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ACCESSPOINT CORP /NV/
Form 10QSB
August 14, 2003

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

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

OR

TRANSITION REPORT PURSUANT 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.)

6171 W. Century Blvd.
Suite 200
Los Angeles, California

90045

(Address of Principle Executive Offices)

(Zip Code)

(310) 846-2500

(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

The number of the Company's shares of Common Stock outstanding as of June 30,
2003 was 24,163,965.

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

Accesspoint Corporation
Form 10-QSB QUARTERLY Report
AS OF AND FOR THE QUARTER ENDED JUNE 30, 2002
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-QSB 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.

The key factors that are not within the Company's control and that may have a direct bearing on operating results include, but are not limited to, the acceptance by customers of the Company's products and services, the Company's ability to develop new products and services cost-effectively, the ability of the Company to raise capital in the future, the development by competitors of products or services using improved or alternative technology, the retention of key employees and general economic conditions.

There may be other risks and circumstances that management is unable to predict. When used in this Form 10-QSB, words such as, "believes," "expects," "intends," "plans," "anticipates" "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain

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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
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The reviewed consolidated financial statements for the periods ended June 30, 2003 and June 30, 2002 are filed herewith.

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ACCESSPOINT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003

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ACCESSPOINT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

June 30,	December 31,
2003	2002
-----	-----

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(unaudited)

Current Assets		
Cash	\$ 25,447	\$ 35,961
Accounts receivable, net	425,614	348,708
Receivable from a related party	116,368	157,172
Prepaid expenses	0	1,488
	-----	-----
Total Current Assets	567,429	543,329
	-----	-----
Fixed Assets		
Furniture and equipment (net)	73,856	178,139
	-----	-----
Total Fixed Assets	73,856	178,139
	-----	-----
Other Assets		
Deferred financing costs (net)	1,009,819	1,266,764
Portfolio Purchase	154,667	154,667
Deposits	280,108	280,108
	-----	-----
Total Other Assets	1,444,594	1,701,539
	-----	-----
Total Assets	\$2,085,879	\$2,423,007
	=====	=====

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2003	December 31, 2002
	-----	-----
	(unaudited)	
Current Liabilities		
Accounts payable	\$ 1,363,163	\$ 1,527,457
Accrued payroll taxes and penalties	1,338,330	1,412,432
Accrued liabilities	652,174	560,707
Merchant loss reserve	32,628	19,465
Lines of credit	1,404,419	1,364,761
Capitalized leases	411,461	419,460
Notes payable	565,000	565,000
	-----	-----
Total Current Liabilities	5,767,175	5,869,282

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Total Liabilities	5,767,175	5,869,282
	-----	-----
Stockholders' Equity		
Preferred Stock, \$.001 par value, 5,000,000 shares authorized, 1,055,600 shares issued and outstanding, respectively	1,056	1,056
Common stock, \$.001 par value, 25,000,000 shares authorized, 24,163,965 issued and outstanding, respectively	24,164	24,164
Additional paid in capital	15,114,004	15,114,004
Retained (deficit)	(18,820,520)	(18,585,499)
	-----	-----
Total Stockholders' (Deficit)	(3,681,296)	(3,446,275)
	-----	-----
Total liabilities and Stockholders' Equity	\$ 2,085,879	\$ 2,423,007
	=====	=====

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		Six
	June 30, 2003	June 30, 2002	June 30, 2003
	-----	-----	-----
Sales, net	\$ 3,389,904	\$ 3,261,131	\$ 6,780,179
Cost of sales	2,530,974	2,837,491	5,147,265
	-----	-----	-----
Gross profit	858,930	423,640	1,632,914
Selling expenses	0	4,522	4,624
General and administrative expenses	669,736	942,456	1,444,205
	-----	-----	-----
Income (loss) from operations	189,194	(523,338)	184,085
	-----	-----	-----
Other (Income) Expense			
Interest income	(553)	(27,897)	(2,496)
Gain on sale of asset	0	(101,250)	0

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Penalties	3,169	1,490	5,310
Amortization of deferred financing costs	128,472	316,319	256,945
Debt forgiveness	0	0	0
Bad Debt	28,088	38,350	65,000
Interest expense	44,368	82,530	94,347
	-----	-----	-----
Total Other (Income) Expense	203,544	309,542	419,106
	-----	-----	-----
Income (loss) before income taxes	(14,350)	(832,880)	(235,021)
Provision for income taxes	0	0	0
	-----	-----	-----
Net income (loss)	(14,350)	(832,880)	(235,021)
	=====	=====	=====
Net loss per share			
Basic	0.00	(\$0.03)	(\$0.01)
Weighted average number of shares			
Basic	24,163,965	3,848,618	24,163,965

