

REALITY INTERACTIVE INC
Form 10QSB
August 12, 2003

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, 2003**

Commission File Number: 0-27862

REALITY INTERACTIVE, INC.

(Exact name of registrant as specified in its charter)

<u>NEVADA</u>	<u>80-0028196</u>
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

378 North Main, #124; Layton, UT 84041
(Address of principal executive offices)

Registrant's telephone number including area code: **(801) 497-9075**

N/A
Former Address, if changed since last report

Indicate by check mark 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 such shorter period that the registrant was required to file such reports)

Yes No

and (2) has been subject to such filing requirements for the past 90 days.

Yes No

10,058,260
(Number of shares of common stock the registrant had
outstanding as of July 31, 2003)

PART 1**ITEM 1 - FINANCIAL STATEMENTS**

The condensed financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of June 30, 2003 and the results of its operations and changes in its financial position from December 31, 2002 through June 30, 2003 have been made. The results of its operations for such interim period is not necessarily indicative of the results to be expected for the entire year.

Reality Interactive, Inc.

Balance Sheet

	June 30, <u>2003</u> (Unaudited)	December 31, <u>2002</u>
Assets		
<u>Assets</u>		
Cash	<u>\$ 33</u>	<u>\$ 81</u>
Total Current Assets	\$ 33	\$ 81
Liabilities and Stockholders' Equity		
<u>Current Liabilities</u>		
Accounts Payable	\$ 98,620	\$ 41,591
Interest Payable	30,000	30,000
Note Payable	<u>200,000</u>	<u>200,000</u>
Total Current Liabilities	328,620	263,522
<u>Stockholders' Equity (Deficit)</u>		
Preferred Stock, 5,000,000 Shares Authorized, \$.001 Par Value, Zero Shares Issued and Outstanding	-	-
Common Stock 100,000,000 Shares Authorized, \$.001 Par Value, 10,058,260 Shares Issued and Outstanding	10,058	5,058
Capital in Excess of Par Value	15,726,958	15,726,958
Retained Deficit	(16,063,203)	(15,995,272)

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Less Subscriptions Receivable	<u>(2,400)</u>	=
Total Stockholders' Equity (Deficit)	<u>(328,587)</u>	<u>(263,256)</u>
Total Liabilities & Stockholders' Equity (Deficit)	\$ 33	\$ 266

Reality Interactive, Inc.
Statement of Operations
(Unaudited)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
<u>Revenue</u>	\$	\$	\$	\$
	=	=	=	=
<u>Expenses</u>				
General & Administrative	7,054	53,044	57,078	53,044
Compensation Expense	-	120,000	-	200,000
Legal & Professional Fees	-	96,611	-	96,611
Travel & Entertainment	=	<u>75,000</u>	=	<u>75,000</u>
Total Operating Expenses	<u>7,054</u>	<u>344,655</u>	<u>57,078</u>	<u>424,655</u>
Total Operating Income (Loss)	(7,054)	(344,655)	(57,078)	(424,655)
<u>Other Income (Expenses)</u>				
Interest Expense	=	<u>30,000</u>	=	<u>30,000</u>
Total Other Income (Expenses)	=	<u>30,000</u>	=	<u>30,000</u>
Net Income (Loss) - Before Taxes	(7,054)	(374,655)	(57,078)	(454,655)
Taxes	=	=	=	=
Net Income (Loss)	\$ (7,054)	\$ (374,655)	\$ (57,078)	\$ (454,655)
Loss per Common Share	\$ (0.00)	\$ (0.04)	\$ (0.00)	\$ (0.23)
Weighted Average Outstanding Shares	10,058,260	2,124,916	10,058,260	1,967,089

Reality Interactive, Inc.
Statement of Cash Flows
(Unaudited)

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	For the Six Months Ended	
	June 30,	June 30,
	<u>2003</u>	<u>2002</u>
<u>Cash Flows from Operating Activities</u>		
Net Income (Loss)	\$ (57,078)	\$ (454,655)
Net Cash Provided (Used) by Operating Activities;		
Common Stock Issued for Services Rendered	-	200,000
Changes in Operating Assets & Liabilities;		
Increase (Decrease) in Accounts Payable	57,030	24,655
(Increase) Decrease in Interest Payable	=	<u>30,000</u>
Net Cash (Used) by Operating Activities	48	(200,000)
<u>Cash Flows from Investing Activities</u>		
Net Cash Provided by Investing Activities	-	-
<u>Cash Flows from Financing Activities</u>		
Increase (Decrease) in Notes Payable	=	<u>200,000</u>
Net Cash Provided by Financing Activities	=	<u>200,000</u>
Increase (Decrease) in Cash	(48)	-
Cash, Beginning of Year	<u>81</u>	<u>266</u>
Cash, End of Year	\$ 33	\$ 266
<u>Supplemental Cash Disclosure</u>		
Interest	\$	\$
	-	-
Taxes	-	-

