

EXHIBIT L

DataPreserve Franchise, LLC

AUDITED FINANCIAL STATEMENTS

For the Period July 25, 2005 (Inception)

Through December 31, 2005

DATAPRESERVE FRANCHISE, LLC
Scottsdale, Arizona

FINANCIAL STATEMENTS
December 31, 2005

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Independent Auditor's Report

Board of Directors and Member
DataPreserve Franchise, LLC
Scottsdale, Arizona

We have audited the accompanying balance sheet of DataPreserve Franchise, LLC as of December 31, 2005, and the related statements of operations, changes in member's equity and cash flows for the period from July 25, 2005 (inception) through December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DataPreserve Franchise, LLC as of December 31, 2005, and the results of its operations and its cash flows for the period from July 25, 2005 (inception) through December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

Phoenix, Arizona
January 24, 2006

DATAPRESERVE FRANCHISE, LLC
BALANCE SHEET
December 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$ 40,407
Franchise fee receivable	100,900
Due from related party	608,617
Prepaid expenses	<u>10,000</u>

TOTAL ASSETS \$759,924

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$128,313
Deferred franchise fees	25,000
Due to related party	<u>386,789</u>

Total current liabilities 540,102

MEMBER'S EQUITY 219,822

TOTAL LIABILITIES AND MEMBER'S EQUITY \$759,924

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

DATAPRESERVE FRANCHISE, LLC
STATEMENT OF OPERATIONS
July 25, 2005 (Inception) through December 31, 2005

REVENUES	
Franchise fees	\$537,286
Backup fees and product sales	45,278
Installation and set-up fees	<u>18,745</u>
Total revenues	601,309
COST OF REVENUE	<u>136,172</u>
Gross profit	<u>465,137</u>
OPERATING EXPENSES	
Payroll and employee benefits	288,812
Advertising and marketing	18,932
General and administrative	39,148
Professional fees	87,262
Occupancy	<u>32,679</u>
Total expenses	<u>466,833</u>
Loss from operations	(1,696)
INTEREST INCOME	<u>21,518</u>
NET EARNINGS	<u>\$ 19,822</u>

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DATAPRESERVE FRANCHISE, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
July 25, 2005 (Inception) through December 31, 2005

BALANCE, JULY 25, 2005	\$ -
Member contributions	200,000
Net earnings	<u>19,822</u>
BALANCE, DECEMBER 31, 2005	<u>\$ 219,822</u>

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DATAPRESERVE FRANCHISE, LLC
STATEMENT OF CASH FLOWS
July 25, 2005 (Inception) through December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Net earnings	\$ 19,822
Adjustments to reconcile net earnings to net cash used in operating activities:	
Effects of changes in operating assets and liabilities:	
Franchise fee receivable	(100,900)
Due from related party	(608,617)
Prepaid expenses	(10,000)
Accounts payable	128,313
Deferred franchise fees	25,000
Due to related party	<u>386,789</u>
Net cash used in operating activities	<u>(159,593)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Member contributions	<u>200,000</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of note receivable from franchisee	200,000
Issuance of note receivable from franchisee	<u>(200,000)</u>
Net cash provided by financing activities	<u>-</u>
 NET INCREASE IN CASH	 40,407
 CASH, BEGINNING OF PERIOD	 <u>-</u>
 CASH, END OF PERIOD	 <u>\$ 40,407</u>

These financial statements should be read only in connection with
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and notes to financial statements.

DATAPRESERVE FRANCHISE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2005

DataPreserve Franchise, LLC (the Company) was organized under the laws of the State of Arizona in July 2005 and began operations in August 2005. The Company sells franchises for computer data backup and storage services and products. The Company collected franchise fees from eight independent franchisees in 2005, who are located in the Arizona, Colorado and Florida. The Company is marketing potential new franchises throughout the United States. (See Note 3).

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of 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.

FRANCHISE FEE RECEIVABLE

Generally, franchise fee receivables are uncollateralized obligations due from franchisees. The initial franchise fee was \$75,000 plus ten cents (\$.10) per person for populations in excess of 750,000 for the year ended December 31, 2005.

The Company uses a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management believes that all franchise fees receivable at December 31, 2005 are collectible.

MARKETING AND SERVICING FEES PAYABLE

Servicing fees and product marketing fees payable are uncollateralized obligations due to franchisees. The Company collects all fees from customers, then pays each franchisee as follows:

Servicing fees are based on 29% to 30% of customer remote backup billings in their territory. In certain circumstances a 1% marketing fee is earned by the franchisees for backup billing for the first twelve months of service.

Product marketing fees are 5% of product sales price less shipping, handling, sales tax, technical service and/or installation fees.

There are no payables to franchisees at December 31, 2005.

INCOME TAXES

In lieu of corporation income taxes, the member of the limited liability company is taxed on 100% of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

DATAPRESERVE FRANCHISE, LLC
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2005

ADVERTISING

Advertising costs are expensed as incurred.

START-UP COSTS

Start-up costs have been expensed as incurred.

REVENUE RECOGNITION

Franchise fees are recognized when the Franchise Agreement is signed and funds transferred to the Company. Backup, installation, and set up fees are recognized at time of service.

DATAPRESERVE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 1 – ADVANCES DUE TO AND FROM RELATED PARTY

The Company has advanced funds to and received funds from DataPreserve, Inc., the sole member of the Company. The advances carry an interest rate of monthly Federal Funds Rate plus .5% (4.7% at December 31, 2005) and are expected to be repaid during 2006.

NOTE 2 – FRANCHISE AGREEMENTS

The standard franchise agreement sold by the Company in 2005 (the Agreement) provided for an initial franchise fee of \$75,000 as defined in the Summary of Significant Accounting Policies. The Agreement stipulates an initial term of ten years and a renewal term of five years. The Agreement also includes provisions for a monthly service fee equivalent to 29% to 30% of gross sales of the franchisee’s customers back-up revenues to be paid to the franchisee for the term of the franchise agreement.

One of the franchises was sold to the Chairman of the Company. This franchise was sold at a substantial discount and is not counted as an independent franchise.

Territory reservation fee deposits of \$25,000 were collected in 2005 and were recorded in these financial statements as deferred franchise fees in 2005 because the sale of the franchises did not close until 2006.

The Company has three company-owned territories, one in Arizona and two in California.

NOTE 3 – FRANCHISING OPERATIONS

Franchise Activity

The following is a recap of independently-owned franchise activity during the period ended December 31, 2005:

Franchises, July 25, 2005	-
Franchises opened during 2005	<u>8</u>
Franchises, December 31, 2005	<u>8</u>

Franchise and Customer Revenue

The following is a summary of franchise and customer revenue received:

	<u>Continuing</u>	<u>Franchisees</u>	<u>Total</u>
	<u>Franchisees</u>	<u>Ceasing</u>	
		<u>Operations</u>	
Franchise fees	\$537,286	\$ -	\$537,286
Backup fees	45,278	-	45,278
Installation and set-up fees	<u>18,745</u>	<u>-</u>	<u>18,745</u>
	<u>\$601,309</u>	<u>\$ -</u>	<u>\$601,309</u>

DATAPRESERVE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 4 – MAJOR CUSTOMERS

During the period ended December 31, 2005, the Company sold eight franchises to five independent franchisees each of which generated franchise fees ranging from 16% to 39% of total revenues. Amounts due at December 31, 2005, from one franchise was \$100,900 which was paid in full on January 3, 2006.

This information is an integral part of the accompanying financial statements.