-	-	146,716
Customer Deposits and Savings Club Liability	113,286	-	-	-	113,286
Deferred Tax Liability	75,509	27,800	-	-	103,309
Total Long-Term Liabilities	\$ 2,778,779	\$ 245,536	\$ -	\$ -	\$ 3,024,315
Total Liabilities	\$ 10,684,305	\$ 505,366	\$ 292,990	\$ (937,646)	\$ 10,545,015
Commitments and Contingencies	-	-	-	-	-
Minority Interests in Subsidiaries	\$ -	\$ -	\$ -	\$ (235,631)	\$ (235,631)
Stockholders' Equity					
Preferred Stock	\$ 1,400,000	\$ -	\$ -	\$ -	\$ 1,400,000
Common Stock	-	1,801,687	250,000	(2,051,687)	-
Additional Paid-In Capital	26,844	-	-	-	26,844
Retained Earnings (Accumulated Deficit)	1,035,613	(703,529)	(77,066)	780,595	1,035,613
Total Stockholders' Equity	\$ 2,462,457	\$ 1,098,158	\$ 172,934	\$ (1,271,092)	\$ 2,462,457
Total Liabilities and Stockholders' Equity	\$ 13,146,762	\$ 1,603,524	\$ 465,924	\$ (2,444,369)	\$ 12,771,841

See accountants' report on supplementary information.

BETTER BUSINESS SYSTEMS, INC.
 dba Avitus Group and Subsidiaries
 Consolidating Schedule - Statement of Income Information
 For the Year Ended March 31, 2009

	Better Business Systems, Inc.	Greenfly Networks	Payroll Services	Eliminations	Consolidated Balance
Sales	\$ 164,149,181	\$ 532,774	\$ 144,133	\$ (337,832)	\$ 164,488,256
Costs of Sales	154,593,805	298,023	-	(290,662)	154,601,166
Gross Profit	<u>\$ 9,555,376</u>	<u>\$ 234,751</u>	<u>\$ 144,133</u>	<u>\$ (47,170)</u>	<u>\$ 9,887,090</u>
Operating Expenses					
Advertising	\$ 9,512	\$ -	\$ 2,822	\$ -	\$ 12,334
Background Checks	26,814	-	-	-	26,814
Bad Debts	129,759	-	-	-	129,759
Bank Fees	37,312	677	9,727	-	47,716
Co-Location Costs	-	5,397	-	-	5,397
Commissions	866,834	-	8,014	-	874,848
Contracted Services	89,917	10,470	-	-	100,387
Customer Wire Credits	128,548	-	-	-	128,548
Data Center Costs	-	20,307	-	-	20,307
Dues and Subscriptions	78,806	208	195	-	79,209
Equipment Rent	62,913	43,246	-	-	106,159
General Transport Costs	-	105,284	-	-	105,284
Insurance	146,737	9,748	2,600	-	159,085
Licenses and Permits	17,827	2,613	-	-	20,440
Marketing Expenses	61,210	18,439	-	-	79,649
Miscellaneous Expenses	5,909	4,385	9,856	-	20,150
Office Lease	306,032	20,843	3,091	-	329,966
Office Supplies	115,152	5,330	951	-	121,433
Payroll Expenses - Salaries and Wages	4,646,984	247,472	76,405	-	4,970,861
Payroll Expenses - Taxes and Benefits	842,029	53,951	14,604	(10,761)	899,823
Postage and Delivery	168,514	990	2,006	-	171,510
Professional Education	27,536	-	-	-	27,536
Professional Fees	104,227	4,201	-	-	108,428
Public Relations	8,023	-	-	-	8,023
Repairs and Maintenance	19,646	10,356	-	-	30,002
Supplies and Software	271,499	40,219	-	-	311,718
Taxes - Property and Miscellaneous	13,804	-	-	-	13,804
Telephone	147,200	10,014	665	(36,409)	121,470
Travel, Meals and Entertainment	826,328	33,916	31,364	-	891,608
Total Operating Expenses	<u>\$ 9,159,072</u>	<u>\$ 648,066</u>	<u>\$ 162,300</u>	<u>\$ (47,170)</u>	<u>\$ 9,922,268</u>
Income (Loss) From Operations	\$ 396,304	\$ (413,315)	\$ (18,167)	\$ -	\$ (35,178)

(Continued on next page)

BETTER BUSINESS SYSTEMS, INC.
 dba Avitus Group and Subsidiaries
Consolidating Schedule - Statement of Income Information
For the Year Ended March 31, 2009

	<u>Better Business Systems, Inc.</u>	<u>Greenfly Networks</u>	<u>Payroll Services</u>	<u>Eliminations</u>	<u>Consolidated Balance</u>
Income (Loss) From Operations	\$ 396,304	\$ (413,315)	\$ (18,167)	\$ -	\$ (35,178)
Other Income (Expenses)					
Depreciation and Amortization	\$ (199,259)	\$ (48,686)	\$ (200)	\$ -	\$ (248,145)
Finance and Insurance Income	34,175	-	-	-	34,175
Gains (Losses) from Disposal of Assets	(1,926)	-	-	-	(1,926)
Impairment Expense	(362,632)	-	-	-	(362,632)
Interest Income	91,704	-	7,435	(34,550)	64,589
Interest Expense	(338,709)	(24,847)	(14)	34,550	(329,020)
Investment Gains (Losses)	(78,761)	-	-	-	(78,761)
Litigation Settlements	19,777	-	-	-	19,777
Loss from Investment in Subsidiaries	(346,758)	-	-	252,809	(93,949)
Other Income	3,247	4,752	-	-	7,999
Other Expenses	(1,000)	-	-	-	(1,000)
Rent Income	31,493	-	-	-	31,493
Total Other Income (Expenses)	<u>\$ (1,148,649)</u>	<u>\$ (68,781)</u>	<u>\$ 7,221</u>	<u>\$ 252,809</u>	<u>\$ (957,400)</u>
Net Income (Loss) Before Income Taxes	<u>\$ (752,345)</u>	<u>\$ (482,096)</u>	<u>\$ (10,946)</u>	<u>\$ 252,809</u>	<u>\$ (992,578)</u>
Provision for Income Taxes	917,032	191,800	-	-	1,108,832
Minority Interests' Loss of Consolidated Entities	-	-	-	48,433	48,433
Net Income (Loss)	<u>\$ 164,687</u>	<u>\$ (290,296)</u>	<u>\$ (10,946)</u>	<u>\$ 301,242</u>	<u>\$ 164,687</u>