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended	
	June 30, 2003	June 30, 2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	(\$235,021)	(1,358,586)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	256,945	632,638
Depreciation	104,283	139,998
Gain sale of asset	0	(101,250)
Decrease in deferred compensation	0	(221,477)
Decrease (Increase) in receivables	(76,906)	(118,074)
Decrease (Increase) in inventory	0	(48)
Decrease in other current assets	40,803	0
Decrease (increase) in prepaid expenses	1,488	(25,895)
Decrease in deposits	0	461
(Decrease) Increase in accounts payable and accrued expenses	(164,294)	271,797
Increase in accrued payroll taxes	(74,101)	(52,955)
Increase in merchants loss reserve	13,163	0

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Increase in accrued liabilities	91,467	5,000
	-----	-----
Total adjustments	192,848	530,195
	-----	-----
Net cash contributed by (used in) operations	(42,173)	(828,391)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of asset	0	75,000
Purchase of portfolio	0	(500,000)
Purchase of fixed assets	0	(114,329)
	-----	-----
Net cash (used in) investing activities	0	(539,329)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of notes payable	0	500,000
Payments on notes payable	0	(201,250)
Payments on capital leases	(8,000)	(38,336)
Sale of stock	0	56,510
Line of credit	36,658	1,168,542
Payments on line of credit	0	0
	-----	-----
Net cash provided by financing activities	31,658	1,485,466
	-----	-----
Net change in cash	(10,514)	117,746
	-----	-----
Cash at beginning of period	35,961	78,229
	-----	-----
Cash at end of period	\$25,447	\$195,975
	=====	=====

Refer to notes to the financial statements

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ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2003 AND 2002

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 and is a provider of card- and web-based payment processing services to businesses throughout the United States. The Company enables merchants to accept credit cards as payment for their products and services by providing card authorization, data capture, settlement, risk management, fraud detection and chargeback services. Our services also include transaction organization and retrieval, ongoing merchant assistance and support in connection with

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disputes with cardholders. We market and sell our services primarily through independent sales organizations ("ISOs") and registered sales agents ("RSAs").

Our payment processing services enable merchants to process both traditional swipe transactions, as well as card-not-present transactions. A card-not-present transaction occurs whenever a customer does not physically present a payment card at the point-of-sale and may occur over the Internet or by mail, fax or telephone. Our processing services include evaluation and acceptance of card numbers, detection of fraudulent transactions, receipt and settlement of funds and service and support. By outsourcing some of these services to third parties, including the evaluation and acceptance of card numbers and receipt and settlement of funds, we maintain an efficient operating structure, which allows us to easily expand our operations without significantly increasing our fixed costs. We believe our experience and knowledge in providing payment processing services to merchants of all sizes gives us the ability to effectively identify, evaluate and manage the payment processing needs and risks that are unique to businesses of varying levels.

We market and sell our services primarily through our relationships with ISOs and RSAs. ISOs and RSAs act as a non-employee, external sales force in communities throughout the United States. By providing the same high level of service and support to our ISOs and RSAs as we do to our merchants, we maintain our access to an experienced sales force of sales professionals who market our services, with minimal direct investment in sales infrastructure and management. After an agent refers a merchant to us and we execute a processing agreement with that merchant, we pay the referring ISO or RSA a percentage of the revenues generated by that merchant. Although our relationships with agents are mutually non-exclusive, we believe that our understanding of the unique payment processing needs of merchants of all sizes enables us to develop compelling incentives for agents to continue to refer newly identified merchants to us.

ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information

The accompanying financial statements have been prepared by Accesspoint Corporation, ("Accesspoint", the "Company" or "We") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") Form 10-QSB and Item 310 of regulation S-B, and generally

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accepted accounting principles for interim financial reporting. These financial statements are unaudited and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments and accruals) necessary for a fair presentation of the balance sheets, operating results, and cash flows for the periods presented. Operating results for the six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003, or any future period, due to seasonal and other factors. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting policies have been omitted in accordance with the rules and regulations of the SEC. These financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes, included in the Company's Annual Report for the year ended December 31, 2002.

Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim consolidated financial statements may not be the same as those for the full year.

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.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 June 30, 2003 and June 30, 2002, the Company had aggregate collateral classified as merchant loss reserves of \$32,628 and \$19,465, respectively.

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.

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Allowance for Doubtful Accounts

The Company has made an allowance for doubtful accounts for trade receivables.

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

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ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Concentration of Credit Risk

Concentration of credit risk with respect to trade accounts receivable is not diversified. As of June 30, 2003, 59% of the trade receivables are from Chase Merchant Services, LLC. The loss of Chase Merchant Services to our Company would be severely detrimental and could result in the termination and liquidation of our Company. Our Company actively evaluates the creditworthiness of Chase Merchant Services, LLC and is confident that the failure of the firm is neither likely nor imminent.

Advertising

Advertising costs are expensed in the year incurred.

Earnings Per Share

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Earnings per common share amounts are computed by dividing net income amounts by weighted-average common stock and common stock equivalents shares (when dilutive) outstanding during the period. Diluted earnings per share were not presented because they were considered to be anti-dilutive.

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.

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ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

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 June 30, 2003, the Company has 25,000,000 common shares authorized and 24,163,965 shares issued and outstanding. The Company had 5,000,000 preferred shares authorized and 1,055,600 shares issued and outstanding.

At June 30, 2003, the Company does not have enough common stock reserved for the possible exercise of options and warrants which could total:

Exercise of common stock warrants	482,223
Exercise of preferred stock	1,055,600
Exercise of employee stock options	1,776,445

	3,314,268
	=====

The Company intends to increase the authorized number of shares by proxy of its shareholders subsequent to June 30, 2003.

Note D - LOSS PER SHARE

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Basic net loss per share is computed using the weighted average number of common shares outstanding. The dilutive effect of earnings per share were not presented because they were considered to be anti-dilutive. The computations of basic net loss per share as of June 30, 2003 and 2002 are as follows:

	2003	2002
	-----	-----
Net (loss) from operations	\$ (235,021)	(\$1,358,586)
	-----	-----
Basic weighted average shares	24,163,965	23,769,587
Net (loss) per share from continuing operations:		
Basic	(\$0.01)	(\$0.06)

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ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note E - 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 June 30, 2003 the Company has accrued for the liability in full on its Balance Sheet. No payments have been made.

Roycap - As of June 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 formal suit on its claim. The Company has recently entered into a settlement agreement wherein it stipulated to a \$730,000 judgment. The entire settlement amount has been accrued.

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. The Company believes these claims were settled by the June 26, 2002 Settlement and in any event, believes the sums due are

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substantially less than claimed. The Company continues to fight these actions vigorously.

Merchants Warehouse.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. The amount of the award has been accrued.

Northwest Systems, LLC - Two inter-related claims, one lawsuit and one arbitration claim arising out of a dispute over a contract whereby PSI agreed to purchase certain merchant accounts from Northwest Systems, LLC ("NWS"). The first case (lawsuit) seeks to recover damages of \$300,000 for alleged breach of the contract to purchase, while the second case (arbitration) claims that NWS has not been paid all residual payments due it under its agency contract with PSI. In May 2003, an award in the arbitration claim in the amount of \$149,000 was made for the benefit of the plaintiff. In mediation on July 2, 2003, the registrant settled both claims, while not all terms of the settlement can be disclosed, the registrant will record other income in the form of a gain on the forgiveness of debt, in the amount of \$270,836 in the quarter ended September 30, 2003. The settlement also calls for the conversion/transfer of all merchants accounts associated with NWS effective, July 1, 2003. While no accurate forecast can be made as to the amount and timing of the anticipated conversion, NWS merchants accounted for approximately 10% of the Company's gross processing revenue for the quarter ended March 31, 2003. The settlement also calls for a mutual release on both parties of all and any current or contemplated actions arising from their business relationship.

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ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note E - LITIGATION AND CONTINGENCIES (CONTINUED)

Mocerri Leasing Co. - This is an action by an equipment lessor on a defaulted lease. The Company is vigorously defending itself against this claim. The total amount, estimated to be \$25,000, of any potential judgment for the value of the equipment, has been fully accrued.

CIT Communications Co. ("CIT") - CIT, an equipment lessor, claims that we defaulted on an equipment lease. We are vigorously defending against this claim. The total amount of any potential judgment for the value of the equipment has been accrued.

