ACCESSPOINT CORP /NV/
Form 10KSB
April 15, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT PUSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

OR

[ ] TRANSITION REPORT PUSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________________ TO ________________________

Commission File Number: 000-29217

ACCESSPOINT CORPORATION
(Name of Small Business Issuer in its Charter)

Nevada	95-4721385
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3030 S Valley View Blvd., Ste 190	Las Vegas, NV 89102
(Address of Principle Executive Offices)	(Zip Code)

702-809 0206
(Issuer's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Exchange Act:

None

Securities Registered Pursuant to Section 12(g) of the Exchange Act:

Common Stock, $0.001 Par Value

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X]No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The registrant's revenues for its most recent fiscal year were

$8,461,090.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 3, 2005 was $673,047 based upon the market price of the registrant's Common Stock of $0.05 as of March 3, 2005.

The number of the Company's shares of Common Stock outstanding as of December 31, 2004 was 18,971,230.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

ACCESSPOINT CORPORATION
FORM 10-KSB ANNUAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-KSB contains forward-looking statements about the business, financial condition and prospects of the Company that reflect assumptions made by management and management's beliefs based on information currently available to it. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, the Company's actual results may differ materially from those indicated by the forward-looking statements.

There may be other risks and circumstances that management is unable to predict. When used in this Form 10-KSB, words such as, "believes," "expects," "intends," "plans," "anticipates" "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions. All forward-looking statements are intended to be covered by the safe harbor created by Section 21E of the Securities Exchange Act of 1934.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

A. GENERAL

We were incorporated in Nevada on October 11, 1995. On March 19,1999 we merged with Yamahama's, Inc., a Nevada corporation. On April 12, 2000 we merged with J.S.J. Capital, III, Inc., a Nevada corporation. Reference to Company or Accesspoint Corporation ("we", "us" and "our") in this report refers to the historical Accesspoint Corporation.

B. BUSINESS OVERVIEW

Until February 2005 the Company's business consisted of processing electronic and credit card payments. In accordance with an agreement dated January 1, 2005 that took effect as of February 28, 2005, the Company sold its Merchant Portfolio, its remaining source of income, to Merchants Billing Services, Inc. for $1,563,584, the amount owed to Merchants Billing Services, Inc. and Amropa, Inc.

Mr. Barber is the principal owner of Merchants Billing Services, Inc. and Ameropa, Inc. ("Ameropa"). Ameropa is a Bahamas corporation. Ameropa owned two Bermuda corporations, Internet Online Services, Inc. ("IOS") and Network Integrated Systems, Ltd. ("NIS"). Mr. Barber and two colleagues agreed to provide funding to Accesspoint. Although IOS and Ameropa advanced funds from time to time. The amount owed Merchants Billing Services, Inc. and Ameropa at December 31, 2004 was $1,563,584.

During the year additional books of business had been sold in order to raise funds to pay off debt.

The financial statements at December 31, 2004 reflect the discontinuance of the operations of the company as of February 2005.

As of February 28, 2005 the Company has no operating business. The Company does not intend to develop its own operating business but instead will seek to effect a merger (a "Merger") with a corporation which owns an operating business and wishes to undertake a Merger for its own corporate purposes (a "Merger Target"), generally related to achieving liquidity for its stockholders.

The primary activity of the Company now involves seeking a Merger Target. The Company has not yet selected or entered into any substantive discussions with any potential Merger Target and does not intend to limit potential candidates to any particular field or industry, but does retain the right to limit candidates, if it so chooses, to a particular field or industry. The Company may effect a Merger with a Merger Target which may be financially unstable or in its early stages of development or growth.

The Board of Directors has elected to begin implementing the Company's principal business purpose, described below under "Item 6, Plan of Operation." As such, the Company can be defined as a "shell" company, whose sole purpose at this time is to locate a Merger Target and consummate a Merger.

ITEM 2. DESCRIPTION OF PROPERTY

We do not own any real property. As of December 31, 2004, the Company operated under an agreement with 2CProcessor USA, LLC (2CP) to manage its business for the period April 1, 2004 through April 1, 2005 at a fee of $65,000 per month. This agreement has been cancelled as of February 1, 2005

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Listed below are only those matters considered to be material to the Company by management and its counsel.

CITICORP - During 2001 the Company vacated office facilities it had leased under an operating lease agreement in Chicago, Illinois. The lessor subsequently filed suit against the Company for the remaining amount of unpaid rent and other various expenses. A judgment was filed against the Company in the amount of $95,000. As of December 31, 2004 the Company has accrued for the liability in full on its Balance Sheet. No payments have been made.

BENTLEY PROMISSORY NOTES - Various family trusts related to James W. Bentley, a former Director of the Company, have filed three related actions seeking to collect in excess of $500,000 in promissory notes allegedly due. These cases have been consolidated with the case of Bentley v. Barber, et al (see below) and have been settled as of August 30, 2004.

MERCHANTSWAREHOUSE.COM - This is a claim against PSI for breach of an independent sales agent agreement. The claim is disputed. The matter was submitted to arbitration and was heard by the arbitrator. The arbitrator made an interim award of $296,720 and denied the Company's counterclaim. The Company is directed to pay the agent residuals according to the terms of the Company's agreement with the agent. The Company has made all payments to the agent since the date of the award. On November 7, 2003, Merchantswarehouse.com obtained a judgment consistent with the arbitrator's award. The Company is presently assessing the advisability of an appeal. The amount of the award has been accrued.

CIT COMMUNICATIONS CO. ("CIT") - CIT, an equipment lessor, claims that we defaulted on an equipment lease. A request for entry of default was submitted on 7/8/04. It is expected that a default judgment against the Company will be entered soon. The total amount of any potential judgment for the value of the equipment has been accrued.

FOLEY HOAG - This is a claim against PSI by a Boston law firm which worked on the MerchantWarehouse.com case for fees it says remain unpaid. The firm is seeking $48,000 in principal, plus interest, fees and costs. The firm has advised the Company that it has filed suit in Massachusetts, but the Company has yet to be served.

GLOBAL ATTORNEYS NETWORK CO. - This is an action filed on behalf of an equipment lessor on a defaulted lease. In April 2003 the matter was settled for $16,900. This amount has been accrued. No payments have been made.

FOSTER TEPPER - This is an action recently brought by a former attorney for the Company for approximately $63,000 in legal fees, which are allegedly due and payable. The Company has accrued $37,000 for this matter. Trial is scheduled to start August 30, 2004

ACCESS HOLDINGS LIMITED PARTNERSHIP - This is a lawsuit brought on behalf of two holders of Company stock who claim the Company has violated a prior settlement agreement and that they are therefore entitled to the return of approximately 4.1 million shares of Company stock, which they had previously surrendered to the Company per that agreement. This case has been consolidated with the case of Bentley v. Barber, et al (see below) and was settled on August 30, 2004.

