VillageEDOCS, Inc. and subsidiaries
Condensed Consolidated Balance Sheets

	March 31, 2011 (unaudited)	December 31, 2010 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 330,945	$ 134,092
Accounts receivable, net of allowance for doubtful		
accounts of approximately $57,000 and $51,000, respectively	524,644	490,714
Prepaid expenses and other current assets	86,886	103,776
Total current assets	942,475	728,582
Property and equipment, net	179,379	194,625
Other assets	25,014	25,023
Goodwill	4,523,527	4,523,527
Other intangibles, net	2,155,333	2,304,370
	$ 7,825,728	$ 7,776,127
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 309,972	$ 328,929
Current portion of accrued expenses and other liabilities	470,296	589,121
Deferred revenue	609,701	808,429
Capital lease obligations, current	47,493	51,388
Lines of credit	425,000	508,025
Current portion of notes payable	75,000	-
Current portion of notes payable to related parties	776,756	449,555
Total current liabilities	2,714,218	2,735,447
Accrued expenses and other liabilities, net of current portion	136,567	136,569
Notes payable to related parties, net of current portion	234,696	159,943
Derivative liability	4,650	4,650
Total liabilities	3,090,131	3,036,609
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $0.0001 per share:		
Authorized -- 1,000,000,000 shares		
Issued and outstanding --357,545,822 shares	35,754	22,881
Additional paid-in capital	34,696,783	34,136,817
Accumulated deficit	(29,996,940)	(29,420,180)
Total stockholders' equity	4,735,597	4,739,518
	$ 7,825,728	$ 7,776,127

VillageEDOCS, Inc. and subsidiaries
Condensed Consolidated Statements of Operations

	Three Months Ended March 31,	
	2011 (unaudited)	**2010 (unaudited)**
Net revenues	$ 1,712,414	$ 2,159,113
Cost of revenues	552,949	645,450
Gross profit	1,159,465	1,513,663
Operating expenses:		
Product and technology development	325,503	438,273
Sales and marketing	244,345	402,290
General and administrative	641,046	910,291
Depreciation and amortization	181,441	196,960
Total operating expenses	1,392,335	1,947,814
Loss from continuing operations	(232,870)	(434,151)
Change in fair value of derivative liability	-	-
Interest expense, net of interest income	(573,229)	(19,410)
Other income, net	238,141	2,748
Loss from continuing operations before provision for income taxes	(567,958)	(450,813)
Provision for income taxes	8,802	-
Loss from continuing operations	(576,760)	(450,813)
Loss from discontinued operations (net of income tax provision of $0 and $0, respectively)	-	-
Net loss	$ (576,760)	$ (450,813)
Net loss available to common shareholders		
Basic	$ (576,760)	$ (450,813)
Diluted	$ (576,760)	$ (450,813)
Basic earnings (loss) per share:		
Loss from continuing operations	$ -	$ -
Income from discontinued operations	$ -	$ -
Net loss per share, basic	$ -	$ -
Diluted earnings (loss) per share:		
Loss from continuing operations	$ -	$ -
Income from discontinued operations	$ -	$ -
Net loss per share, diluted	$ -	$ -
Weighted average shares outstanding -		
Basic	274,561,027	226,546,613
Diluted	274,561,027	226,546,613