See accountants' report on supplementary information.

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.



& COMPANY



AVITUS GROUP

**AND SUBSIDIARY
FINANCIAL REPORT
March 31, 2008 and 2007**

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1601 LEWIS AVENUE • SUITE 105
P.O. BOX 20435 • BILLINGS, MONTANA 59104-0435
406•245•5136 FAX 406•245•6056

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Better Business Systems, Inc.,
dba Avitus Group and Subsidiary
Billings, Montana

We have audited the accompanying consolidated balance sheet of Better Business Systems, Inc., dba Avitus Group, (a Montana professional employer organization) and Subsidiary (the Company) as of March 31, 2008, and the related consolidated statement of income, changes in stockholders' equity and cash flows for the year then ended, and the balance sheet of Better Business Systems, Inc., dba Avitus Group, as of March 31, 2007, and the related statement of income, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Better Business Systems, Inc., dba Avitus Group, and Subsidiary, as of March 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2007 financial statements present fairly, in all material respects, the financial position of Better Business Systems, Inc., dba Avitus Group, as of March 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Anderson Zurmuehlen & Co., P.C.

Billings, Montana
September 10, 2008



FINANCIAL STATEMENTS

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
March 31, 2008 and 2007

	<u>2008</u>	Restated <u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,689,676	\$ 355,405
Trade receivables, net	5,090,646	3,672,501
Interest receivable	21,213	8,561
Marketable securities	342,282	47,516
Prepaid insurance	74,037	79,956
Prepaid income tax	69,520	-
Prepaid workers' comp insurance	-	350,440
Deposit for investment in affiliate	200,000	-
Current portion, due from related parties	539,813	67,102
Current portion, client notes receivable	35,665	-
Current portion, workers' comp insurance security deposit	<u>1,339,095</u>	<u>1,203,200</u>
Total current assets	<u>9,401,947</u>	<u>5,784,681</u>
PROPERTY AND EQUIPMENT		
Equipment	1,198,949	1,068,706
Buildings	592,666	-
Leasehold improvements	62,602	59,470
Less - accumulated depreciation	<u>(455,989)</u>	<u>(500,477)</u>
Net property and equipment	<u>1,398,228</u>	<u>627,699</u>
OTHER ASSETS		
Due from related parties, net of current portion	22,632	54,518
Client notes receivable, net of current portion	27,793	-
Workers' comp insurance security deposit, net of current portion	654,436	1,249,309
Rental security deposits	4,262	4,262
Investment in affiliate	1,839	-
Goodwill	702,199	712,437
Loan fees, net	-	458
Total other assets	<u>1,413,161</u>	<u>2,020,984</u>
Total assets	<u>\$ 12,213,336</u>	<u>\$ 8,433,364</u>

The Notes to Financial Statements are an integral part of these statements.

	<u>2008</u>	Restated <u>2007</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 204,720	\$ 52,699
Accrued payroll and payroll taxes	6,267,944	5,112,968
Accrued income taxes	-	20,398
Accrued purchased accounts liability	-	5,996
Accrued interest	23,013	-
Deferred revenue	39,500	20,600
Copier loan payable	-	3,193
Due to related party	946	373
Current portion, customer security deposits	16,764	-
Current portion, notes payable	198,865	378,937
Current portion, savings club	193,105	75,432
Current portion, workers' compensation liability	<u>411,639</u>	<u>-</u>
Total current liabilities	<u>7,356,496</u>	<u>5,670,596</u>
LONG-TERM LIABILITIES		
Customer security deposits, net of current portion	53,140	46,644
Notes payable, net of current portion	3,291,419	1,521,041
Savings club, net of current portion	88,364	87,930
Workers' compensation liability, net of current portion	290,639	-
Deferred income tax liability	<u>1,281</u>	<u>108,684</u>
Total long-term liabilities	<u>3,724,843</u>	<u>1,764,299</u>
MINORITY INTEREST IN SUBSIDIARY	<u>86,776</u>	<u>-</u>
STOCKHOLDERS' EQUITY		
Common stock	-	-
Additional paid-in capital	26,844	26,844
Retained earnings	<u>1,018,377</u>	<u>971,625</u>
Total stockholders' equity	<u>1,045,221</u>	<u>998,469</u>
Total liabilities and stockholders' equity	<u>\$ 12,213,336</u>	<u>\$ 8,433,364</u>

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
Years Ended March 31, 2008 and 2007