BENTLEY V. WILLIAM R. BARBER, ET AL. - On March 22, 2002, James Bentley ("Plaintiff"), a shareholder of the Company, filed a shareholder derivative lawsuit against the Company and several individual defendants. The parties have settled this lawsuit as of August 30, 2004. The settlement amount reached is for $750,000, discountable to $500,000 if the Company pays Bentleys in strict accordance to the following schedule: $250,000 paid from the Chase Merchant Services deposit and $5,000 monthly, beginning August 30, 2004 thru November 30, 2005 with a balloon payment of $170,000 due on December 30, 2005. The terms of the settlement include the dismissal of all lawsuits related to the Bentleys, recognition of the $500,000 in promissory notes payable to Bentleys previously converted in the June 26, 2002 settlement agreement (included in the $750,000 settlement amount), and in consideration for the forgiveness of the NIS line of credit due to Ameropa, the Bentleys agree to release any and all security, restrictions and limitations on their stock and cause the issuance of 52% of the Company's stock to Barber or his designate.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At a meeting of the stockholders December 7, 2004 the following items were submitted to a vote of security holders, through the solicitation of proxies or otherwise:

1. Increase the number of shares of common stock from 25,000,000 to 50,000,000.
2. Increase the number of allowable directors from 5 to 7.

3. Approved the election of directors.
4. Ratified the settlement agreement pertaining to the Bentley/Djokovich lawsuit.
5. Ratified the actions of the Board of Directors through December 7, 2004.
6. Ratified the appointment of Auditors.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the over-the-counter Pink sheet system (PK) under the symbol "ASAP." The table below reflects the high and the low bid and ask quotations for each of our fiscal quarters for the last fiscal year. The prices reflect inter-dealer prices, without retail mark-up, markdown or commission and do not necessarily represent actual transactions.

	2004	
	HIGH	LOW
1st Quarter	$ 0.29	$ 0.05
2nd Quarter	$ 0.30	$ 0.17
3rd Quarter	$ 0.16	$ 0.09
4th Quarter	$ 0.10	$ 0.08

	2003	
	HIGH	LOW
1st Quarter	$ 0.43	$ 0.20
2nd Quarter	$ 0.38	$ 0.12
3rd Quarter	$ 0.40	$ 0.12
4th Quarter	$ 0.35	$ 0.10

A. NUMBER OF HOLDERS

As of December 31, 2004, we had 1,287 common shareholders of record. On, December 31, 2004 the last reported sales price of our common stock on the Pink sheet was $0.08 per share.

Our stock has had a market price of less than $5.00 per share in recent times. The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price less than $5.00 per share, subject to certain exceptions. Accordingly, our common stock may become subject to rules that impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's written consent to the transaction prior to the purchase.

Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the transaction, of a disclosure schedule prepared by the SEC relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and, if the broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Finally, monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Consequently, the "penny stock" rules may restrict the ability of broker-dealers to sell our common stock and may affect the ability of investors to sell our common stock in the public market.

B. DIVIDENDS

The payment of dividends is within the discretion of the Board of Directors of our Company. We currently intend to retain all earnings, if any, in the foreseeable future for use in the development of our business. We have not paid dividends since inception. It is not anticipated that any dividends will be paid in the foreseeable future and there can be no assurance that dividends can or will ever be paid. The payment of dividends is contingent upon future earnings, if any, our financial condition and capital requirements, general business conditions and other factors.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements and related notes contained elsewhere in this document. The discussion contained herein relates to the financial statements, which have been prepared in accordance with GAAP.

THE DISCUSSION IN THIS SECTION AND OTHER PARTS OF THIS REGISTRATION STATEMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS SUCH AS STATEMENTS OF THE COMPANY'S PLANS, OBJECTIVES, EXPECTATIONS AND INTENTIONS. THESE STATEMENTS INVOLVE RISKS AND UNCERTAINTIES. THEY ARE MADE AS OF THE DATE OF THIS REPORT, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THEM.

A. PLAN OF OPERATION

Until February 2005 the Company's business consisted of processing electronic and credit card payments. In accordance with an agreement dated January 1, 2005 that took effect as of February 28, 2005, the Company sold its Merchant Portfolio, its only source of income, to Merchants Billing Services, Inc. for $1,563,584, the amount owed to Merchants Billing Services, Inc. and

Ameropa, Inc..

As of February 28, 2005 the Company has no operating business. The Company does not intend to develop its own operating business but instead will seek to effect a merger (a "Merger") with a corporation which owns an operating business and wishes to undertake a Merger for its own corporate purposes (a "Merger Target"), generally related to achieving liquidity for its stockholders. The primary activity of the Company now involves seeking a Merger Target. The Company has not yet selected or entered into any substantive discussions with any potential Merger Target and does not intend to limit potential candidates to any particular field or industry, but does retain the right to limit candidates, if it so chooses, to a particular field or industry. The Company may effect a Merger with a Merger Target which may be financially unstable or in its early stages of development or growth.

The discussion of results of discontinued operations should be read with the understanding that the Company as of February 28, 2005 is no longer in such business.

B. RESULTS OF DISCONTINUED OPERATIONS

The net operating loss from discontinued operations $250,383 for the year ended December 31, 2004 compares to $73,158 loss for the year ended December 31, 2003. The continuation of losses at the net operations level made it impossible to pay down the debts that the Company incurred in the previous years.

Interest expense, net, for the year ended December 31, 2004 was $137,000 as compared to $278,000 for the year ended December 31, 2003. The decrease of $142,000, or (51%), resulted primarily from the Company's continued reduction of indebtedness and borrowing costs.

Other (Income) Expense, net of Interest expense was $(2,394,000) income for the year ended December 31, 2004, as compared to $(305,000) income for the year ended December 31, 2003. The difference of $2,089,000 was due basically to the forgiveness of payroll taxes accrued in prior years, the gain on sale of Merchant Portfolio and books in order to pay off debts of business, resulting in the discontinuance of the business.

C. Liquidity and Capital Resources

The Company had cash in bank $6,277 at December 31, 2004, as compared to cash of $28,393 at December 31, 2003.

The Company had negative working capital at December 31, 2004 and believed that cash generated from operations would not be sufficient to fund the current and anticipated cash requirements and the pay down of existing debts. The plans for the coming months included the sale of the merchant portfolio for the purpose of re-capitalizing the company and paying down debt that occurred in January and February 2005.

PART I
FINANCIAL INFORMATION

ITEM 7. FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

Board of Directors and Stockholders
Accesspoint Corporation

We have audited the accompanying balance sheet of Accesspoint Corporation (a Nevada Corporation) as of December 31, 2004 and the related statements of operations, stockholders' equity and cash flows for the year then ended. We have also audited the consolidated balance sheet of Accesspoint Corporation and Subsidiaries as of December 31, 2003 and the related consolidated statements of operations, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Accesspoint Corporation as of December 31, 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2003 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Accesspoint Corporation and Subsidiaries as of December 31, 2003 and the consolidated results of its operations and cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed further in Note A, the Company sold off and discontinued its business in February 2005 and became A shell company with no operations and limited financial and other resources. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note I. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Mendoza Berger & Company, LLP

Irvine, California
March 23, 2005

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ACCESSPOINT CORPORATION
BALANCE SHEETS

