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800AMERICA COM INC
Form 10QSB
May 20, 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 the quarterly period ended March 31, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____
Commission file number 000-28547

800America.com, Inc.

(Exact name of small business issuer as specified in its charter)

Nevada

87-0567884

(State or other jurisdiction of
incorporation or jurisdiction)

(IRS Employer
Identification No.)

420 Lexington Avenue
New York, New York 10170

(Address of principal executive offices)

(800) 999-5048

(Issuers telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 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 No

There were 19,981,320 shares of common stock \$0.001 par value per share, issued and outstanding as of March 31, 2002.

Transitional Small Business Disclosure Format (Check one): Yes No

PART I -- FINANCIAL INFORMATION

Item 1.

Jack F. Burke, Jr.
Certified Public Accountant
P. O. Box 15728
Hattiesburg, Mississippi 39402

Independent Accountant's Review Report

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I have reviewed the accompanying balance sheets of 800America.com Inc., as of March 31, 2002 and December 31, 2001 and the related statements of income, retained earnings, and cash flows for the three months ended March 31, 2002 and March 31, 2001 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of 800America.com Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the U.S., the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Sincerely,

/s/ Jack F. Burke, Jr.

Jack F. Burke, Jr.

May 16, 2002

800America.com Inc.
Balance Sheet
March 31, 2002 and December 31, 2001

	March 31, 2002	December 2001
Assets		
Current Assets		
Cash	\$13,809,345	\$13,201,
Accounts Receivable	0	53,
Interest Receivable	17,305	17,
Notes Receivable	301,570	301,
Investment Short Term	3,100,000	
	-----	-----
Total Current Assets	17,228,220	13,573,
	-----	-----
Property and Equipment		
Equipment	1,087,201	1,087,
Software	3,895,650	3,695,
	-----	-----
	4,982,851	4,782,

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Accumulated Depreciation	(1,942,411)	(1,607,)
Total Property and Equipment	3,040,440	3,175,
Other Assets		
Stock Escrow	173,445	115,
Other Intangible Assets (Net)	4,133,493	2,633,
Goodwill (Net)	3,417,358	2,774,
Bond Deposit	0	500,
Other Assets	219,633	199,
Total Other Assets	7,943,929	6,222,
Total Assets	28,212,597	22,971,
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable	239,494	229,
Membership Dues Payable	770,892	770,
Deferred Income Tax	232,262	
Taxes Payable - Income Tax	1,214,528	1,027,
Total Current Liabilities	2,457,176	2,028,
Long Term Liabilities		
Deferred Income Tax	696,788	
Total Liabilities	3,153,964	
Stockholders' Equity		
Preferred Stock \$0.001 Par Value, 5,000,000 Shares Authorized 0 Shares Issued		
Common Stock \$0.001 Par Value, 50,000,000 Authorized, 19,981,320 Shares Issued and Outstanding	19,981	18,
Additional Paid in Capital	12,648,115	10,605,
Less Treasury Stock Purchased	(50,000)	(50,
Retained Earnings	12,440,537	10,368,
Total Stockholders' Equity	25,058,633	20,943,
Total Liabilities and Stockholders' Equity	\$28,212,597	\$22,971,

See Accompanying Notes to Financial Statements

800America.com Inc.
Income Statement
Three Months and March 31, 2002 and 2001

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Revenues	\$7,768,164	\$4,300,777

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Cost and Expense		
Advertising	2,300,000	427,360
Bad Debt	53,752	0
Depreciation and Amortization	620,824	136,955
Payroll	581,385	186,914
General and Administration	1,007,646	682,862
	-----	-----
Total Cost and Expense	4,563,607	1,434,091
	-----	-----
Net Operating Income	3,204,557	2,866,686
Other Income		
Interest Income	81,625	18,808
	-----	-----
Net Income Before Income Tax	3,286,182	2,885,494
Income Tax Expense	1,214,578	1,030,094
	-----	-----
Net Income	2,071,604	1,855,400
	-----	-----
Basic Earnings Per Share Common Stock	\$0.10	\$0.12
19,981,320 Weighted Shares 2002		
15,429,943 Weighted Shares 2001		
Diluted Earnings Per Share	\$0.09	\$0.11
22,981,320 Shares 2002		
18,429,943 Shares 2001		

See Accompanying Notes to Financial Statements

800America.com Inc.
Statement of Cash Flows
Three Months Ended March 31, 2002 and 2001

	2002
Cash Flows From Operating Activities	
Net Income	\$2,071,654
Adjustments to Reconcile Net Income to Cash Provided in Operations	
Depreciation and Amortization	620,824
Consulting Fees Paid in Common Stock	218,400
Accounts Receivable	53,752
Notes Receivable	(154)
Investment - Short Term	(3,100,000)
Bond - China Received	500,000
Other Assets - Increase	(78,146)
Accounts Payable - Increase	9,880
Taxes Payable Income - Increase	187,010
Other Current Liabilities - Increase	0

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Total Cash Flows From Operating Activities	483,220
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Cash Flows From Investing Activities	
Purchase of Equipment	0
Advances to Operating Activities	0
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Cash (Used) in Investing	0
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Cash Flows From Financing Activities	
Additional Paid in Capital	124,875
Sale of Common Stock	125
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Cash Flows Provided From Financing Activities	125,000
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Net Increase in Cash	608,220
Beginning Cash Balance	13,201,125
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Ending Cash Balance	\$13,809,345
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See Accompanying Notes to Financial Statements

800America.com Inc.
Selected Notes to Reviewed Financial Statements
March 31, 2002

Note 1 - Financial Statement Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information. In the opinion of management, all adjustments, which are necessary for a fair presentation, have been included. The results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the fully year. For further information, refer to the December 31, 2001 consolidated financial statements and notes thereto include in 800Americ.com, Inc. 10KSB.