Reality Interactive, Inc.
Notes to the Financial Statements
June 30, 2003

NOTE 1 - INTERIM FINANCIAL STATEMENTS

Management has elected to omit all of the disclosures for the interim financial statements ended June 30, 2003, but has made all the necessary adjustments to present an accurate financial statements for the three months presented.

The financial statements for the three months ended June 30, 2003 were prepared from the books and records of the company. Management believes that all adjustments have been made to the financial statements to make a fair presentation of the financial condition of the company as of June 30, 2003. The results of the three months are not indicative of a full year of operation for the Company.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December

31, 2002 audited financial statements. The results of operations for the periods ended June 30, 2003 and 2002 are not necessarily indicative of the operating results for the full year.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following presentation of management's discussion and analysis of the Company's financial condition and results of operation should be read in conjunction with the Company's financial statements and notes contained herein for the six months ended June 30, 2003.

GENERAL

Reality Interactive, Inc., (the "Company") was incorporated on May 24, 1994 for the purpose of developing technology-based knowledge solutions for the industrial marketplace. On April 30, 1999, the Company ceased business operations, sold substantially all of its assets and terminated all of its employees.

Since April 30, 1999, the Company has been exploring potential business opportunities to acquire or merge with. Until a suitable acquisition candidate can be found, the Company intends to comply with all SEC reporting requirements in order to maintain its status as a public company. On February 1, 2002, the Company acquired all of the issued and outstanding shares of Bright Europe Tech, Inc., and Faster Cash ATM, Inc. Due to market conditions in the United States and Eastern Europe which prevented planned capital raising, the Company rescinded the acquisitions during the fourth fiscal quarter of 2002.

Liquidity and Capital Resources. The Company has no assets and is currently in the process of looking for business opportunities to merge with or acquire. At minimum, the Company will need to raise additional capital through private funding to meet the financial needs of being a reporting company and to meet the obligations of the current accounts payable. In the past, the company has funded its operations from the sale of its products, the sale of common stock and loans from various sources. With the rescission of the Bright Europe Tech and Faster Cash ATM acquisition, the Company no longer has any business operations. The Company is currently searching for a business opportunity to acquire or merge with. There is no guarantee that the Company will be successful in obtaining necessary funding to develop any business opportunities.

Results of Operation. The Company reported a net loss of \$7,054 and \$53,044 for the quarters ended June 30, 2003, and June 30, 2002, respectively. The Company anticipates very little or no overhead from future operations until a successor business can be acquired or merged.

Plan of Operations. The Company is currently in the process of looking for business opportunities to acquire or merge with. There is no guarantee that management will be successful in finding such an opportunity.

ITEM 3 - CONTROLS AND PROCEDURES.

(a) Evaluation of disclosure controls and procedures. The Company's principal executive officer, based on his evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 (c) as of a date within 90 days prior to the filing of this Quarterly Report on Form 10QSB, has concluded that the Company's disclosure controls and procedures are adequate and effective for the purposes set forth in the definition in Exchange Act rules.

(b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the date of their evaluation.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings None

Item 2. Changes in Securities None

Item 3. Defaults Upon Senior Securities None

Item 4. Submission of Matters to a Vote of Security Holders None

Item 5. Other Information None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibit is filed with this report:

99.1 Written Statement of Chief Executive Officer and Chief Financial Officer with respect to compliance with Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

(b) Reports on Form 8-K. No reports were filed on Form 8-K during the quarter ended

June 30, 2003.

SIGNATURES

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

Dated August 1, 2003 Reality Interactive, Inc.

By:

Dean Becker

Exhibit 31

SECTION 302 CERTIFICATION

I, Dean Becker, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Reality Interactive, Inc.;
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. I am 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. 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. 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 1, 2003 By: _____

Dean Becker
Chief Executive Officer
And Principal Accounting Officer

EXHIBIT 32

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

In connection with the Quarterly Report of Reality Interactive, Inc., on Form 10-QSB for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), the undersigned, Dean Becker, Chief Executive Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C.1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 1, 2003 /s/
Dean Becker, Chief Executive Officer
and Principal Accounting Officer