ASSETS

	December 31, 2004	December 31, 2003 (consolidated)
Current Assets		
Cash	$ 6,277	$ 28,393
Accounts receivable, net of allowance for doubtful accounts $0 and $80,000 at 2004 and 2003 respectively	155,978	446,870
Prepaid expenses	--	39,235
Total Current Assets	162,255	514,498
Fixed Assets		
Furniture and equipment (net)	--	91,099
Total Fixed Assets	--	91.099
Other Assets		
Deferred financing costs (net)	--	752,873
Deposits	255,001	285,108
Total Other Assets	255,001	1,037,981
Total Assets	$ 417,256	$ 1,643,578

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable	$ 581,047	$ 939,851
Accrued payroll taxes and penalties	--	1,328,138

Accrued liabilities	565,070	504,014
Bentley lawsuit settlement	480,000	--
Merchant loss reserve	2,778	2,778
Lines of credit	--	1,373,049
Capitalized leases	500,074	577,638
Notes payable	165,000	415,000
Related party notes and payables	113,545	--
Total Current Liabilities	2,407,514	5,140,468
Total Liabilities	2,407,514	5,140,468
Stockholders' Equity		
Preferred Stock, $.001 par value, 5,000,000 shares authorized, 543,100 and 1,055,600 shares issued and outstanding at December 31, 2004 and 2003, respectively	543	1,056
Common stock, $.001 par value, 25,000,000 shares authorized, 18,971,230 issued and outstanding at December 31, 2004 and 2003, respectively	18,971	18,971
Additional paid in capital	14,619,710	15,119,197
Accumulated (deficit)	(16,629,482)	(18,636,114)
Total Stockholders' (Deficit)	(1,990,258)	(3,496,890)
Total liabilities and Stockholders' Equity	$ 417,256	$ 1,643,578

Refer to notes to the financial statements

ACCESSPOINT CORPORATION
STATEMENTS OF OPERATIONS

	For the Years Ended	
	December 31, 2004	December 31, 2003 (consolidated)
DISCONTINUED OPERATIONS		
Operating loss from discontinued operations	(250,383)	(73,158)
Other (income) expense from discontinued operations		
Sale of Merchant Portfolio	(1,563,584)	--
Debt forgiveness	(945,044)	(816,083)
Sales of books of business	(705,966)	

Interest income	(11,662)	(19,386)
Penalties	4,112	14,659
Miscellaneous	36,971	2,040
Litigation expense	38,426	--
Amortization of deferred financing costs	752,873	513,891
Interest expense	136,859	278,227
Total Other (income) expense	(2,257,015)	(26,652)
Income (loss) before income taxes	2,006,632	(46,506)
Provision for income taxes	--	4,109
Net income (loss) from discontinued operations	$ 2,006,632	(50,615)
Net income (loss) per share from discontinued operations Basic	$ 0.11	$ (0.00)
Weighted average number of shares Basic	18,971,230	20,786,413

Refer to notes to the financial statements

ACCESSPOINT CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended	
	December 31, 2004	December 31. 2003 (consolidated)
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net income (loss) from discontinued operations	$ 2,006,632	$ (50,615)
Adjustments to reconcile net loss to net cash used in discontinued operating activities:		
Forgiveness of debts and notes payable	(1,328,138)	(816,083)
Sale of books of business	(1,373,049)	--
Amortization	752,873	513,891
Depreciation	50,844	271,957
Disposition of fixed assets	40,255	--
Decrease (increase) in receivables	290,892	(98,162)
Decrease in other current assets	--	157,172
Decrease (increase) in prepaid expenses	39,235	(37,748)
Increase in deposits	30,108	(5,000)
(Decrease) increase in accounts payable and accrued expenses	(297,749)	5,098
Decrease in accrued payroll taxes	--	(84,293)

Total adjustments	(1,794,729)	(93,168)
Net cash contributed by (used in) discontinued operations	211,903	(143,783)
CASH FLOWS FROM INVESTING ACTIVITIES-DISCONTINUED OPERATIONS		
Reduction of portfolio	--	154,667
Acquisition of fixed assets	--	(740)
Net cash provided (used in) investing activities	--	(153,927)
CASH FLOWS FROM FINANCING ACTIVITIES-DISCONTINUED OPERATIONS		
Payments on capital leases	(77,564)	(26,000)
Line of credit	--	8,288
Loans and payables related parties	113,545	--
Decrease in notes payable	(250,000)	--
Payments on settled lawsuit	(20,000)	--
Net cash provided by (used in) financing activities	(234,019)	(17,713)
Net change in cash	(22,116)	(7,568)
Cash at beginning of period	28,393	35,961
Cash at end of period	$ 6,277	$ 28,393
Supplemental cash flow disclosures:		
Conversion of paid-in capital to notes payable	$ 500,000	$ --
Forgiveness of accrued expenses	$ 331,487	$ 666,083
Forgiveness of notes payable	$ --	$ 150,000
Forgiveness of account receivable	$ (89,735)	$ --
Receission of preferred stock	$ 513	$ --

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	COMMON STOCK			
	Number of shares	Par value $0.001	Additional paid-in capital	Preferred Stock 1,055,600 shares issued
Balance at December 31, 2001 (consolidated)	23,375,208	$ 23,375	$ 14,418,900	$ 1,056

Stock issued various dates for cash at $1.50 per share	788,757	789	148,604	--
Conversion of notes payable	--	--	546,500	--
Net loss	--	--	--	--
Balance at December 31, 2002 (consolidated)	24,163,965	24,164	15,114,004	1,056
Stock returned by shareholders and cancelled	(5,192,735)	(5,193)	5,193	
Net loss	--	--	--	--
Balance at December 31, 2003 (consolidated)	18,971,230	$ 18,971	$ 15,119,197	$ 1,056
Notes payable converted in 2001 Included in lawsuit settlement	--	--	(500,000)	--
Recission of 512,500 shares of preferred stock	--	--	513	(513)
Net income	--	--	--	--
Balance at December 31, 2004	18,971,230	$ 18,971	$ 14,619,710	$ 543

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE A - NATURE OF OPERATIONS

Accesspoint Corporation (subsequently referred to as "Accesspoint", the "Company" or "We") was incorporated as Accesspoint Corporation in Nevada in 1995.

Until February 2005 the Company's business consisted of processing electronic and credit card payments. In accordance with an agreement dated January 1, 2005 that took effect as of February 28, 2005, the Company sold its Merchant Portfolio, its remaining source of income, to Merchants Billing Services, Inc. for $1,563,584, the amount owed to Merchants Billing Services, Inc. and Ameropa, Inc.

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The statement of operations has been prepared as though all operations had been discontinued as of December 31, 2004

Revenue Recognition

The Company recognizes revenue from: settlement fees for electronic payment processing, credit and debit card payment settlement, check conversion and financial processing programs and transaction fees related to the use of its software and credit card processing products, licensing of its software products. Revenue from software and hardware sales and services are recognized as products are shipped, downloaded, or used.

The Company reports income and expenses on the accrual basis for both financial and income tax reporting purposes.

Principles of Consolidation

The consolidated financial statements include the accounts of Accesspoint Corporation, and its wholly owned subsidiaries Processing Source International, Inc. (PSI) and Black Sun Graphics, Inc. (BSG), collectively referred to within as the Company. All material intercompany accounts, transactions and profits have been eliminated in consolidation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

The Company is subject to substantial risks from, among other things, intense competition from the providers of financial electronic payment processing, settlement services, software development and e-commerce service companies specifically and the technology industry in general, other risks associated with the Internet services industry, financing, liquidity requirements, rapidly changing customer requirements, limited operating history, and the volatility of public markets.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed.

Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

Reserve for Merchant Credit Losses

The Company establishes reserves for merchant credit losses, which arise as a result of, among other things, cardholder dissatisfaction with merchandise quality or merchant services. Such disputes may not be resolved in the merchant's favor. In these cases, the transaction is "charged back" to the merchant and the purchase is refunded to the customer by the merchant. If the merchant is unable to grant a refund, the Company or, under limited circumstances, the Company and the processing bank, must bear the credit risk for the full amount of the transaction. The Company estimates its potential loss for chargebacks based primarily on historical experience. Obtaining collateral from merchants considered higher risk often mitigates the risk of loss. At December 31, 2004 and December 31, 2003, the Company had aggregate collateral classified as merchant loss reserves of $2,778.

ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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. Actual results could differ from those estimates. Significant estimates include collectibility of accounts receivable, accounts payable, sales returns and recoverability of long-term assets.

Allowance for Doubtful Accounts

The Company has not made any allowance for doubtful accounts at December 31, 2004 for trade receivables as all were collected in 2005. The Company had a reserve of $80,000 at December 31, 2003 that was utilized during 2004.

Fixed Assets

Property and equipment are stated at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, or the remaining term of the lease, as follows:

Furniture and Fixtures	5 years
Equipment	5 years
Hardware and Software	3 years

The Company disposed of all of its fixed assets as of December 31, 2004.

Leasehold Improvements

Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. All leasehold improvements have been fully amortized as of December 31, 2004 and are no longer being utilized.

Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

The Company is no longer utilizing the related capitalized assets.

Concentration of Credit Risk

Concentration of credit risk with respect to trade accounts receivable is not diversified. As of December 31, 2004 100% of the trade receivables are from Chase Merchant Services, LLC. Since the Company has gone out of the credit card processing business such concentration of risk is no longer a factor.

ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed in the year incurred.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of Statement of Financial Accounting Standards ("SFAS") 123, "Accounting for Stock-Based Compensation." Under APB 25, compensation cost is recognized over the vesting period based on the difference, if any, on the date of grant between the fair value of the Company's stock and the amount an employee must pay to acquire the stock.

Accounting Pronouncements

In December 2004 the FASB issued revised SFAS No. 123R, "Share-Based Payment". SFAS No. 123R sets accounting requirements for "share-based" compensation to employees and requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation. SFAS No. 123R is effective in interim or annual periods beginning after june 15, 2005. The Company will be required to adopt SFAS No. 123R in its third quarter of fiscal 2005 and currently discloses the effect on net (loss) income and (loss) earnings per share of the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". The Company is currently evaluating the impact of the adoption of SFAS 123R on its financial position and results of operations, including the valuation methods and support for the assumptions that underlie the valuation of the awards.

NOTE C - STOCK AND STOCK WARRANTS

The Company has two classes of capital stock: Preferred Stock and Common Stock. Holders of common stock are entitled to one vote for each share held. Preferred stock holders are not entitled to voting privileges and are convertible into Common Stock under certain circumstances on a share-for-share basis.

At December 31, 2004, the Company has 25,000,000 common shares authorized and 18,971,230 shares issued and outstanding. The Company had 5,000,000 preferred shares authorized and 543,100 shares issued and outstanding.

In addition, our Company had outstanding at December 31, 2004, warrants convertible into common shares at various prices ranging from $0.34 to $7.50, with expirations dates through November 2006.

Exercise Price Range	Amount	Weighted Average Contractual Life	Weighted Average Exercise Price
$0.01 - $0.34	80,000	21 months	$0.34
$0.71 - $0.81	312,223	46 months	$0.78
$5.25 - $6.00	90,000	23 months	$5.96

Reconciliation of stock warrants from December 31, 2003 to December 31, 2004 is as follows:

Balance at December 31, 2002	482,223
Warrants expired or exercised	0
Warrants issued	0
Balance at December 31, 2003	482,223
Warrants expired or exercised	0
Warrants issued	0
Balance at December 31, 2004	482,223

NOTE D - LOSS PER SHARE

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128" Earnings Per Share" which requires the Company to present basic and diluted net earnings, for all periods presented. The computation of loss per common share (basic and diluted)is based on the weighted average number of common shares outstanding during the period. The Company has no common stock equivalents, which would dilute earnings per share.

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ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE E - FIXED ASSETS

During the year ended December 31, 2004 the Company disposed of all of its fixed assets that were old and obsolete:

	December 31, 2004	December 31, 2003
Office equipment	$ 0	$ 740
Computer hardware and software	0	816,099
Leasehold improvements	0	2,064
	0	818,903
Accumulated depreciation and disposal	0	(727,804)

Total	$ 0	$ 91,099

For the years ended December 31, 2004 and 2003, our Company recorded depreciation of $50,844 and $271,957, respectively.

NOTE F - INCOME TAXES

The components of the deferred tax assets are as follows:

	December 31, 2004	December 31, 2003
Deferred tax assets:		
Net operating loss carry-forwards	$ 4,663,000	$ 6,249,000
Valuation allowance	$ (4,663,000)	$ (6,249,000)
Net deferred tax assets	$ --	$ --

The Company had available approximately $11,706,000 of unused Federal and state net operating loss carry-forwards at December 31, 2004. that may be applied against future taxable income. These net operating loss carry-forwards begin to expire for Federal purposes in 2017. There is no assurance that the Company will realize the benefit of the net operating loss carry-forwards.

SFAS No. 109 requires a valuation allowance to be recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. At December 31, 2004 and 2003, valuations for the full amount of the net deferred tax asset were established due to the uncertainties as to the amount of the taxable income that would be generated in future years.

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	December 31, 2004	December 31, 2003
Statutory federal tax (benefit) rate	(34.0)%	(34.0)%
Statutory state tax (benefit) rate	(5.83)%	(5.83)%
Effective tax rate	(39.83)%	(39.83)%
Valuation allowance	39.83 %	39.83 %
Effective income tax rate	0.00 %	0.00 %

ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE G - LITIGATION AND CONTINGENCIES

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Listed below are only those matters considered to be material to the Company by management and its counsel.

CITICORP - During 2001 the Company vacated office facilities it had leased under an operating lease agreement in Chicago, Illinois. The lessor subsequently filed suit against the Company for the remaining amount of unpaid rent and other various expenses. A judgment was filed against the Company in the amount of $95,000. As of December 31, 2004 the Company has accrued for the liability in full on its Balance Sheet. No payments have been made.

BENTLEY PROMISSORY NOTES - Various family trusts related to James W. Bentley, a former Director of the Company, have filed three related actions seeking to collect in excess of $500,000 in promissory notes allegedly due. These cases have been consolidated with the case of Bentley v. Barber, et al (see below) and have been settled as of August 30, 2004.