	<u>2008</u>		Restated <u>2007</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Sales, net	\$ 150,660,718	100.00	\$ 125,275,702	100.00
Cost of sales	<u>(140,928,722)</u>	<u>(93.54)</u>	<u>(116,472,000)</u>	<u>(92.97)</u>
Gross profit	9,731,996	6.46	8,803,702	7.03
Operating expenses	<u>(9,340,212)</u>	<u>(6.20)</u>	<u>(8,121,871)</u>	<u>(6.48)</u>
Income from operations	<u>391,784</u>	<u>0.26</u>	<u>681,831</u>	<u>0.54</u>
Other income (expense):				
Finance and insurance income	49,248	0.03	54,666	0.04
Interest expense	(356,371)	(0.24)	(188,987)	(0.15)
Interest income	102,915	0.07	81,972	0.07
Realized gain on marketable securities	4,281	0.00	18,016	(0.02)
Unrealized loss on marketable securities	(35,937)	(0.02)	(21,814)	(0.02)
Loss from sale of assets	(13,982)	(0.01)	(3,063)	(0.00)
Loss from investment in affiliate	(95,608)	(0.06)	-	0.00
Impairment of goodwill	(86,520)	(0.06)	(122,522)	(0.10)
Other income	<u>58,818</u>	<u>0.04</u>	<u>18,587</u>	<u>0.01</u>
Total other expense	<u>(373,156)</u>	<u>(0.25)</u>	<u>(163,145)</u>	<u>(0.13)</u>
Income before taxes	<u>18,628</u>	<u>0.01</u>	<u>518,686</u>	<u>0.41</u>
Income tax (expense) refund:				
Current	124,465	0.08	(161,512)	(0.13)
Deferred	<u>(109,565)</u>	<u>(0.07)</u>	<u>(39,853)</u>	<u>(0.03)</u>
Total income tax expense	<u>14,900</u>	<u>0.01</u>	<u>(201,365)</u>	<u>(0.16)</u>
Minority interest's loss of consolidated entities	<u>13,224</u>	<u>0.00</u>	<u>-</u>	<u>0.00</u>
Net income	<u>\$ 46,752</u>	<u>0.02</u>	<u>\$ 317,321</u>	<u>0.25</u>

The Notes to Financial Statements are an integral part of these statements.

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 Years Ended March 31, 2008 and 2007

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance, April 1, 2006	\$ -	\$ 26,844	\$ 654,304	\$ 681,148
Net income, restated	<u>-</u>	<u>-</u>	<u>317,321</u>	<u>317,321</u>
Balance, March 31, 2007, restated	-	26,844	971,625	998,469
Net income	<u>-</u>	<u>-</u>	<u>46,752</u>	<u>46,752</u>
Balance, March 31, 2008	<u>\$ -</u>	<u>\$ 26,844</u>	<u>\$ 1,018,377</u>	<u>\$ 1,045,221</u>

The following information is provided regarding the common stock of the respective entities:

Better Business Systems, Inc., dba Avitus Group

Common stock, no par value; 50,000 shares authorized; 25,000 shares issued and outstanding.

Avitus Payroll Services, Inc.

Common stock, no par value; 100,000 shares authorized; 50,000 shares issued and outstanding.

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 Years Ended March 31, 2008 and 2007

	<u>2008</u>	Restated <u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 46,752	\$ 317,321
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	136,043	121,637
Amortization	458	1,947
Impairment of goodwill	86,520	122,522
Realized gain on marketable securities	(4,281)	(18,016)
Unrealized loss on marketable securities	35,937	21,814
Loss from sale of assets	13,982	3,063
Loss from investment in affiliate	95,608	-
Minority interest's share of consolidated income	86,776	-
Changes in:		
Trade receivables	(1,418,145)	(730,594)
Interest receivable	(12,652)	9,252
Prepaid income taxes	(69,520)	306,162
Prepaid insurance	5,919	2,037
Prepaid workers' comp insurance	350,440	(350,440)
Workers' comp policy security deposit	458,978	(722,253)
Accounts payable	152,021	(19,205)
Purchased accounts liability	(5,996)	(12,046)
Accrued interest	23,013	-
Accrued payroll and payroll taxes	1,154,976	842,864
Accrued workers' compensation liability	702,278	(1,664,314)
Accrued income taxes	(20,398)	20,398
Security deposits	23,260	(42,134)
Savings club	118,107	15,833
Deferred revenue	18,900	20,600
Due to related party	573	373
Deferred income tax liability	(107,403)	39,853
Net cash provided by (used in) operating activities	<u>1,872,146</u>	<u>(1,713,326)</u>

The Notes to Financial Statements are an integral part of these statements.

	<u>2008</u>	Restated <u>2007</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equity investment	(297,447)	-
Proceeds on sale of marketable securities	1,528,317	292,692
Reinvested interest/dividends from marketable securities	(10,156)	(4,540)
Net purchases of marketable securities	(1,844,583)	(2,436)
Proceeds on sale of property and equipment	13,800	-
Purchase of property and equipment	-	(153,399)
Purchase of goodwill	(76,282)	(79,788)
Net cash provided by (used in) investing activities	<u>(686,351)</u>	<u>52,529</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	1,329,918	728,556
Payments on notes payable	(622,641)	(540,724)
Proceeds from line of credit	4,776,623	-
Payments on line of credit	(4,776,623)	-
Increase in client notes receivable	(118,829)	-
Payments on client notes receivable	55,371	-
Loans to related parties	(656,638)	(3,798)
Payments from related parties	161,295	453,219
Net cash provided by financing activities	<u>148,476</u>	<u>637,253</u>
Net increase (decrease) in cash and cash equivalents	1,334,271	(1,023,544)
Cash and cash equivalents, beginning of year	<u>355,405</u>	<u>1,378,949</u>
Cash and cash equivalents, end of year	<u>\$ 1,689,676</u>	<u>\$ 355,405</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 248,537</u>	<u>\$ 188,987</u>
Cash paid (received) during the period for taxes	<u>\$ 52,458</u>	<u>\$ (165,048)</u>
SUPPLEMENTAL NON-CASH INFORMATION:		
Purchase of equipment through issuance of long-term debt	<u>\$ 934,354</u>	<u>\$ 93,104</u>
Forgiveness of related party debt	<u>\$ 54,518</u>	<u>\$ -</u>

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
March 31, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations:

Better Business Systems, Inc., of Billings, Montana, (the Company) is a professional employer organization (PEO) which operates primarily in Montana and California.

