

Edgar Filing: EASYWEB INC - Form 10QSB

EASYWEB INC
Form 10QSB
August 24, 2004

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, 2004

Commission File Number 0-32353

EASYWEB, INC.

(Exact name of registrant as specified in its charter)

COLORADO

84-1475642

(State or other jurisdiction of
incorporation or organization)

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

6025 South Quebec Street, Suite 135, Englewood, Colorado

80111

(Address of principal executive offices)

(Zip code)

(720) 493-0303

(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 5,746,200
Class Number of shares outstanding at August 20, 2004

This document is comprised of 10 pages.

FORM 10-QSB
2ND QUARTER

INDEX

Edgar Filing: EASYWEB INC - Form 10QSB

Page

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed balance sheet, June 30, 2004 (unaudited).....3
 Condensed statements of operations, three and six months
 ended June 30, 2004 (unaudited) and 2003 (unaudited).....4
 Condensed statements of cash flows, six months ended
 June 30, 2004 (unaudited) and 2003 (unaudited).....5
 Notes to unaudited condensed financial statements.....6

Item 2. Plan of Operation.....8

Item 3. Controls and Procedures.....9

PART 2 - OTHER INFORMATION

Item 1. Legal Information.....9
 Item 2. Changes in Securities.....9
 Item 3. Defaults Upon Senior Securities.....9
 Item 4. Submission of Matters to a Vote of Security Holders.....9
 Item 5. Other Information.....9
 Item 6. Exhibits and Reports on Form 8-K.....9

Signatures.....10

2

EASYWEB, INC.
 CONDENSED BALANCE SHEET
 (UNAUDITED)
 JUNE 30, 2004

ASSETS

| | | |
|--|----|-----------|
| Current Assets: | | |
| Cash | \$ | 27 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ | 4,527 |
| Due to affiliate (Note 2) | | 9,130 |
| | | ----- |
| Total current liabilities | | 13,657 |
| | | ----- |
| Shareholders' deficit (Note 4): | | |
| Common stock | | 156,050 |
| Stock options outstanding - 100,000 | | 20,600 |
| Additional paid-in capital | | 78,906 |
| Retained deficit | | (269,186) |
| | | ----- |
| Total shareholders' deficit | | (13,630) |
| | | ----- |
| | \$ | 27 |
| | | ===== |

See accompanying notes to condensed financial statements.

3

Edgar Filing: EASYWEB INC - Form 10QSB

EASYWEB, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS ENDED JUNE 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2004 | 2003 | 2004 | 2003 |
| Operating expenses: | | | | |
| Contributed rent (Note 2) | \$ 1,500 | \$ 1,500 | \$ 3,000 | \$ 3,000 |
| Contributed administrative support (Note 2) | 2,925 | 2,745 | 5,925 | 5,925 |
| Administrative support (Note 2) | 75 | 255 | 75 | 255 |
| Stock-based compensation (Note 4) | 10,000 | -- | 10,000 | -- |
| Professional fees | 1,299 | 1,705 | 3,127 | 3,127 |
| Web site consulting and maintenance .. | -- | -- | 60 | -- |
| Dues and subscriptions | -- | -- | -- | -- |
| Depreciation and amortization | -- | 213 | -- | 213 |
| Other | 429 | 200 | 682 | 200 |
| Total operating expenses | 16,228 | 6,618 | 22,869 | 6,618 |
| Loss before income taxes | (16,228) | (6,618) | (22,869) | (6,618) |
| Income tax provision (Note 3) | -- | -- | -- | -- |
| Net loss | \$ (16,228) | \$ (6,618) | \$ (22,869) | \$ (6,618) |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.00) |
| Basic and diluted weighted average common shares outstanding | 5,479,533 | 4,706,200 | 5,132,867 | 4,639,000 |

See accompanying notes to condensed financial statements.