MERCHANTSWAREHOUSE.COM - This is a claim against PSI for breach of an independent sales agent agreement. The claim is disputed. The matter was submitted to arbitration and was heard by the arbitrator. The arbitrator made an interim award of $296,720 and denied the Company's counterclaim. The Company is directed to pay the agent residuals according to the terms of the Company's agreement with the agent. The Company has made all payments to the agent since the date of the award. On November 7, 2003, Merchantswarehouse.com obtained a judgment consistent with the arbitrator's award. The Company is presently assessing the advisability of an appeal. The amount of the award has been accrued.

CIT COMMUNICATIONS CO. ("CIT") - CIT, an equipment lessor, claims that we defaulted on an equipment lease. A request for entry of default was submitted on July 8, 2004. It is expected that a default judgment against the Company will be entered soon. The total amount of any potential judgment for the value of the equipment has been accrued.

FOLEY HOAG - This is a claim against PSI by a Boston law firm which worked on the MerchantWarehouse.com case for fees it says remain unpaid. The firm is seeking $48,000 in principal, plus interest, fees and costs. The firm has advised the Company that it has filed suit in Massachusetts, but the Company has yet to be served.

GLOBAL ATTORNEYS NETWORK CO. - This is an action filed on behalf of an equipment lessor on a defaulted lease. In April 2003 the matter was settled for $16,900. This amount has been accrued. No payments have been made.

FOSTER TEPPER - This is an action recently brought by a former attorney for the Company for approximately $63,000 in legal fees, which are allegedly due and payable. The Company has accrued $37,000 for this matter. Trial was scheduled to start August 30, 2004

ACCESS HOLDINGS LIMITED PARTNERSHIP - This is a lawsuit brought on behalf of two holders of Company stock who claim the Company has violated a prior settlement agreement and that they are therefore entitled to the return of approximately 4.1 million shares of Company stock, which they had previously surrendered to the Company per that agreement. This case has been consolidated with the case of Bentley v. Barber, et al (see below) and was settled on August 30, 2004.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE G - LITIGATION AND CONTINGENCIES (CONTINUED)

BENTLEY V. WILLIAM R. BARBER, ET AL. - On March 22, 2002, James Bentley ("Plaintiff"), a shareholder of the Company, filed a shareholder derivative lawsuit against the Company and several individual defendants. The parties have settled this lawsuit as of August 30, 2004. The settlement amount reached is for $750,000, discountable to $500,000 if the Company pays Bentleys in strict accordance to the following schedule: $250,000 paid from the Chase Merchant Services deposit and $5,000 monthly, beginning August 30, 2004 thru November 30, 2005 with a balloon payment of $170,000 due on December 30, 2005. The terms of the settlement include the dismissal of all lawsuits related to the Bentleys, recognition of the $500,000 in promissory notes payable to Bentleys previously converted in the June 26, 2002 settlement agreement (included in the $750,000 settlement amount), and in consideration for the forgiveness of the NIS line of credit due to Ameropa, the Bentleys agree to release any and all security, restrictions and limitations on their stock and cause the issuance of 52% of the Company's stock to Barber or his designate. Subsequent to year end, the Company is no longer current on these payments.

ROYCAP - As of September 30, 2003 the Company was in default on its loan agreement with Roycap for repayment of a $450,000 loan, plus accrued interest, which was due on October 16, 2001. In June 2002, Roycap filed a formal suit on its claim. In the second quarter of 2002, the Company entered into a settlement agreement wherein it stipulated to entry of a $730,000 judgment. Subsequently, in March 2004, Roycap agreed to accept a lump sum payment of $250,000 and a promissory note for $50,000, payable in installments of $2,000 per month. The lump sum was paid, but the note is in default.

MOCERI LEASING CO. - This is an action by an equipment lessor on a defaulted lease. In August 2003 the Company entered into a structured settlement agreement for a total payout of $30,000 payable in 20 installments through April of 2005. The Company is no longer current on these payments.

BAS MULDER - This is a lawsuit filed by the former owner and employee of Black Sun Graphics, Inc. ("BSG"), claiming damages in excess of $430,000 related to the purchase of BSG by the Company. During 2003 the Company entered into a structured settlement agreement calling for payments totaling $45,000 payable over 20 months and was making payments until October 2004. The amount owed as of December 31, 2004 is included in accrued liabilities.

AMERICAN CAPITAL GROUP - This is an action by an equipment lessor on a defaulted lease. A judgment was filed against the Company on December 28, 2004 in the amount of $73,578, which is included in accrued liabilities at December 31, 2004. No payments have been made.

NOTE H - RELATED PARTY TRANSACTIONS

The Company has entered into a number of relationships that fit the definition provided by Statement of Financial Accounting Standards No. 57, "Related Party Disclosures". An entity that can control or significantly influence the management or operating policies of another entity to the extent one of the entities may be prevented from pursuing its own interests. As of December 31, 2004, the following related party relationships existed between the Company, its shareholders, officers and directors:

MBS, majority owned by William R. Barber (previously an officer and director of the Company) has been an agent of the Company and sells the

Company's products and services through its own network of subagents and sales personnel.

During the year ended December 31, 2004, the Company settled outstanding IRS claims against the Company and its prior subsidiary Processing Source International in the amount of approximately $1,311,000. The funds necessary to settle the claims were obtained in April when the Company concluded a funding agreement with MBS that called for the sale and exchange of certain e-commerce accounts in exchange for $382,118. The agreement for the sale of e-commerce accounts for $382,118 allowed the Company to repurchase the assets with stock equal in value to the purchase price at the Company's discretion within the first twelve months. The sale had been recorded as a financing obligation at the time of the sale. Because the Company has no intention of repurchase the Company has recorded it as a sale as of December 31, 2004.

During the year ended December 31, 2004, the Company sold miscellaneous merchant accounts to MBS in exchange for $15,133. The sale agreement allowed the Company to repurchase the assets at a 20% price premium. The sale had been recorded as a financing obligation on the financial statements at the time of the sale. Because the Company has no intention of repurchase the Company has recorded it as a sale as of December 31, 2004.

The company has entered into several merchant portfolio sales agreements with unrelated third parties for a total sales price of $305,000, in which MBS is the seller acting as the legal agent for the Company. These agreements allowed the buyers to sell back the portfolios for a price equal to the sales price less all prior residual payments received from the portfolios for up to twelve months after the purchase date. Additionally, any increase in the volume and residual growth of the portfolios would serve as cause for price negotiations above the original sales price. The sale had been recorded as a financing obligation on the financial statements at the time of the sale. Because the Company has no intention of repurchase the Company has recorded it as a sale as of December 31, 2004.

As of April 1, 2004 the Company completed an agreement with 2C Processor USA, LLC (2CP) to manage its business for the period April 1, 2004 through April 1, 2005 at a fee of $65,000 per month. This agreement has been rescinded as of February 1, 2005

ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

NOTE I - GOING CONCERN

The accompanying financial statements, which have been prepared in conformity with Accounting principals generally accepted in the United States of America, contemplates the continuation of the Company as a going concern.

The Company sold off and discontinued its business in February 2005 and became a shell company with no operations and limited financial and other resources. Such matters raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans with respect to these conditions are to search for operating opportunities through business combinations or mergers. In the interim, the Company will require minimal overhead, and key administrative and management functions will be provided by stockholders. Accordingly, the accompanying financial statements have been presented under the assumption that the Company will continue as a going concern.