In July 2007, the Company formed Avitus Payroll Services, Inc., a Montana corporation (the subsidiary). The subsidiary is owned 80% by the Company, and 20% by Better Business Systems, Inc. employees. The subsidiary provides payroll services to clients.

Principles of Consolidation:

The financial statements for the Company and its subsidiary, Avitus Payroll Services, Inc., have been consolidated. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Marketable Securities:

The Company classifies its marketable securities as trading, as defined in Financial Accounting Standards No. 115. Under Statement 115, marketable securities classified as trading are recorded at fair value. Unrealized holding gains and losses are included in income. Interest income on debt securities is recognized in income when dividends are declared.

Revenue Recognition / Trade Receivables:

Revenue is recognized when earned. Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payments within 30 days from the invoice date. Customer account balances with invoices dated over 30 days are considered delinquent.

Trade receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses will be approximately \$46,934 and \$26,050 at March 31, 2008 and 2007, respectively and booked an allowance for uncollectible accounts.

Property and Equipment:

The Company capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at historical cost. Depreciation is computed using the straight-line method over estimated useful lives of 2 to 15 years. Maintenance and repairs, including the replacement of minor items, are expensed as incurred and major additions to property and equipment are capitalized.

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill:

The Company has adopted Statement of Financial Accounting Standards No. 142 (SFAS 142) *Goodwill and Other Intangible Assets*. Under SFAS 142, the amortization of goodwill is prohibited. Instead, SFAS 142 requires that goodwill be tested for impairment at least annually. Goodwill is recorded at cost.

Advertising:

Advertising costs are charged to operations in the year incurred. Advertising expense was \$14,144 and \$13,649 for the years ended March 31, 2008 and 2007, respectively.

Income Taxes:

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 (SFAS 109). Under SFAS 109, income taxes are calculated using the asset and liability method. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying the enacted statutory tax rates to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Cash Equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Periodically, cash balances are in excess of federally insured limits.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Savings Club:

The Company provides a savings club for all employees. Employees may elect to participate in the club on a quarterly basis. The Company pays 6% interest on all deposits made by the participants, and funds are available for withdrawal on demand. The Company accounts for these funds on a first-in, first-out basis. Based on historical withdrawal rates, the Company expects \$193,105 and \$75,432 of the balance as of March 31, 2008 and 2007, respectively, to be withdrawn within the next year, and the remaining balance to be withdrawn over a period of time after March 31, 2009.

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Workers' Compensation:

The Company provides workers' compensation coverage for internal employees and worksite employees of member clients as required by state law. The coverage is provided through a captive insurance company. The workers' compensation liability is based on an estimate prepared by management. The liability is accrued during the year based on actual payrolls and projected loss estimates provided by the captive insurance company. Payments are made against this liability during the year. At the end of the year, the accrued liability is further adjusted to reflect revised loss estimates, which utilize information from an independent third-party actuary relating to actual claims paid, potential claims outstanding and potential losses. Depending on the initial estimates, the actual exposure in total payroll dollars during the year, and the final revised actuarial study, workers' compensation can be a prepaid amount or a liability.

NOTE 2. RELATED PARTY TRANSACTIONS

Due from related parties at March 31, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Promissory note from stockholder dated October 29, 2004, in the principal amount of \$60,000, plus interest at 6%; due September 29, 2008; unsecured	\$ 69,190	\$ 67,102
Promissory note from stockholder dated March 24, 2005, in the principal amount of \$54,518, including interest at 5%; paid in full through offset of promissory note against purchase of real estate from stockholder (see Footnote 6)	-	54,518
Promissory note from stockholder dated July 22, 2007, in the principal amount of \$35,000, plus interest at 6%; payable in monthly payments of \$1,000; due October 22, 2010; unsecured	28,287	-
Promissory note from employee dated July 16, 2007, in the principal amount of \$11,000, plus interest at 5%; due July 7, 2010; unsecured	8,539	-

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007

NOTE 2. RELATED PARTY TRANSACTIONS (CONTINUED)

	<u>2008</u>	<u>2007</u>
Promissory note from related party dated October 30, 2007, for a total advance of up to \$290,000, including interest at the rate of 12% per annum; due January 1, 2008 (for up to \$120,000 of advances) and April 30, 2008 (for up to \$170,000 of advances); extended to July 31, 2008, at which time the note was called; secured by shares of common stock in said related party	240,395	-
Advances receivable, related party	<u>216,034</u>	<u>-</u>
	562,445	121,620
Less - current portion	<u>(539,813)</u>	<u>(67,102)</u>
Due from related parties, net of current portion	<u>\$ 22,632</u>	<u>\$ 54,518</u>

Maturities of due from related parties are as follows:

<u>March 31,</u>		
2009	\$	539,813
2010		14,872
2011		<u>7,760</u>
	<u>\$</u>	<u>562,445</u>

The Company pays a management fee for accounting and payroll services to Real Estate Systems of Gillette, Inc., which is owned by the majority stockholder of the Company. For the years ended March 31, 2008 and 2007, management fees totaled \$5,400 and \$7,400, respectively.