Global Attorneys Network Co. - This is an action filed on behalf of an

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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.

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. The Company intends to vigorously defend this action. The Company has entered into a verbal agreement to settle the action and has satisfied part of the terms of the verbal agreement. No trial date has been set. An accrual has been made for the potential of an adverse outcome.

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 for breach of contract, breach of fiduciary duty, misappropriation of trade secret, recovery of personal property, imposition of a constructive trust, unfair competition in violation of Business and Profession Code Section 17200, conversion, unfair business practices, and usurpation of corporate opportunity. On several occasions, Plaintiff also sought provisional remedies with the Court, including multiple applications for preliminary injunction and the appointment of a receiver. To date, none of Plaintiff's requests for provisional relief have been granted. On June 26, 2002, the parties to the action executed a Settlement Agreement. Plaintiff purported to rescind the Settlement Agreement in early December 2002. Plaintiff thereafter filed an ex parte application for temporary restraining order, which the court denied on December 24, 2002. The Court set a hearing for Plaintiff's application for preliminary injunction in late January 2003. Plaintiff thereafter continued the hearing on the application for preliminary injunction on several occasions. Ultimately, after Defendant's opposition to the preliminary injunction request was filed; Plaintiff took his application for preliminary injunction off calendar completely. A number of depositions and law and motion were conducted during January and February 2003. Trial has been set for October 20, 2003. On July 3, 2003 in a special meeting of the Board of Directors, the Directors received, reviewed and considered the report of the findings of the Special Litigation Committee ("the Committee").

ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note E - LITIGATION AND CONTINGENCIES (CONTINUED)

Bentley v. William R. Barber, et al. (continued) - The Committee was

formed in January 2003 for the purpose of investigating the allegations contained within the shareholder derivative action known as Bentley v. Barber ("the Bentley matter"). Based on its investigation, which included the review of thousands of pages of documents, 1,200 pages of transcripts of depositions, reviews of the declarations of ten

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witnesses, and interviews of the Plaintiff, and his representatives, as well as of at least fifteen other witnesses, the Committee met on July 2, 2003 and unanimously agreed and found as follows:

- 1) The action was previously settled, after both the plaintiff and the court in the Bentley matter concluded the settlement agreement was in the best interests of the Company, so that the Committee likewise concludes that the best interests of the company are served by a dismissal of the action and the enforcement of the settlement agreement previously approved by the court:
- 2) That the allegations raised in the Bentley matter are without merit;
- 3) That it is not in the Company's interests to pursue the litigation, as the costs of prosecuting the litigation far exceed any possible recovery to the Company, particularly given the possible indemnity obligations of the Company;
- 4) The balance of the Company's corporate interests, including its need to maintain its relationship with Chase, the need for and ability to focus on obtaining new accounts, the need to apply the Company's resources, management, and assets to the payment and resolution of outstanding debts and the need to repair the Company's reputation that has been damaged by this litigation, warrants dismissal of the action, regardless of the merits of the Bentley matter; and
- 5) The Company has new management and has carefully reviewed the subject matter of the litigation and the accounting of the assets of the Company and the handling of related party transactions.

Based on the findings of the Committee, the Directors determined it to be in the best interests of the company to cause the Bentley matter to be dismissed. On July 3, 2003, the company's attorneys filed a motion for summary judgment with the Orange County Superior Court, the motion contends that: there is no merit to the charges, the suit is not being prosecuted for the benefit of the shareholders of the company, but is a vendetta by a shareholder brought for its own purposes and that the burdens of litigation are largely responsible for the fall in the corporation's stock price since the case was filed. On July 3, 2003, the Company's attorneys concurrently filed a motion for an indefinite stay in discovery pending judgment on the motion for summary judgment. On July 25, 2003, the court granted the Company's request for stay pending ruling on the motion for summary judgment. The Company has recorded no liability for the potential of an adverse outcome of the action.

Note F - PAYROLL TAXES

The Company is currently in negotiations with the United States Department of the Treasury, Internal Revenue Service ("IRS") in regards to unpaid employment taxes for the period of January 1 - December 31, 2000. The IRS has made formal demand of amounts due and unpaid, including interest and penalties, from the Company, and has appropriately filed tax liens against all assets of the Company. The Company has filed a request for an "Offer in Compromise" of all amounts owed by the Company. The IRS has recorded the request and stayed any other collection activity until it has had time to review the matter. As of the date of this report the IRS has responded to the Company and is reviewing the offer. The Company has recorded its liability in full to the IRS, including penalties and interest, on its balance sheet. As of June 30, 2003, the Company has accrued liability of approximately \$1,338,330 to the IRS.

ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note G - 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 September 17, 2003 and includes a monthly reimbursement in the amount of \$130,000, due to a reduction in overhead costs. The disinterested members of the Board have accepted this amendment. While the Agreement remains in effect, the range of services provided by MBS no longer includes payments to the Company's vendors. Effective July 1, 2003, the Company resumed payments to vendors. There are no future minimum payments under the amended Agreement and the management fee has been discontinued. For the six months ended June 30, 2003 the Company made payments totaling \$540,000 under the Agreement. As of June 30, 2003, the Company owed MBS \$143,629 which is included in lines of credit.

Associated with the 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.

Operating lease expense for the six months ended June 30, 2003 and 2002 was \$49,000 and \$166,472, respectively.

Note H - 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 will amortize the remaining deferred financing cost over the life of the line of credit, which is five years. For the six months ended June 30, 2003 and June 30, 2002 the Company recorded amortization expense of \$256,945 and \$632,638 respectively.

ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note I - 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 June 30, 2003, the following related party relationships existed between the Company, its shareholders, officers and directors:

MBS, is jointly owned by Becky Takeda, President and Chief Executive Officer of the Company and William R. Barber, ex President and ex Chief Executive Officer and currently a Director of the Company, is also an agent of the Company and sells the Company's products and services through its own network of subagents and sales personnel. As of June 30, 2003, under the terms of the agency agreement with MBS, the Company paid \$252,288 in residuals. Refer to Note H - Commitments for further discussion of the operating arrangement between the Company and MBS.

Note J - SUBSEQUENT EVENTS

In July 2003, the board of directors resolved to postpone the annual shareholder's meeting scheduled for September 17, 2003. The reasons cited for the delay in the meeting are that the recent granting of the motion to stay proceedings, pending ruling on summary judgment, filed by the corporation in the Bentley versus Barber, et al, shareholder derivative action pushes the discovery period of that same matter past September 17, 2003. No new date for the shareholder's meeting has been set.

Also in July, 2003, the registrant was served with a complaint for declaratory relief filed by Access Holding Limited Partnership and Tom Djokovich ("plaintiffs") against Accesspoint Corporation and Net Integrated Systems, Limited ("defendants") seeking immediate delivery to plaintiffs of those certain restricted common shares of the Company which the plaintiffs transferred to Net Integrated Systems, Limited in consideration for the extension of a Secured Revolving Line of Credit to the Company. The Company believes the complaint has no basis in fact, is without merit and intends to defend itself vigorously. The Company has not filed a response. The filing of this lawsuit was also cited as reason by the Board for the delay of the shareholders annual meeting. Access Holdings Limited Partnership benefits Maryann and James Bentley, former officers and directors of the Company. Tom Djokovich is former President, Chief Executive Officer and director of the registrant. William R. Barber, named defendant in the Bentley v. Barber matter, is a shareholder in Net Integrated Systems, Limited and is the former President and Chief Executive Officer of the Company. Mr. Barber is a director of the Company.

ACCESSPOINT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

Note K - GOING CONCERN

The accompanying financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America, contemplates the continuation of the Company as a going concern. However, the Company has sustained significant recurring operating losses, has limited capital resources, is involved in several pending lawsuits and has been assessed by the Internal Revenue Service for unpaid payroll taxes. Continuation of the Company as a going concern is contingent upon the ability of the Company to expand its operations, generate increased revenues, secure additional sources of financing and sell a portion of the merchant portfolio. However, there is no assurance that the Company will realize the necessary capital expansion.

ITEM 2. 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

Our primary software products consist of: Merchant Manager Enterprise, a complete and secure fully-hosted e-commerce solution for small to midsize businesses, which provides an on-line store, catalog and credit card processing abilities; Transaction Manager, an on-line credit card and ACH processing solution for small to midsize businesses; and Merchant Manager, a hosted e-commerce solution providing a simple-to-learn and simple-to-use set of tools

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derived from Merchant Manager Enterprise. We provide hosting services in conjunction with the software products.