4

EASYWEB, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | SIX MONTHS ENDED JUNE 30, | |
|--|------------------------------|------------|
| | 2004 | 2003 |
| Net cash used in operating activities | \$ (6,006) | \$ (9,234) |
| Cash flows from financing activities: | | |
| Repayment of related party loans | -- | (650) |
| Proceeds from the sale of common stock | 6,000 | 10,000 |
| Net cash provided by | | |

Edgar Filing: EASYWEB INC - Form 10QSB

| | | |
|--|-----------|--------|
| financing activities | 6,000 | 9,350 |
| | ----- | ----- |
| Net change in cash | (6) | 116 |
| Cash, beginning of period | 33 | 15 |
| | ----- | ----- |
| Cash, end of period | \$ 27 | \$ 131 |
| | ===== | ===== |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for income taxes | \$ - | \$ - |
| Cash paid for interest | \$ - | \$ - |
| | ===== | ===== |
| Non-cash investing and financing transactions: | | |
| Common stock issued in exchange for debt owed to a related party (Note 2) | \$ 10,000 | \$ - |
| | ===== | ===== |

See accompanying notes to condensed financial statements.

5

EASYWEB, INC.

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1: 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, 2003, 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.

Financial data presented herein are unaudited.

NOTE 2: RELATED PARTY TRANSACTIONS

Rent

An affiliate contributed office space to the Company during the six months ended June 30, 2004. The Company's management has estimated the fair market value of the office space at \$500 per month, which is included in the accompanying condensed financial statements as Contributed Rent with an offsetting credit to Additional Paid-in Capital.

Administrative support

An affiliate contributed administrative services to the Company during the six months ended June 30, 2004. The Company's management has estimated the fair market value of the services at \$1,000 per month, which is included in the accompanying condensed financial statements as Contributed Administrative Support with an offsetting credit to Additional Paid-in Capital. During the three months ended June 30, 2004, the Company paid \$75 for services, which reduced the amount of contributed services for the quarter from \$3,000 to \$2,925.

Indebtedness to related parties

At December 31, 2003, the Company owed an affiliate \$18,111 for professional

Edgar Filing: EASYWEB INC - Form 10QSB

fees and other administrative expenses paid on behalf of the Company. During the six months ended June 30, 2004, the affiliate paid expenses totaling \$1,019 on behalf of the Company. On May 13, 2004, the Company issued 400,000 restricted common shares to the affiliate valued at \$10,000, or \$.025 per share. The shares were valued based on contemporaneous sales to unrelated third party investors. As of June 30, 2004, the Company owed the affiliate \$9,130, which is included in the accompanying condensed financial statements as Due to Affiliate.

Common stock issuances

During May 2004, the Company issued 200,000 to the brother of the Company's principal executive officer in exchange for corporate governance services. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction.

During May 2004, the Company issued 200,000 to a director in exchange for director fees. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction.

6

NOTE 3: 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 all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0- income taxes.

NOTE 4: SHAREHOLDER'S DEFICIT

During March 2004, the Company sold 240,000 shares of its common stock to one investor for \$6,000, or \$.025 per share.

Following is a schedule of changes in shareholders' deficit for the six months ended June 30, 2004:

| | Common stock | | Outstanding | Additional | Deficit |
|---|--------------|------------|------------------|--------------------|---|
| | Shares | Amount | Stock Options | Paid-In Capital | Accumulated During Development Stage |
| | ----- | ----- | ----- | ----- | ----- |
| Balance, January 1, 2004 | 4,706,200 | \$ 130,050 | \$ 20,600 | \$ 69,981 | \$(246,317) |
| March 2004, sale of common stock at \$.025 per share | 240,000 | 6,000 | -- | -- | -- |
| May 2004, common stock issued to an affiliate to repay debt, \$.025 per share | 400,000 | 10,000 | -- | -- | -- |
| May 2004, common stock issued to a related party in exchange for services, \$.025 per share . | 200,000 | 5,000 | -- | -- | -- |
| May 2004, common stock issued to a director in exchange for director fees, \$.025 per share | 200,000 | 5,000 | -- | -- | -- |
| Office space and administrative support contributed by an affiliate | -- | -- | -- | 8,925 | -- |

Edgar Filing: EASYWEB INC - Form 10QSB

| | | | | | |
|---|-----------|------------|-----------|-----------|-------------|
| Net loss for the six months ended June 30, 2004 | -- | -- | -- | -- | (22,869) |
| Balance, June 30, 2004 | 5,746,200 | \$ 156,050 | \$ 20,600 | \$ 78,906 | \$(269,186) |
| | ===== | ===== | ===== | ===== | ===== |

7

EASYWEB, INC.