NOTE 3. MARKETABLE SECURITIES

The following is a summary of trading securities at March 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cost	\$ 378,406	\$ 47,407
Gross unrealized gain (loss)	<u>(36,124)</u>	<u>109</u>
Total trading securities	<u>\$ 342,282</u>	<u>\$ 47,516</u>

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007

NOTE 3. MARKETABLE SECURITIES (CONTINUED)

The following is a summary of investment earnings recognized in income for the year ended March 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unrealized loss	\$ (35,937)	\$ (21,814)
Realized gain	4,281	18,016
Interest and dividends	<u>10,156</u>	<u>4,540</u>
Total investment earnings (loss)	<u>\$ (21,500)</u>	<u>\$ 742</u>

Investments with an unrealized loss position at March 31, 2008, are as follows:

	Less than 12 Months		12 months or more		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
Description of Securities:						
Stock	\$ 146,070	\$ 36,430	\$ -	\$ -	\$ 146,070	\$ 36,430
Mutual Funds	<u>196,212</u>	<u>8,840</u>	<u>-</u>	<u>-</u>	<u>196,212</u>	<u>8,840</u>
	<u>\$ 342,282</u>	<u>\$ 45,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,282</u>	<u>\$ 45,270</u>

The table above shows the trading investment's unrealized losses and fair values, aggregated by investment category. All securities which have unrealized losses have been in a continuous unrealized loss position since March 31, 2007. Four securities are in an unrealized loss position as of March 31, 2008. Management has evaluated these securities and believes the loss position to be temporary as a result of overall market conditions, and not from any particular credit quality of any of the specific securities. There were no securities in unrealized loss position at March 31, 2007.

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2008 and 2007

NOTE 4. CLIENT NOTES RECEIVABLE:

Client notes receivable at March 31, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Note receivable - note with PEO client; 0.00% stated interest rate, receivable in weekly installments of \$500; matures September 2008	\$ 12,914	\$ -
Note receivable - note with PEO client; interest at 12.00%; receivable in monthly installments of \$2,469; matures March 2010	<u>50,544</u>	-
	63,458	-
Less - current portion	<u>(35,665)</u>	-
Client notes receivable, net of current portion	<u>\$ 27,793</u>	<u>\$ -</u>

Maturities of client notes receivable are as follows:

<u>March 31,</u>	
2009	\$ 35,665
2010	<u>27,793</u>
	<u>\$ 63,458</u>

NOTE 5. GOODWILL

Goodwill is related to the Company's acquisition of books of business. During 2008 and 2007, costs were incurred in the acquisition of California accounts. As the accounts decrease in value, the Company believes goodwill has been impaired. The following summarizes goodwill for the year ended March 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Goodwill, beginning of the year	\$ 712,437	\$ 755,171
Additions	76,282	79,788
Less impairment	<u>(86,520)</u>	<u>(122,522)</u>
Goodwill, end of the year	<u>\$ 702,199</u>	<u>\$ 712,437</u>

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007



NOTE 6. INVESTMENT IN AFFILIATE/DEPOSIT

During the year ended March 31, 2008, the Company entered into an agreement to purchase 28% of the outstanding stock of Greenfly Networks, Inc. (Greenfly), a telecommunications company, through the payment of Greenfly's legal fees for the next two years. The Company also agreed to pay up to \$10,000 to each of the four stockholders of Greenfly, and to pay for any future violations of the settlement agreement between Greenfly and Transaria, another telecommunications company. A violation of the agreement would occur if Greenfly solicited Transaria customers for future services and the violations are priced on a per occurrence basis. Transaria has alleged violations of the agreement; however, the Company is disputing those violations and the ultimate resolution of these actions is not expected to have a material adverse effect on the Company's financial position.

Included in the agreement was a commitment to purchase Greenfly's debentures in the amount of \$200,000, under the condition that Greenfly would be able to raise \$1,000,000. The Company deposited the funds into an escrow account; however, Greenfly was unable to raise the required funds. At July 1, 2008, the deposit was refunded to the Company.

The company has a note receivable with Greenfly at March 31, 2008 (see Note 2). At July 31, 2008, this note was called and the security interest was exercised, resulting in the Company obtaining an additional 32% of the outstanding stock of Greenfly.

The investment in the common stock of Greenfly is accounting for using the equity method. The equity in earnings or losses of Greenfly is reported in the Company's statement of income.

NOTE 7. NOTES PAYABLE

	<u>2008</u>	<u>2007</u>
Note payable - note with unrelated party with interest at 2% over prime (7.25% at March 31, 2008); interest only payments until maturity at October 25, 2014; unsecured	\$ 750,000	\$ 750,000
Note payable - payable in monthly installments of \$3,028, including interest at 7.25%; matures August 30, 2009; secured by inventory, chattel paper, accounts, equipment and general intangibles	51,447	82,744

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007



NOTE 7. NOTES PAYABLE (CONTINUED)

Notes payable at March 31, 2008 and 2007 consist of the following:

Note payable - payable in monthly installments of \$1,559, including interest at 7.75%; matures August 30, 2012; secured by inventory, chattel paper, accounts, equipment and general intangibles	70,781	83,313
Note payable - note with unrelated party, payable in monthly installments of \$4,213, including interest at 6%; matures May 9, 2010; unsecured	102,860	145,730
Note payable - payable in monthly installments of \$3,634, including interest at 6%; matures July 12, 2008; secured by inventory, accounts, equipment, general intangibles and chattel paper	16,323	54,194
Note payable - note with unrelated party with interest at 2% over prime (7.25% at March 31, 2008); interest only payments until maturity; oral agreement due on demand	130,000	130,000
Promissory notes payable - notes with unrelated party with interest at 8%; interest only payments of \$7,333 and \$2,000 until maturity at October 2014, at which time all principal and interest is due; secured by stock held by related party, co-signor on notes	1,400,000	-
Note payable - payable in monthly installments of \$649, including interest at 8%; matures July 2026; secured by property	74,920	-
Note payable - payable in monthly installments of \$1,685, including interest at 6.24%; matures July 2010; secured by vehicle	43,804	-
Note payable - payable in monthly installments of \$1,446, including interest at 4.54% until April 2010, at which both payment and interest may be adjusted; matures April 2045; secured by property	454,483	-