NOTE J - COMMITMENTS

In October 2002, the Company entered into a Master Support Services Agreement ("Agreement") with Merchants Billing Services ("MBS"). This Agreement called for the payment of $180,000 per month for salaries, office space & utilities, travel & entertainment, telecommunications, professional services and a management fee, with a quarterly adjustment of the payment based on actual expenses for the preceding three months activity. The Agreement is for an initial period of one year. In March 2003, the Company received notification of MBS's intention to terminate the agreement effective June 30, 2003. The termination was subsequently amended to maintain MBS as the management over the Merchant Portfolio only, effective June 1, 2003. As of October 1, 2003, with the reduction in overhead costs, the Company amended the Agreement to reflect reimbursement at actual cost only. The disinterested members of the Board have accepted these amendments. There are no future minimum payments under the amended Agreement and the management fee has been discontinued. The Company paid MBS $55,000 and $55,000 for the years ended December 31, 2004 and 2003, respectively.

Associated with the original Agreement was the assignment of that certain Agreement of Sublease ("Sublease") dated as of August 2002 between Veridian and the Company. Veridian and the landlord Carlsberg Properties, Inc agreed upon the assignment of the Sublease.

Capital Leases - The Company leased certain machinery and equipment under agreements that were classified as capital leases. The cost of equipment under capital leases is included in the Balance Sheets as fixed assets at December 31, 2003; see Note E regarding related amounts. These assets have been disposed of as of December 31, 2004 but the Company has accrued liabilities related to these leases of $500,074 at December 31, 2004.

Operating lease expense for the years ended December 31, 2004 and 2003 was $79,382 and $117,157, respectively.

NOTE K - DEFERRED FINANCING COSTS

In December 2001, the Company, in accordance with APB 21 and SAB 79 the Company recorded a deferred financing cost asset of $6,326,381. This amount is based on the number of shares that three shareholders directly transferred to Net Integrated Systems, Inc. ("NIS") as an inducement for NIS to enter into the Revolving Line of Credit Agreement. In October 2002, the Revolving Line of Credit Agreement and related Management Agreement with NIS, was terminated. This resulted in the Company recording a write down on the deferred financing cost asset of $3,756,927 in the year ended December 31, 2002.

The Company wrote off the remaining deferred financing cost since the line of credit associated with it has been extinguished. For the year ended December 31, 2004 and 2003 the Company recorded amortization expense of $752,863 and $513,891, respectively.

ACCESSPOINT CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003

Note L - DEBT

At December 31, 2004 and 2003, the Company had notes payable outstanding in the aggregate amount of $165,000 and $415,000, respectively. Payable as follows:

	2004	2003
Note payable to an individual, interest at 5% per annum, due on demand	$ 115,000	$115,000
Note payable to a corporation $250,000 payable On execution of the settlement agreement (March, 2004)and $50,000 due in monthly installments beginning April 1, 2004	50,000	300,000
	$ 165,000	$ 415,000
Current portion	$ 165,000	$ 415,000

Note M - EMPLOYEE STOCK OPTIONS AND BENEFIT PLANS

In March 1999, our Company's stockholders approved the Accesspoint Corporation 1999 Stock Incentive Plan ("the Plan"), which superseded and incorporated, in all respects, the Accesspoint Corporation 1997 Stock Option Plan. Under the Plan, incentive or non-statutory stock options may be granted to employees, directors, and consultants. The options, option prices, vesting provisions, dates of grant and number of shares granted under the plans are determined primarily by the Board of Directors or the committee authorized by the Board of Directors to administer such plans. The Plan also permits payment in shares of our Company's common stock for options to be exercised. The maximum number of shares of our Company's common stock available for issuance under the Plan is six million (6,000,000) shares. Proceeds received by our Company from exercise of stock options are credited to common stock and additional-paid-in capital. Additional information with respect to the Plan's stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2002	1,776,445	$.35
Granted	0	0
Exercised	0	0
Cancelled	0	0
Outstanding at December 31, 2003	1,776,445	$.35
Exercised	0	0
Cancelled	0	0
Outstanding at December 31, 2004	1,776,445	$.35

Stock options exercisable at December 31, 2004:

Range of Exercise Prices	Number of Shares Exercisable	Weighted Average Exercise Price
$0.32-0.37	1,776,445	$ .35

Our Company has elected to follow APB Opinion No. 25 (Accounting for Stock Issued to Employees) in accounting for its employee stock options. Accordingly, no compensation expense is recognized in our Company's financial statements because the exercise price of our Company's employee stock options equals or exceeds the market price of our Company's common stock on the date of grant. If under Financial Accounting Standards Board Statement No. 123 (accounting for Stock Based Compensation) our Company determined compensation costs based on the fair value at the grant date for its stock options, net earnings and earnings per share would not have been reduced to any pro forma amounts.

ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURES

None

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

A. DIRECTORS AND EXECUTIVE OFFICERS

The following table and text sets forth the names and ages of all directors and executive officers of our Company and the key management personnel as of December 31, 2004. The Board of Directors of our Company is comprised of only one class. All of the directors will serve until the next annual meeting of stockholders, until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the Board of Directors, and are appointed to serve until the first Board of Directors meeting following the annual meeting of stockholders. Except as otherwise noted, there are no family relationships among directors and executive officers. Also provided is a brief description of the business experience of each director and executive officer and the key management personnel during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

DIRECTORS & EXECUTIVE OFFICERS

NAME	AGE	POSITION
Michael Savage	85	CEO, President, Director
Joseph Byers	79	Director

Mr. Michael Savage joined the Board in January 2003. Mr. Savage has been the founder of more than 15 successful companies, including Capital Reserve Corporation of Los Angeles. He has extensive business experience in equipment leasing, technology and the development of new marketplaces. Mr. Savage is expected to focus his energies on the acquisition of a new business. Mr. Savage is not a shareholder of Accesspoint.

Mr. Joe Byers, Member of the Audit Committee, Member of the Compensation Committee. Mr. Byers joined the Board in January 2002. Mr. Byers has more than 40 years experience in the banking business and was most recently Senior Vice President of First National Bank based in Los Angeles. Mr. Byers Has focused his time and attention on developing additional processing platforms and financial relationships, but will now focus on acquisition of a new business. Mr. Byers is not a shareholder of Accesspoint.

B. COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who own more than ten percent of a registered class of our equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Accesspoint. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of Section 16(a) forms they file.

To our knowledge, based solely on review of the copies of such reports furnished to us, we believe that, during the year ended December 31, 2004, all of our officers, directors and greater-than-ten percent stockholders complied with all Section 16(a) filing requirements.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth information regarding compensation earned for our Company's fiscal year ended December 31, 2004, by our Chief Executive Officer and other covered persons:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Other ($)	Restricted Stock Award(s)($)
Mike Savage	2004	$ 0	$ 0	$ 0	$ 0
	2003	$ 0	$ 0	$ 0	$ 0

A. INDIVIDUAL EXECUTIVE COMPENSATION

There were no options granted to the Named Executive Officers during the year 2004.

