

Edgar Filing: EASYWEB INC - Form 10QSB

EASYWEB INC  
Form 10QSB  
August 14, 2002

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

FORM 10-QSB

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

For Quarter Ended: June 30, 2002  
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Commission File Number 0-32353  
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EASYWEB, INC.  
-----

(Exact name of registrant as specified in its charter)

COLORADO  
-----

84-1475642  
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(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

6025 South Quebec Street, Suite 150, Englewood, Colorado  
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80111  
-----

(Address of principal executive offices)

(Zip code)

(720) 489-8873  
-----

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if  
changed since last report.)

Indicate by check whether the registrant (1) has filed all reports required to  
be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during  
the preceding 12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such filing  
requirements for the past 90 days.      Yes X      No

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date.

Common stock, no par value  
-----

4,506,200  
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Class

Number of shares outstanding at August 12, 2002

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This document is comprised of 12 pages.  
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FORM 10-QSB

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2ND QUARTER

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EASYWEB, INC.  
(A Development Stage Company)

Condensed Balance Sheet  
(Unaudited)

June 30, 2002

Assets

Cash .....	\$ 26
Accounts receivable .....	960
Web site development costs, net .....	594
	-----
	\$ 1,580
	=====

Liabilities and Shareholders' Deficit

Liabilities:

Accounts payable and accrued liabilities .....	\$ 8,599
Indebtedness to related parties (Note B) .....	1,545
	-----

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	Total liabilities	10,144
		-----
Shareholders' deficit (Note D):		
Common stock .....		120,050
Outstanding stock options .....		20,600
Additional paid-in capital .....		43,941
Deficit accumulated during development stage .....		(193,155)
		-----
Total shareholders' deficit		(8,564)
		-----
		\$ 1,580
		=====

See accompanying notes to condensed financial statements

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EASYWEB, INC.  
(A Development Stage Company)

Condensed Statements of Operations  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Revenue:				
Commissions, related party .....	\$ --	\$ --	\$ --	\$ --
Commissions, other .....	960	573	2,570	
	-----	-----	-----	-----
Total revenue	960	573	2,570	
	-----	-----	-----	-----
Operating expenses:				
Stock-based compensation .....	--	--	--	--
Rent (Note B) .....	--	1,000	1,000	
Contributed rent (Note B) .....	1,500	500	2,000	
Administrative support (Note B) .....	225	197	510	
Contributed administrative support (Note B) .....	2,775	2,803	5,490	
Salaries and payroll taxes .....	--	--	--	
Professional fees .....	8,856	5,524	14,053	
Web site consulting and maintenance ....	--	490	250	
Information technology agreement .....	--	--	--	
Advertising .....	--	--	--	
Depreciation and amortization .....	187	187	375	
Other .....	817	1,696	1,513	
	-----	-----	-----	-----
Total operating expenses	(14,360)	(12,397)	(25,191)	(11,824)
	-----	-----	-----	-----
Operating loss	(13,400)	(11,824)	(22,621)	(11,824)

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Income taxes (Note C) .....	--	--	--	
	-----	-----	-----	-----
Net Loss	\$ (13,400)	\$ (11,824)	\$ (22,621)	\$ (
	=====	=====	=====	=====
Basic and diluted loss per common share .....	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$
	=====	=====	=====	=====
Basic and diluted weighted average common shares outstanding .....	4,506,200	3,590,200	4,467,648	3,5
	=====	=====	=====	=====

See accompanying notes to condensed financial statements

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EASYWEB, INC.  
(A Development Stage Company)

Condensed Statements of Cash Flows  
(Unaudited)

	Six Months Ended June 30,	
	2002	2001
	-----	-----
Net cash (used in) operating activities .....	\$ (12,075)	\$ (20,851)
	-----	-----
Cash flows from investing activities:		
Equipment purchase .....	--	--
Payments for intangible assets .....	--	--
	-----	-----
Net cash (used in) investing activities	--	--
	-----	-----
Cash flows from financing activities:		
Proceeds on advances from related parties .....	650	--
Repayment of advances from related parties .....	(5,500)	--
Proceeds from the sale of common stock .....	16,500	--
Payments for offering costs .....	--	--
	-----	-----
Net cash provided by financing activities	11,650	--
	-----	-----
Net change in cash .....	(425)	(20,851)
Cash, beginning of period .....	451	26,707
	-----	-----
Cash, end of period	\$ 26	\$ 5,856
	=====	=====