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007



NOTE 7. NOTES PAYABLE (CONTINUED)

	<u>2008</u>	<u>2007</u>
Note payable - payable in monthly installments of \$500 for the first 12 months and \$9,404 for the next 24 months, including interest at 7%; matures March 2011; secured by equipment	200,858	-
Note payable - payable in monthly installments of \$907, including interest at 7.2%; matures March 2011; secured by equipment	22,863	-
Note payable - payable in monthly installments of \$3,110, including interest at 8.75%; matures August 28, 2011; secured by inventory, chattel Paper, accounts, equipment and general intangibles	112,230	138,090
Note payable - payable in monthly installments of \$2,946, including interest at 8.65%; matures January 22, 2010; secured by equipment	59,715	88,579
Note payable - note with unrelated party, payable in monthly installments of \$6,524, including interest at 8.05%; paid in full December 2007; unsecured	-	56,784
Note payable - payable in monthly installments of \$3,447, including interest at 8% paid in full December 2007; unsecured	-	370,544
	<u>3,490,284</u>	<u>1,899,978</u>
Less - current portion	<u>(198,865)</u>	<u>(378,937)</u>
Notes payable, net of current portion	<u>\$ 3,291,419</u>	<u>\$ 1,521,041</u>

Maturities of long-term debt are as follows:

<u>March 31,</u>	
2009	\$ 198,865
2010	261,798
2011	210,124
2012	60,528
2013	37,277
Thereafter	<u>2,721,692</u>
	<u>\$ 3,490,284</u>

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007

NOTE 8. LINE OF CREDIT

The Company has available an operating line of credit for borrowings of up to \$300,000 at March 31, 2008. Any borrowings under the line of credit bear interest at 6.5%. The note requires regular monthly payments of accrued unpaid interest and the outstanding principal is due September 30, 2009. The line of credit is secured by all inventory, chattel paper, accounts, equipment and general intangibles of the Company. The Company had no borrowings outstanding on the line of credit at March 31, 2008 and 2007, respectively.

NOTE 9. RETIREMENT PLAN

For the years ended March 31, 2008 and 2007, the Company maintained a multiple employer 401(k) plan whereby each client can elect to participate with varying options, including matching discretionary contributions which are made by the Company to the individual participant accounts of all eligible employees. The Company's contributions to the plan were reimbursed by those participating clients, with the exception of contributions for the internal employees of the Company.

For the years ended March 31, 2008 and 2007, the Company incurred expenses of \$89,253 and \$69,290, respectively, for matching contributions and \$9,260 and \$22,689, respectively, for administrative expenses.

NOTE 10. OPERATING LEASES

The Company has four separate leases for its facilities. The leases expire between May 2008 and March 2013. For the years ended March 31, 2008 and 2007, total rent expense on the leases was \$261,716 and \$252,673, respectively.

At March 31, 2008, the minimum rental payments due under these operating leases are as follows:

<u>March 31,</u>	
2009	\$ 228,124
2010	224,662
2011	226,072
2012	229,777
2013	139,427
	<u>\$ 1,048,062</u>

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2008 and 2007

NOTE 11. INCOME TAXES

The components of income tax expense (refund) are as follows:

	<u>2008</u>	Restated <u>2007</u>
Current:		
U.S. Federal	\$(131,809)	\$ 124,375
States	<u>7,344</u>	<u>37,137</u>
	<u>(124,465)</u>	<u>161,512</u>
Deferred:		
U.S. Federal	90,055	32,773
States	<u>19,510</u>	<u>7,080</u>
	<u>109,565</u>	<u>39,853</u>
 Total income tax expense (refund)	 <u>\$ 14,900</u>	 <u>\$ 201,365</u>

In 2008 and 2007, the Company was able to utilize a FICA tip credit on its Federal income tax return; thereby reducing taxable income and generating a refund for the 2008 year.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities that give rise to significant portions of the net deferred income tax liability relate to the following:

	<u>2008</u>	<u>2007</u>
Deferred income tax (asset) liability:		
Property and equipment, due to use of accelerated depreciation methods for tax purposes	\$(216,640)	\$ 84,751
Goodwill, due to use of amortization for tax purposes	36,359	24,079
Loss from investment in affiliate	39,549	-
Deferred workers compensation expense	124,586	-
Other	<u>14,866</u>	<u>(146)</u>
	<u>\$ (1,280)</u>	<u>\$ 108,684</u>

The effective income tax rate differs from the statutory federal income tax rate principally due to state income tax, net of the federal benefit, and the effect of nondeductible expenses.

Statement of Financial Accounting Standards No. 109 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company believes that all of the deferred tax asset will be realized, therefore there is no valuation allowance.