There were no options exercised by the Named Executive Officers during 2004:

There were no awards made to the Named Executive Officers by us of stock options under any Long-Term Incentive Plan during the year 2004.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of December 31, 2004 with respect to (i) the beneficial ownership of our Common Stock by each beneficial owner of more than 5% of the outstanding shares of our Common Stock of our Company, each director, each executive officer and all executive officers and directors as a group, (ii) the number of shares of Common Stock owned by each such person and group and (iii) the percent of our Common Stock so owned. Share ownership is based upon 18,971,230 shares of common stock issued and outstanding on December 31, 2004.

Name of Beneficial Owner	Address	Shares held	Percentage
Tom Djokovich	23332 Vista Carillo Laguna Niguel, Ca 92677	3,605,257	19%
Access Holdings LP (2)	26482 Valpariso, Mission Viejo, Ca. 92677	1,905,037	10%
Joseph Byers, Director	(1)	-	
Michael Savage, Director CEO	(1)	-	
All Directors and Executive officers as a group (4 persons)		-	

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* less than 1%

1. The address 3030 S Valley View Blvd., Ste 190 Las Vegas, NV 89102

2. Benefiting James W. Bentley and Mary Ann Bentley and family.

A. OUTSTANDING OPTIONS AND WARRANTS

As of December 31, 2004, we had granted a total of 3,629,000 options under our 1999 Plan, of which 2,578,106 are outstanding as of December 31, 2004. Of the options outstanding, 1,776,445 qualified options were issued to employees to purchase shares of our Common Stock under our 1999 Plan. In addition to the options granted to employees, we had issued 792,286 qualified options, 9,375 non-qualified options and 482,223 warrants to consultants and non-employee Directors.

B. COMPENSATION OF DIRECTORS

We pay no compensation to our Directors.

C. DESCRIPTION OF SECURITIES

Our authorized capital stock as of December 31, 2004 consists of 55,000,000 shares divided into 50,000,000 shares of Common Stock, par value $0.001 per share and 5,000,000 shares of Preferred Stock, par value $0.001 per share. There were 18,971,230 Common Shares issued and outstanding as of December 31, 2004. There were 1,055,600 shares of Preferred Stock issued and outstanding as of December 31, 2004.

Common Stock has equal voting rights and, when validly issued and outstanding are entitled to one vote per share in all matters to be voted upon by shareholders. The shares of Common Stock have no preemptive, subscription, conversion or redemption rights and may be issued only as fully-paid and non-assessable shares. Cumulative voting in the election of directors is not permitted, which means that the holders of a majority of the issued and outstanding shares of Common Stock represented at any meeting at which a quorum is present will be able to elect the entire Board of Directors if they so choose and, in such event, the holders of the remaining shares of Common Stock will not be able to elect any directors. In the event of liquidation of our Company, each shareholder is entitled to receive a proportionate share of our assets available for distribution to shareholders after the payment of liabilities and after distribution in full of preferential amounts, if any. All shares of our Common Stock issued and outstanding are fully-paid and non-assessable. Holders of the Common Stock are entitled to share pro rata in dividends and distributions with respect to the Common Stock, as may be declared by the Board of Directors out of funds legally available therefore.

D. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Except for acts or omissions which involve intentional misconduct, fraud or known violation of law or for the payment of dividends in violation of Nevada Revised Statutes, there shall be no personal liability for our directors or officers to Accesspoint or its stockholders for damages for breach of fiduciary duty as a director or officer. We may indemnify any person for expenses incurred, including attorneys fees, in connection with their good faith acts if they reasonably believe such acts are in and not opposed to the best interests of us and for acts for which the person had no reason to believe his or her conduct was unlawful. We may indemnify the officers and directors for expenses incurred in defending a civil or criminal action, suit or proceeding as they are incurred in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount of such expenses if it is ultimately determined by a court of competent jurisdiction in which the action or suit is brought that such person is not fairly and reasonably entitled to indemnification for such expenses which the court deems proper.

a) Statutes Regarding Indemnification of Directors, Officers, Employees and Agents

So far as permitted by the Nevada Business Corporation Act, we may indemnify our directors and officers against expenses and liabilities they incur to defend, settle or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or to have engaged in willful misconduct.

Section 78.751(1) of the Nevada Revised Statutes ("NRS") authorizes a Nevada corporation to indemnify any director, officer, employee, or corporate agent "who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation" due to his or her corporate role. Section 78.751(1) extends this protection "against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful."

Section 78.751(2) of the NRS also authorizes indemnification of the reasonable defense or settlement expenses of a corporate director, officer, employee or agent who is sued, or is threatened with a suit, by or in the right of the corporation. The party must have been acting in good faith and with the reasonable belief that his of her actions were not opposed to the corporation's best interests. Unless the court rules that the party is reasonable entitled to indemnification, the party seeking indemnification must not have been found liable to the corporation.

To the extent that a corporate director, officer, employee, or agent is successful on the merits or otherwise in defending any action or proceeding referred to in Section 78.751(1) or 78.751(2), Section 78.751(3) of the NRS requires that he or she be indemnified "against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense."

Section 78.751(4) of the NRS limits indemnification under Section 78.751(1) and 78.751(2) to situations in which either (i) the stockholders; (ii) the majority of a disinterested quorum of directors; or (iii) independent legal counsel determine that indemnification is proper under the circumstances.

Pursuant to Section 78.175(5) of the NRS, the corporation may advance an officer's or director's expenses incurred in defending any action or proceeding upon receipt of an undertaking. Section 78.751(6)(a) provides that the rights to indemnification and advancement of expenses shall not be deemed exclusive of any other rights under any bylaw, agreement, stockholder vote or vote of disinterested directors. Section 78.751(6)(b) extends the rights to indemnification and advancement of expenses to former directors, officers, employees and agents, as well as their heirs, executors, and administrators.

Regardless of whether a director, officer, employee or agent has the right to indemnity, Section 78.752 allows the corporation to purchase and maintain insurance on his or her behalf against liability resulting from his or her corporate role.

Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to officers, directors or persons controlling Accesspoint pursuant to the foregoing, we have been informed that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

E. ARTICLES OF INCORPORATION

Article Twelve of the Articles of Incorporation provides that "No director or officer of the Corporation shall be personally liable to the Corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer involving any act or omission of any such director or officer; provided however, that the foregoing provision shall not eliminate or limit the liability or a director or officer (I) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statues. Any repeal or modification of this Article by the stockholders of the Corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation for acts of omissions prior to such repeal or modification."

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have entered into a number of relationships that fit the definition provided by Statement of Financial Accounting Standards No. 57, "Related Party Disclosures". An entity that can control or significantly influence the management or operating policies of another entity to the extent one of the entities may be prevented from pursuing its own interests.

Mr. William R. Barber, (who is no longer an officer or director), was appointed as an officer and director in November 2002. The transactions described below occurred both before and after Mr. Barber commenced to serve as an officer and director.