Supplemental disclosure of cash flow information:  
Cash paid during the period for:

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Interest .....	\$ --	\$ --
	=====	=====
Income taxes .....	\$ --	\$ --
	=====	=====
Non-cash financing activity:		
Stock issued for satisfaction of debt .....	\$ --	\$ --
	=====	=====

See accompanying notes to condensed financial statements

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EASYWEB, INC.  
(A Development Stage Company)

Notes to Unaudited Condensed Financial Statements

Note A: Basis of presentation

The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its Form 10-KSB dated December 31, 2001, and should be read in conjunction with the notes thereto.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

The Company is in the development stage in accordance with Statements of Financial Accounting Standards (SFAS) No. 7 "Accounting and Reporting by Development Stage Enterprises". As of June 30, 2002, the Company has devoted substantially all of its efforts to financial planning, raising capital and developing markets.

Financial data presented herein are unaudited.

Note B: Related party transactions

Rent

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The Company paid an affiliate \$4,000 in April 2001 to rent office space for the period from April 1, 2001 through March 31, 2002. As of June 30, 2002, all \$4,000 was expensed as rent expense including \$1,000 for the six months ended June 30, 2002 in the accompanying condensed unaudited financial statements. The Company's management has estimated the fair market value of the office space at \$500 per month. Therefore, an additional \$2,000 was expensed as rent during the six months ended June 30, 2002, with an offsetting credit to additional paid-in capital.

Administrative support

-----

The Company incurs administrative support expense to an affiliate at a rate of \$1,000 per month. The affiliate charged the Company \$510 during the six months ended June 30, 2002. The remaining balance of \$5,490 is recorded as contributed services. The contribution is reflected as a credit to additional paid-in capital in the accompanying condensed financial statements.

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### Indebtedness to related parties

The Company owed the affiliate \$895 for the administrative expenses at June 30, 2002. The Company also owed an officer \$650 for working capital advances made during the three months ended June 30, 2002. Both amounts are included in the accompanying condensed financial statements as "indebtedness to related parties".

In January 2002, the Company repaid two directors a total of \$5,500 for working capital advances received in prior periods.

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EASYWEB, INC.  
(A Development Stage Company)

### Notes to Unaudited Condensed Financial Statements

#### Note C: Income taxes

The Company records its income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during the six months ended June 30, 2002 resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0-income taxes.

#### Note D: Shareholder's deficit

Following is a schedule of changes in shareholders' deficit for the six months ended June 30, 2002:

	Common stock		Outstanding	Additional	Deficit
	Shares	Amount	Stock Options	Paid-In Capital	Accumulate During Developmen Stage
	-----	-----	-----	-----	-----
Balance, January 1, 2002 .....	3,940,200	\$ 99,550	\$ 20,600	\$ 36,451	\$(170,534)
January 2002, sale of common stock at \$.03 per share .....	500,000	15,000	--	--	--
January 2002, sale of common stock to officers at \$.03 per share .....	50,000	1,500	--	--	--
April 2002, conclusion of Arizona rescission offer .....	16,000	4,000	--	--	--
Office space and administrative support contributed by an affiliate .....	--	--	--	7,490	--
Net loss for the six months ended June 30, 2002 .....	--	--	--	--	(22,621)
Balance, June 30, 2002	4,506,200	\$ 120,050	\$ 20,600	\$ 43,941	\$(193,155)
	=====	=====	=====	=====	=====

During January 2002, the Company sold 550,000 shares of its common stock for \$16,500, or \$.03 per share. Of the 550,000 shares sold, 50,000 shares were sold to officers of the Company and 500,000 shares were sold to unrelated third

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parties.