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2008 and 2007

NOTE 12. PRIOR PERIOD ADJUSTMENT

The March 31, 2007, financial statements have been restated to reflect the correction of an error in the calculation of income tax expense related to a FICA tip credit. The restatement had the effect of increasing income for the year ended March 31, 2007, and increasing retained earnings as of March 31, 2007, by \$59,829.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Letter of Credit

The Company maintains the following irrevocable standby letter of credit as of March 31, 2008:

First Interstate Bank, in favor of Bank of America, N.A.: The purpose of the letter of credit is to provide security collateral to Raffles Insurance Limited, the Company's workers' compensation liability provider. The letter of credit is for \$427,618 and expires August 31, 2008; however, it can be drawn upon for up to one year after expiration. The Company expects to renew the letter of credit during September 2008. There were no draws for the year ended March 31, 2008.

The Company is a guarantor of a loan to Greenfly Networks, Inc. (Greenfly) by Microsoft Finance, Inc. The loan balance was \$471,682 on March 31, 2008. The Company is also a guarantor of a lease to Greenfly from Balboa Capital. The total outstanding payments owed on this lease at March 31, 2008 was \$190,908. The Company also has guaranteed certain vendor accounts for Greenfly. The balances on these vendor accounts fluctuates over time, and at March 31, 2008, there was an outstanding balance to these vendors of \$10,699. As of the report date, this balance was paid in full by Greenfly in accordance with standard commercial payment terms.

The loan and lease are secured with guarantees from the Company and the shareholders of Greenfly and a lien and security interest in the telecommunications equipment purchased by the company with the proceeds of the loan, and the telecommunications equipment purchased on behalf of Greenfly by the leasing company. The Company would be required to perform on this guarantee in the event of default. The Company would have recourse against the other guarantors in the event of default and performance under its guarantee. No guarantee premium has been received for these transactions and the fair value of the guarantees is estimated at zero due to the recourse from the other guarantors and the value of the collateral. As a result, the Company has not recorded a liability for these guarantees.

SUPPLEMENTARY INFORMATION



& COMPANY

1601 LEWIS AVENUE • SUITE 105
P.O. BOX 20435 • BILLINGS, MONTANA 59104-0435
406•245•5136 FAX 406•245•6056

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Better Business Systems, Inc.,
dba Avitus Group and Subsidiary
Billings, Montana

Our report on our audits of the consolidated financial statements of Better Business Systems, Inc., dba Avitus Group, and subsidiary for 2008 and the financial statements of Better Business Systems, Inc. dba Avitus Group, for 2007 appears on page 1. Those audits were conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information, *Schedule I*, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The consolidating information on pages 23 through 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows for the individual companies. Such information has been subjected to the auditing procedures applied to the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Anderson Zurmuehlen + Co., P.C.

Billings, Montana
September 10, 2008

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 SCHEDULE I - OPERATING EXPENSES
 March 31, 2008 and 2007

	<u>2008</u>	Restated <u>2007</u>
Advertising	\$ 14,144	\$ 13,649
Amortization	458	1,946
Background checks	25,312	12,961
Bad debts	87,539	44,723
Bank fees	44,911	41,406
Commissions	785,855	658,302
Computer supplies	196,303	51,501
Contract labor	196,187	102,822
Customer wire credits	119,171	95,313
Depreciation	136,043	121,638
Dues and subscriptions	73,591	56,523
Employee benefits	378,451	288,081
Equipment lease	4,520	5,229
Flex plan administrative fees	21,251	18,137
Insurance	249,265	112,609
Legal and accounting	155,122	146,713
Licensing	16,109	17,823
Litigation settlements (recovery)	(200,000)	148,505
Marketing	25,922	84,143
Meals and entertainment	86,450	79,605
Miscellaneous	18,642	11,662
Office supplies	293,986	267,057
Payroll taxes	402,134	324,101
Pre-acquisition	6,058	-
Professional education	41,192	50,459
Property taxes	19,514	-
Public relations	3,651	6,661
Rental expense	261,716	252,673
Repairs and maintenance	10,475	13,273
Sales rep	427,691	394,684
Telephone	125,902	91,703
Travel	293,354	286,152
Vehicle	170,930	146,762
Wages	<u>4,848,363</u>	<u>4,175,055</u>
 Total operating expenses	 <u>\$ 9,340,212</u>	 <u>\$ 8,121,871</u>

See Accountant's Report on the Supplementary Information.

BETTER BUSINESS SYSTEMS, INC.,
dba AVITUS GROUP and SUBSIDIARY
CONSOLIDATING SCHEDULE - BALANCE SHEET INFORMATION
March 31, 2008

	Better Business Systems, Inc. <u>dba Avitus Group</u>	Avitus Payroll Services, Inc.	<u>Eliminations</u>	Consolidated <u>Balance</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,418,346	\$ 271,330	\$ -	\$ 1,689,676
Trade receivables, net	5,089,651	1,143	(148)	5,090,646
Interest receivable	21,213	-	-	21,213
Marketable securities	342,282	-	-	342,282
Prepaid insurance	74,037	-	-	74,037
Prepaid income tax	69,520	-	-	69,520
Deposit for investment in affiliate	200,000	-	-	200,000
Current portion, due from related parties	539,813	100,000	(100,000)	539,813
Current portion, client notes receivable	35,665	-	-	35,665
Current portion, workers' comp insurance security deposit	<u>1,339,095</u>	<u>-</u>	<u>-</u>	<u>1,339,095</u>
Total current assets	<u>9,129,622</u>	<u>372,473</u>	<u>(100,148)</u>	<u>9,401,947</u>
PROPERTY AND EQUIPMENT				
Equipment	1,197,949	1,000	-	1,198,949
Buildings	592,666	-	-	592,666
Leasehold improvements	62,602	-	-	62,602
Less - accumulated depreciation	<u>(455,889)</u>	<u>(100)</u>	<u>-</u>	<u>(455,989)</u>
Net property and equipment	<u>1,397,328</u>	<u>900</u>	<u>-</u>	<u>1,398,228</u>
INVESTMENT IN SUBSIDIARY	<u>97,104</u>	<u>-</u>	<u>(97,104)</u>	<u>-</u>
OTHER ASSETS				
Due from related parties, net of current portion	22,632	-	-	22,632
Client notes receivable, net of current portion	27,793	-	-	27,793
Workers' comp insurance security deposit, net of current portion	654,436	-	-	654,436
Rental security deposits	4,262	-	-	4,262
Investment in affiliate	1,839	-	-	1,839
Goodwill	<u>702,199</u>	<u>-</u>	<u>-</u>	<u>702,199</u>
Total other assets	<u>1,413,161</u>	<u>-</u>	<u>-</u>	<u>1,413,161</u>
Total assets	<u>\$ 12,037,215</u>	<u>\$ 373,373</u>	<u>\$ (197,252)</u>	<u>\$ 12,213,336</u>