Mr. Barber is the principal owner of Ameropa, Inc. ("Ameropa"), a Bahamas corporation. Ameropa owned two Bermuda corporations, Internet Online Services, Inc. ("IOS") and Network Integrated Systems, Ltd. ("NIS"). Mr. Barber and two colleagues agreed to provide funding to Accesspoint. Although IOS and Ameropa advanced funds from time to time, Mr. Barber and his colleagues decided to consolidate the funding agreements in NIS. Accordingly we entered into a written Secured Loan Agreement and associated Revolving Line of Credit Secured Promissory Note (together "Line of Credit") with NIS on December 14, 2001. Concurrently, on December 14, 2001, we also entered into a written Management Agreement with NIS. Under the Line of Credit NIS agreed to advance to us from time to time as we requested advances not to exceed $5,000,000. All outstanding balances would bear interest at six percent (6%) per annum. NIS has the right to call the loan at any time. The Line of Credit is secured by a blanket security interest in all of our assets. Under the Line of Credit, we have granted to NIS certain powers of attorney for the protection and perfection of NIS's security interest in the collateral. Notwithstanding the rights that we granted to NIS, NIS may demand payment from us and have access to our collateral only after NIS has exhausted other sources of repayment. In connection with the Line of Credit, three of our shareholders, Tom M. Djokovich, Access Holdings Limited Partnership, and Alfred Urcuyo (together "Option Shareholders"), granted to NIS an option to purchase a total of 7,131,688 shares of our common stock at $2.00 per share. If NIS elects to exercise its option, then the Option Shareholders have the right whether to contribute the option proceeds to us for repayment of the Line of Credit. If the Option Shareholders elect to contribute the proceeds to us, then NIS may not have recourse to our assets as a source of repayment. However, if we do not receive such option proceeds, then NIS may proceed against the collateral. Further, after 18 months, the Option Shareholders have the right to "call" the options. If NIS exercises the options, then the Option Shareholders are obligated to contribute the proceeds to us for repayment of the Line of Credit. If NIS refuses to exercise the options, then the options expire and NIS would have recourse to our assets for repayment of the Line of Credit.

We also entered into a Management Agreement, dated December 14, 2001, with NIS. We appointed NIS as our general manager, with the duty and authority (subject to the approval of our board of directors) to manage the day-to-day operations of the business, including our financial affairs. Under this Management Agreement, we are obligated to pay NIS $10,000 per month, but this "fee shall accrue and only be payable to the extent the Company shall have current operating profits reasonably sufficient to pay such fee." In addition, if we terminate the Management Agreement without cause, then we are obligated to pay NIS all amounts then owing, plus the sum of $1.0 million. However, we also have the right to terminate the Management Agreement for cause. The term "cause" includes the "filing of a voluntary or involuntary application for or appointment of a receiver" for NIS. Mr. Barber owns 50% of Net Integrated Systems ("NIS") and serves as one of its three directors.

NIS appointed Ameropa as its agent to manage the relationship between NIS and us under the terms of the Line of Credit. In February 2002, Ameropa began to provide cash management services to us by sweeping our operating accounts on a daily basis and funding the same accounts as items were presented for payment. Through October 2002 we dealt exclusively with Ameropa for the funding of the Line of Credit. During the year ended December 31, 2002 there were more than 300 such transactions, none of a material size, between Ameropa and our various operating accounts. As of December 31, 2003 and 2002 we were indebted to NIS under the Line of Credit in the amount of $1,379,277 and 1,260,789, respectively. We have made no payments on this balance. During the period in which Ameropa managed the relationship between NIS and us, Mr. Barber did not have an operational role with us and he was not an officer or a member of the Board of Directors.

In October 2002, Mr. Barber, as a Director of NIS and 50% owner, placed NIS into receivership in Bermuda. Thereupon, we terminated the Management Agreement with NIS. NIS is currently in receivership in Bermuda and we have not received any indication from the receiver on behalf of NIS, of an intention to assert a claim against us. However we cannot guarantee that a claim will not be asserted in the future. On February 4, 2003, the Supreme Court of Bermuda entered an Order that NIS "be wound up". On the same day, the Supreme Court of Bermuda entered an Order consenting to the withdrawal by the other two directors of NIS of a challenge to the appointment of a receiver for NIS.

In October 2002, we entered into a Master Support Services Agreement ("Services Agreement") with Merchants Billing Services, Inc. ("MBS"). The Agreement calls for MBS to provide underwriting, administrative support, customer support and technical support services as well as a source of financing, liquidity and cash management services to us. MBS is a Nevada corporation majority owned by Mr. Barber. On November 1, 2002 MBS assumed responsibility for the payment of all of our employees as well as the assumption of their related accrued vacation and sick time. On November 1, 2002 MBS established a series of control accounts for the receipt and management of our cash. These control accounts are designated "For the Benefit Of" and are segregated from the operating accounts of MBS. Authority to move and withdraw funds from these accounts resides exclusively with us.

In accordance with an agreement dated January 1, 2005 that took effect as of February 28, 2005, the Company sold its Merchant Portfolio, its only source of income, to Merchants Billing Services, Inc. for $1,563,584 the amount owed to Merchants Billing Services, Inc. and Ameropa, Inc.

PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

A. EXHIBITS

The following Exhibits are incorporated herein by reference or are filed with this report as indicated below.

Exhibit No.	Description
21.0	*List of Subsidiaries
22.0	*MBS Master Support Services Agreement
23.0	*MBS Revolving Line of Credit
24.0	*MSB Secured Loan Agreement
25.0	*Assignment and Agreement of Sublease
26.0	*Sublease
27.0	*Settlement and Mutual Release Agreement
31	CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT
32	CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

* Previously filed with the Commission

(b) Reports on Form 8-K. A Form 8-K was filed December 14, 2004 Regarding the resignation of director (Other events)

ITEM 14. CONTROLS AND PROCEDURES

The Company has disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended) to ensure that material information contained in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely and accurate basis. The Company's principal executive officer and principal financial officer have reviewed and evaluated the Company's disclosure controls and procedures within 90 days prior to the filing date of this report. Based on such evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective at ensuring that material information is recorded, processed, summarized and reported on a timely and accurate basis in the Company's filings with the Securities and Exchange Commission. Since such evaluation there have not been any significant changes in the Company's internal controls, or in other factors that could significantly affect these controls.

ITEM 15. PRINCIPAL FEES AND SERVICES.

Set forth below are fees paid to the Company's independent accountants for the past two years for the professional services performed for the Company.

Audit Fees: During 2004 and 2003 the Company accrued or paid Mendoza Berger & Company LLP a total of $29,996 and $22,000 for professional services rendered in connection with performance of our independent audits for the years ending December 31, 2003 and 2002, respectively.

All Other Fees: During 2004 and 2003 the Company paid Mendoza Berger & Company LLP a total of $14,635 and $32,923, respectively, for professional services rendered in connection with the reviews of Forms 10-QSB's filed quarterly.

Tax Fees: The Company paid Mendoza Berger & Co. LLP $0 and $1,800 for tax related services for the years ended December 31, 2004 and 2003, respectively

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 14, 2005

ACCESSPOINT CORPORATION

By /S/ MIKE SAVAGE

Mike Savage,
Chief Executive Officer, President
And Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/S/ JOE BYERS Joe Byers	Director	April 14, 2005
/S/ MIKE SAVAGE Mike Savage	Director	April 14, 2005