PART I. ITEM 2. PLAN OF OPERATION

PLAN OF OPERATION

EasyWeb's business plan is to design, market, sell and maintain customized and template, turnkey sites on the Internet, hosted by third parties. Our business plan is prepared based upon the popularity of the Internet and the growing number of businesses interested in advertising and marketing online. We have generated only \$9,547 in revenue and have a retained deficit of \$259,186 through June 30, 2004. We have not performed any services or earned any revenue during 2004 or 2003.

Our future success will be dependent upon our ability to (1) locate and consummate a merger or acquisition with an operating company, (2) finance Internet opportunities if we are allowed to trade publicly and raise capital and, ultimately, (3) attain profitability. There is no assurance that we will be successful in consummating a merger or acquisition with an operating company, financing Internet investments, or attaining profitability. As of the date of this filing, we have had no discussions and no agreements have been reached with any third parties regarding such a business combination.

We are experiencing capital shortages and are currently dependent upon an affiliate, Summit Financial Relations, Inc. ("Summit"), which has paid expenses on our behalf, in order to maintain our limited operations. There is no assurance that Summit will continue to pay our expenses in the future. On May 13, 2004, the Company issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share, to repay Summit for past disbursements. As of June 30, 2004, we still owed Summit \$9,130 for expenses paid on our behalf.

As a result of our inability to generate significant revenue, together with sizeable continuing operating expenses, access to capital may be unavailable in the future except from affiliated persons. If we are able to obtain access to outside capital in the future, it is expected to be necessarily costly because of high rates of interest and fees. Through June 30, 2004, in addition to the expenses paid by Summit, we have been funded through the sale of our common stock for gross proceeds in the amount of \$136,050 including proceeds of \$6,000 through the sale of 240,000 shares of our common stock (\$.025 per share) during March 2004.

While our independent auditor has presented our financial statements on the basis that we are a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time, they have noted that our significant operating losses and net capital deficit raise a substantial doubt about our ability to continue as a going concern.

We do not intend to hire any additional employees in the foreseeable future. We do not intend to make significant equipment purchases or conduct any research and development within the next twelve months unless we become a market trading entity. The Board may then make decisions as to the future of our business and our assets.

Edgar Filing: EASYWEB INC - Form 10QSB

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

8

the words "intend", "plan", "believe", "expect", "estimate", and the like. 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.

PART I. ITEM 3. CONTROLS AND PROCEDURES

EasyWeb, Inc. management, including the Principal Executive Officer and Principal Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) and 15d-14(c). This evaluation was conducted within 90 days prior to the filing of this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this annual report has been made known to them in a timely fashion. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date the Principal Executive Officer and Principal Financial Officer completed his evaluation.

PART II. OTHER INFORMATION

Item 1 - Legal Information.

No response required.

Item 2 - Changes in Securities.

On May 13, 2004, we issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share. The shares were valued based on contemporaneous sales to unrelated third party investors.

On May 13, 2004, we issued 200,000 to the brother of the Company's principal executive officer in exchange for corporate governance services. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share.

On May 13, 2004, we issued 200,000 to a director in exchange for director fees. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share.

Item 3 - Defaults Upon Senior Securities.

Edgar Filing: EASYWEB INC - Form 10QSB

No response required.

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

No response required.

Item 5 - Other Information.

No response required.

9

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

(a) Exhibits:

31. Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32. Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

None.

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, 2004 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 20, 2004

BY: /s/ David C. Olson

David C. Olson
President and CEO