Rescission offer

On July 5, 2000, the Company notified the State of Arizona that it had collected proceeds from a common stock offering prior to meeting all Blue Sky laws required by that State. The Company sold 16,000 shares of its no par value common stock to three Arizona residents for \$4,000 through the private stock offering. To remedy this situation, the Company undertook a voluntary rescission offering pursuant to R14-4-101 of the Regulations of the Arizona Corporation Commission, Title 14, Chapter 4, as amended, which was approved by the Arizona Corporation Commission, Securities Division on April 10, 2002. The Rescission Offer was subsequently submitted to the Arizona investors, all of whom declined to rescind their shares.

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Part I. Item 2. Plan of operation

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EASYWEB, INC.  
(A Development Stage Company)

PLAN OF OPERATION

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The Company plans to continue to design, market, sell and maintain customized and turnkey web sites on the Internet that are hosted by third parties. To date, revenues from these services have been minimal. The Company intends to generate increased revenue through the expenditure of additional funds for marketing, advertising and promotion. The Company believes that the revenue generated from operations may not be sufficient to finance future activities and that it may be necessary to raise additional funds through equity and/or debt financing in the next twelve months. There is no assurance that the Company will be able to generate additional capital for marketing, advertising and promotion and/or other purposes. In the event that only limited additional financing is received, the Company expects its opportunities in the design, marketing, and sale of Internet web sites to be limited.

Furthermore, if we are unable to raise additional capital to support our future operations, we may begin exploring business opportunities for possible investments and/or business combinations with companies that may be outside of our original business plan. As of the date of this filing, we have had no discussions and no agreements have been reached with any third parties regarding such an investment or business combination.

The Company does not intend to hire any additional employees in the foreseeable future. The Company does not intend to make significant equipment purchases or conduct any research and development within the next twelve months.

Special note regarding forward-looking statements

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This report contains forward-looking statements within the meaning of federal securities laws. These statements plan for or anticipate the future. Forward-looking statements include statements about our future business plans and strategies, statements about our need for working capital, future revenues, results of operations and most other statements that are not historical in nature. In this Report, forward-looking statements are generally identified by the words "intend", "plan", "believe", "expect", "estimate", and the like.

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Investors are cautioned not to put undue reliance on forward-looking statements. Except as otherwise required by applicable securities statutes or regulations, the Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise. Because forward-looking statements involve future risks and uncertainties, these are factors that could cause actual results to differ materially from those expressed or implied.

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EASYWEB, INC.  
(A Development Stage Company)

### Part 2. Other Information

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#### Item 1 - Legal Information.

No response required.

#### Item 2 - Changes in Securities.

During January 2002, the Company sold 550,000 shares of its common stock for \$16,500, or \$.03 per share. Of the 550,000 shares sold, 50,000 shares were sold to officers of the Company and 500,000 shares were sold to unrelated third parties. The shares were sold to seven persons pursuant to the exemption from the registration requirements of the Securities Exchange Act of 1933 (the "Act"), as amended, provided by Section 4(2) of the Act for transactions by an issuer not involving any public offering.

#### Item 3 - Defaults Upon Senior Securities.

No response required.

#### Item 4 - Submission of Matters to a Vote of Security Holders.

No response required.

#### Item 5 - Other Information.

The Company is currently in dispute with a consultant whom the Company was heavily dependent upon for certain previous business and technical development. While engaged by the Company, the consultant developed proprietary information that is essential for the Company to perform certain aspects of its business. The Company believes that this proprietary information has been paid for and is the property of the Company. The Company is currently exploring its options as to the approach it plans to take with the consultant to retrieve this proprietary information.

#### Item 6 - Exhibits and Reports on Form 8-K.

There were no reports on Form 8-K.

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SIGNATURES

The financial information furnished herein has not been audited by an independent accountant; however, in the opinion of management, all adjustments (only consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the three and six months ended June 30, 2002 have been included.

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EASYWEB, INC.  
(Registrant)

DATE: August 12, 2002  
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BY: /s/ David C. Olson  
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David C. Olson  
President