During the coming twelve months, we will not be able to satisfy the cash requirements and have no financing alternatives to satisfy the obligations except for the sale of a portion of the merchant portfolio. The plans for the coming twelve months include the contemplation of a sale of the merchant portfolio for the purpose of recapitalizing the company and paying down debt. Should a portion of the merchant portfolio be sold, we will be forced to reduce the staffing levels in line with the reduction in revenue realized. During the coming twelve months, we will continue to pursue enhancements of the existing Merchant Manager and Transaction Manager products to meet the demands of an increasingly competitive marketplace. We do not anticipate the development of any products during the coming twelve-month period and will not expend significant resources on the research or development of new product lines.

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B. RESULTS OF OPERATIONS

Six months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002.

Revenues for the six months ended June 30, 2003 increased to \$6,780,179 from \$6,263,494 for the six months ended June 30, 2002. The increase of \$516,685, 9% is due primarily to the increased revenues associated with credit card processing which resulted in an overall increase in sales.

Cost of sales for the six months ended June 30, 2003 increased to \$5,147,265 from \$5,072,264 for the six months ended June 30, 2002. The increase of \$75,001, or 2%, resulted primarily from lowered agent residual expenses and more attention focused on the profitability of each merchant's relationship.

Selling and marketing expenses for the six months ended June 30, 2003 decreased to \$4,624 from \$4,946 for the six months ended June 30, 2002. This decrease of \$322 resulted, from the termination of most outside marketing efforts.

General and administrative expenses for the six months ended June 30, 2003 decreased to \$1,444,205 from \$1,987,649 for the six months ended June 30, 2002. The decrease of \$543,444, or (27%), resulted primarily from a decrease of salaries and wages, occupancy costs, and other operating efficiencies realized through the consolidation of three offices into one.

Interest expense, net, for the six months ended June 30, 2003 was \$94,347, as compared to \$129,064 for the six months ended June 30, 2002. The decrease of \$34,717, or (27%), resulted primarily from the Company's lower level of indebtedness and reduced borrowing costs.

Other (Income) Expense, net of Interest expense was \$324,757 for the six months ended June 30, 2003, as compared to \$425,757 for the six months ended June 30, 2002. These decrease of \$100,998, or (24%) resulted primarily from the lowered amortization expenses realized for the six months ended June 30, 2003, as compared to the six months ended June 30, 2002.

Net losses for the six months ended June 30, 2003 were (\$235,021), as compared to (\$1,358,586) for the six months ended June 30, 2002. The difference

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in loss of \$1,123,565, or (83%), was primarily related to increased revenues, a reduction of salaries, operating efficiencies, lowered residual expenses, increased transaction profitability and lowered amortization and depreciation expenses.

C. Liquidity and Capital Resources

Cash and cash equivalents at June 30, 2003 were \$25,447, compared to \$35,961 at December 31, 2002, a decrease of \$10,514, which represented a decline of (30%).

Net Cash used in operations decreased \$786,218 for the six months ended June 30, 2003 to a use of (\$42,173) or (95%). This efficiency was primarily accomplished by increased effectiveness in operations.

Net Cash used in investing activities increased from (\$539,329) as of June 30, 2002 to \$0 as of June 30, 2003. This decrease of \$539,329, was due to the lack of funds available for investment.

During the six months ended June 30, 2003, the Company generated net cash of \$31,658 from financing activities as compared to the generation of \$1,485,466 for the six months ended June 30, 2002. The decrease of \$1,453,808, or (98%) resulted from the cessation of all private placement fundraising activities and the associated payment of outstanding obligations.

We had, at June 30, 2003, negative working capital. We believe that cash generated from operations will not be sufficient to fund the current and anticipated cash requirements. The plans for the coming twelve months include the contemplation of a sale of the merchant portfolio for the purpose of recapitalizing the company and paying down debt. Should a portion of the merchant portfolio be sold, we will be forced to reduce the staffing levels in line with the reduction in revenue realized.

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D. Net Operating Loss

For federal income tax purposes, we have net operating loss carryforwards of approximately \$18,585,499 as of June 30, 2003 and \$10,760,000, as of June 30, 2002. These carryforwards will expire at various dates through the year 2015. The use of such net operating loss carryforwards to be offset against future taxable income, if achieved, may be subject to specified annual limitations.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of the business activities. We describe below only those matters that we consider to be material.

Citicorp - During 2001 we vacated office facilities we had leased under an operating lease agreement in Chicago, Illinois. The lessor subsequently filed suit against us for the remaining amount of unpaid rent and other various expenses. A judgment was filed against us in the amount of \$95,000. As of June 30, 2003 we have accrued for the liability in full on the Balance Sheet. No payments have been made.