See Accountant's Report on the Supplementary Information.

	Better Business Systems, Inc. <u>dba Avitus Group</u>	Avitus Payroll Services, Inc.	<u>Eliminations</u>	Consolidated <u>Balance</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 204,720	\$ -	\$ -	\$ 204,720
Accrued payroll and payroll taxes	6,066,346	201,598	-	6,267,944
Accrued interest	23,013	-	-	23,013
Deferred revenue	39,500	-	-	39,500
Due to related party	100,946	148	(100,148)	946
Current portion, customer security deposits	16,764	-	-	16,764
Current portion, notes payable	198,865	-	-	198,865
Current portion, savings club	212,464	(19,359)	-	193,105
Current portion, workers' compensation liability	<u>404,533</u>	<u>7,106</u>	-	<u>411,639</u>
Total current liabilities	<u>7,267,151</u>	<u>189,493</u>	<u>(100,148)</u>	<u>7,356,496</u>
LONG-TERM LIABILITIES				
Customer security deposits, net of current portion	53,140	-	-	53,140
Notes payable, net of current portion	3,291,419	-	-	3,291,419
Savings club, net of current portion	88,364	-	-	88,364
Workers' compensation liability, net of current portion	290,639	-	-	290,639
Deferred income tax liability	<u>1,281</u>	-	-	<u>1,281</u>
Total long-term liabilities	<u>3,724,843</u>	-	-	<u>3,724,843</u>
MINORITY INTEREST IN SUBSIDIARY	-	-	<u>86,776</u>	<u>86,776</u>
STOCKHOLDERS' EQUITY				
Common stock	-	250,000	(250,000)	-
Additional paid-in capital	26,844	-	-	26,844
Retained earnings (accumulated deficit)	<u>1,018,377</u>	<u>(66,120)</u>	<u>66,120</u>	<u>1,018,377</u>
Total stockholders' equity	<u>1,045,221</u>	<u>183,880</u>	<u>(183,880)</u>	<u>1,045,221</u>
Total liabilities and stockholders' equity	<u>\$ 12,037,215</u>	<u>\$ 373,373</u>	<u>\$ (197,252)</u>	<u>\$ 12,213,336</u>

BETTER BUSINESS SYSTEMS, INC.,
 dba AVITUS GROUP and SUBSIDIARY
 CONSOLIDATING SCHEDULE - STATEMENT OF INCOME INFORMATION
 Year Ended March 31, 2008

-25-

	Better Business Systems, Inc. <u>dba Avitus Group</u>	Avitus Payroll Services, Inc.	<u>Eliminations</u>	<u>Consolidated Balance</u>
Sales, net	\$ 150,618,034	\$ 42,684	\$ -	\$ 150,660,718
Cost of sales	<u>(140,924,862)</u>	<u>(3,860)</u>	<u>-</u>	<u>(140,928,722)</u>
Gross profit	9,693,172	38,824	-	9,731,996
Operating expenses	<u>(9,284,289)</u>	<u>(105,923)</u>	<u>50,000</u>	<u>(9,340,212)</u>
Income (loss) from operations	<u>408,883</u>	<u>(67,099)</u>	<u>50,000</u>	<u>391,784</u>
Other income (expense):				
Finance and insurance income	49,248	-	-	49,248
Interest expense	(355,227)	(1,144)	-	(356,371)
Interest income	100,792	2,123	-	102,915
Realized gain on marketable securities	4,281	-	-	4,281
Unrealized loss on marketable securities	(35,937)	-	-	(35,937)
Loss from sale of assets	(13,982)	-	-	(13,982)
Loss from investment in affiliate	(95,608)	-	-	(95,608)
Loss from investment in subsidiary	(52,896)	-	52,896	-
Impairment of goodwill	(86,520)	-	-	(86,520)
Other income	108,818	-	(50,000)	58,818
Total other income (expense)	<u>(377,031)</u>	<u>979</u>	<u>2,896</u>	<u>(373,156)</u>
Income (loss) before taxes	<u>31,852</u>	<u>(66,120)</u>	<u>52,896</u>	<u>18,628</u>
Income tax expense (refund):				
Current	124,465	-	-	124,465
Deferred	<u>(109,565)</u>	<u>-</u>	<u>-</u>	<u>(109,565)</u>
Total income tax expense	<u>14,900</u>	<u>-</u>	<u>-</u>	<u>14,900</u>
Minority interest's loss of consolidated entities	<u>-</u>	<u>-</u>	<u>13,224</u>	<u>13,224</u>
Net income (loss)	<u>\$ 46,752</u>	<u>\$ (66,120)</u>	<u>\$ 66,120</u>	<u>\$ 46,752</u>

See Accountant's Report on the Supplementary Information.

Attachment G: Certificate of Good Standing