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Roycap - As of June 30, 2003 we were in default on the 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 formal suit on its claim. We have recently entered into a settlement agreement, stipulating to a \$730,000 judgment. As of June 30, 2003 we have accrued for the liability in full on the Balance Sheet. No payments have been made.

Bentley Promissory Notes - Various family trusts related to James W. Bentley, a former director, have filed three related actions seeking to collect in excess of \$500,000 in promissory notes allegedly due. We believe these claims were settled by the June 26, 2002 Settlement. Pursuant to the terms of that Settlement, Net Integrated Systems, Inc. assumed the repayment of the Bentley notes and contributed the total indebtedness to the Company as a capital contribution in September 2002. We continue to fight these actions vigorously.

Merchants Warehouse.com ("MWC") - MWC filed a claim against PSI for breach of an independent sales agent agreement. We dispute the claim. The matter was submitted to arbitration and was heard by the arbitrator. The arbitrator made an interim award of \$296,720 in favor of MWC and denied the counterclaim. The arbitrator directed us to pay the agent residuals according to the terms of the agreement with the agent. We have made all payments to the agent since the date of the award. The amount of the award has been accrued.

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Northwest Systems, LLC ("NWS") - NWS filed two inter-related claims, one lawsuit and one arbitration claim arising out of a dispute over a contract. PSI had agreed to purchase certain merchant accounts from NWS. In the lawsuit, NWS seeks to recover damages for alleged breach of the contract to purchase NWS. In the arbitration, NWS claims that NWS has not been paid all residual payments due it under its agency contract with PSI. We are vigorously defending against these claims. In May 2003, an award in the arbitration claim in the amount of \$149,000 was made for the benefit of the plaintiff. In mediation on July 2, 2003, the Company settled both claims, while not all terms of the settlement can be disclosed, the Company will record other income in the form of a gain on the forgiveness of debt, in the amount of \$270,836 in the quarter ended September 30, 2003. The settlement also calls for the conversion/transfer of all merchants accounts associated with NWS effective, July 1, 2003. While no accurate forecast can be made as to the amount and timing of the anticipated conversion, NWS merchants accounted for approximately 10% of the registrant's gross processing revenue for the quarter ended June 30, 2003. The settlement also calls for a mutual release on both parties of all and any current or contemplated actions arising from their business relationship.

Moceri Leasing Co. ("Moceri") - Moceri, an equipment lessor, claims that we defaulted on an equipment lease. We are vigorously defending against this claim. The total amount of any potential judgment for the value of the equipment has been accrued in the amount of \$25,000.

CIT Communications Co. ("CIT") - CIT, an equipment lessor, claims that we defaulted on an equipment lease. We are vigorously defending against this claim. The total amount of any potential judgment for the value of the equipment has been accrued.

Global Attorneys Network Co. ("GAN") - GAN, an equipment lessor, claims that we defaulted on an equipment lease. We are vigorously defending itself against this claim. In April 2003, the matter was settled for \$16,900. No

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payments have been made. The total amount of any potential judgment for the value of the equipment has been accrued.

Bas Mulder ("Mulder") - Mulder is the former owner and employee of Black Sun Graphics, Inc. ("BSG"). Mulder claims damages in excess of \$430,000 related to the purchase of BSG. We intend to vigorously defend this action. We have entered into a verbal agreement to settle the action. We have satisfied part of the terms of the verbal agreement. No trial date has been set. An accrual has been made for the potential of an adverse outcome

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 for breach of contract, breach of fiduciary duty, misappropriation of trade secret, recovery of personal property, imposition of a constructive trust, unfair competition in violation of Business and Profession Code Section 17200, conversion, unfair business practices, and usurpation of corporate opportunity. On several occasions, Plaintiff also sought provisional remedies with the Court, including multiple applications for preliminary injunction and the appointment of a receiver. To date, none of Plaintiff's requests for provisional relief have been granted. On June 26, 2002, the parties to the action executed a Settlement Agreement. Plaintiff purported to rescind the Settlement Agreement in early December 2002. Plaintiff thereafter filed an ex parte application for temporary restraining order, which the court denied on December 24, 2002. The Court set a hearing for Plaintiff's application for preliminary injunction in late January 2003. Plaintiff thereafter continued the hearing on the application for preliminary injunction on several occasions. Ultimately, after Defendant's; opposition to the preliminary injunction request was filed; Plaintiff took his application for preliminary injunction off calendar completely. A number of depositions and law and motion were conducted during January and February 2003. Trial has been set for October 20, 2003. On July 3, 2003 in a special meeting of the Board of Directors, the Directors received, reviewed and considered the report of the findings of the Special Litigation Committee ("the Committee").

The Committee was formed in January 2003 for the purpose of investigating the allegations contained within the shareholder derivative action known as Bentley v. Barber (" the Bentley matter").

Based on its investigation, which included the review of thousands of pages of documents, 1,200 pages of transcripts of depositions, reviews of the declarations of ten witnesses, and interviews of the Plaintiff, and his representatives, as well as of at least fifteen other witnesses, the Committee met on July 2, 2003 and unanimously agreed and found as follows:

- 1) The action was previously settled, after both the plaintiff and the court in the Bentley matter concluded the settlement agreement was in the best interests of the Company, so that the Committee likewise concludes that the best interests of the company are served by a dismissal of the action and the enforcement of the settlement agreement previously approved by the court:

- 2) That the allegations raised in the Bentley matter are without merit;
- 3) That it is not in the Company's interests to pursue the litigation, as the costs of prosecuting the litigation far exceed any possible recovery to the Company, particularly given the possible indemnity obligations of the Company;
- 4) The balance of the Company's corporate interests, including its need to maintain its relationship with Chase, the need for and ability to focus on obtaining new accounts, the need to apply the Company's resources, management, and assets to the payment and

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resolution of outstanding debts and the need to repair the Company's reputation that has been damaged by this litigation, warrants dismissal of the action, regardless of the merits of the Bentley matter; and

- 5) The Company has new management and has taken appropriate corrective or disciplinary action with regard to the subject matter of the litigation and with regard to the alleged misappropriation of assets of the Company and the entry of related party transactions.

Based on the findings of the Committee, the Directors determined it to be in the best interests of the company to cause the Bentley matter to be dismissed. On July 3, 2003, the company's attorneys filed a motion for summary judgment with the Orange County Superior Court, the motion contends that: there is no merit to the charges, the suit is not being prosecuted for the benefit of the shareholders or the company, but is a vendetta by the a shareholder brought for its own purposes and that the burdens of litigation are largely responsible for the fall in the corporation's stock price since the case was filed. On July 3, 2003, the Company's attorneys concurrently filed a motion for an indefinite stay in discovery pending judgment on the motion for summary judgment. On July 25, 2003, the court granted the Company's request for stay pending ruling on the motion for summary judgment. The Company has recorded no liability for the potential of an adverse outcome of the action.

For a similar discussion of Legal Proceedings, please refer to Note F, Litigation and Contingencies, attached as a part of the financial statements filed herewith and incorporated hereby.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended June 30, 2003.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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A. Exhibits

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

Exhibit No.	Description
-----	-----
21.00	*List of Subsidiaries

* Incorporated by reference from the exhibit to the Annual Report on Form 10-KSB filed by us on April 16, 2001

B. REPORTS ON FORM 8-K

None.

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, in the City of Los Angeles, State of California, on the 27th day of June, 2003.

Dated: August 13, 2003

ACCESSPOINT CORPORATION

By
 /s/_Becky_Takeda_____
 Becky Takeda,
 Chief Executive Officer, President

By
 /s/_Lawrence_C._Early_____
 Lawrence C. Early
 Controller

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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/_Gene_Valentine_____ Gene Valentine	Chairman of the Board of Directors	August 13, 2003
/s/_Joe_Byers_____ Joe Byers	Director	August 13, 2003
/s/_Mike_Savage_____ Mike Savage	Director	August 13, 2003
	Director	August 13, 2003

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/s/_William_R._Barber__
William R. Barber

Director

August 13, 2003

/s/_Becky_H._Takeda____
Becky H. Takeda

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

CERTIFICATIONS*

I, Becky Takeda, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Accesspoint Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 13, 2003

/s/_Becky_H._Takeda_____
Becky H. Takeda
Chief Executive Officer, President

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

CERTIFICATIONS*

I, Lawrence Early, certify that:

- 1. I have reviewed this quarterly report on Form 10-QSB of Accesspoint Corporation;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its

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consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 13, 2003

/s/_Lawrence_C._Early_
Lawrence C. Early
Controller