Note 2 - Business Combinations

The Company purchased the assets of Youtopia.com in exchange for six hundred eighty thousand shares of its previously unissued common stock. Valued at \$2.50 per share. The cost price of 1,700,00 dollars was allocated as follows:

Software	\$ 200,000
Subscriber List	1,500,000
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Total	\$1,700,000
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Note 3 - Deferred Income Tax

Deferred income tax has been established represented future income tax expense on the difference between the tax basis and allocated cost of certain assets obtained in business combinations.

Note 4 - Related Party Transactions

Compensation paid the Chief Executive Officer for the three months ended March 31, 2001 was \$60,000 and for the three months ended March 31, 2000 the amount was \$30,000.

Note 5 - Supplemental Cash Flow Information

Three Months Ended	03/31/02	03/31/01
Interest Paid	0	0
Income Tax Paid	\$1,224,000	\$435,898

Note 6 - Non Cash Transaction

680,000 shares common stock for Youtopia.com	1,700,000
158,334 shares common stock issued for consulting services	218,400

Note 7 - Short Term Investments

The company entered into a joint venture in South America for direct sale of certain closeout items. The Company invested four million dollars (\$4,000,000) on February 12, 2002. On March 28 the Company received its first pay back of nine hundred thousand dollars (\$900,000) leaving a remaining investment of three million one hundred thousand dollars (\$3,100,000).

During the quarter the Company also received a return of its five hundred thousand dollars (\$500,000) deposit from a bank in the Peoples Republic of China.

Item 2. Management's Discussion and Results or Plan of Operation.

General

We operate various Internet web sites in three areas: Business to Business; Business to Consumers and Technology. Our goal is to bring buyers and sellers together in an efficient and easy format and generate income based on the transactions. Our technologies coupled with our customer approach continue to strengthen relationships with our customers. These technologies are providing the foundation need to scale and grow the e-commerce businesses profitably across geographic regions and multiple product lines.

Sites operated under the 800America Network are OneTwoClick.com, RothmanCloseouts.com, InternetWEbGuide.com, FileShooter.com, InShop.com, eBiz4biz.com, cs-live.com, iGain.com, IPS payment.com, WizardWorld.com and Youtopia.com.

Results of Operations

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Quarter Ended March 31, 2002 Compared to Quarter Ended March 31, 2001.

We had revenues of \$7,768,164 for the quarter ended March 31, 2002 compared to revenues of \$4,300,777 for the quarter ended March 31, 2001. Approximately, \$504,000 of our revenues were derived from an off-line venture whereby we partnered with another company to sell closeout merchandise into the South American market. Our total investment was approximately \$4,000,000. To date we have received \$900,000 of our investment back and the remaining investment of \$3,100,000, which has been used to purchase close out merchandise, should be received during the second quarter along with additional revenue. We do not regularly engage in these types of ventures but, as the opportunity arises we may engage in them in the future. Approximately 21% of our total revenues were derived from foreign sources. Approximately 65% of the foreign revenue came from South America and the balance from the Far East and Europe. Net income for the quarter ended March 31, 2002 was \$2,071,604 compared to net income of \$1,855,400 for the quarter ended March 31, 2001. Total operating expenses for the quarter ended March 31, 2002 were \$4,563,607 resulting in net operating income for the quarter of \$3,204,557. This compares to total operating expenses of \$1,434,091 for the quarter ended March 31, 2001, resulting in net operating income of \$2,866,686. This increase in operating expenses is a result of our continuing to grow our business in order to increase revenues. Because of our limited operating history with our various web sites, management cannot predict, based upon past performance, whether the above listed cost and expense categories are relatively stable or subject to a substantial degree of volatility. Management continues to expect that advertising costs will be a significant part of its operating structure. Management expects that all divisions will have increased revenues and profits in the Second Quarter.

Liquidity And Capital Resources

Cash and cash equivalents as of March 31, 2002 were \$13,809,345. At March 31, 2002, we had current assets of \$17,228,220 and current liabilities of \$2,457,176 resulting in working capital at March 31, 2002 (current assets less current liabilities) of \$14,771,044.

In January 2002, we acquired substantially all of the assets, including the name, of Yutopia.com. and assumed certain operating leases. The purchase price was 680,000 shares of common stock.

We believe that our current capital resources and liquidity are adequate for at least the next twelve months. Other than costs in connection with the further development of its web sites, we do not have any plans for significant capital or operating expenditures above our current level unless we determines to develop additional web sites that could result in additional development costs. We may also make additional acquisitions which might be financed at least in part with our own funds.

Forward Looking Statements

This report on Form 10-QSB contains certain forward-looking statements that are based on what we believe are reasonable beliefs and assumptions of management. Often, these statements can be recognized because of the use of words such as believe, anticipate, intend, estimate and expect in the statements. Such forward-looking statements obviously involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance

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or achievements expressed or implied by such forward-looking statements.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party to litigation incurred in connection with the ordinary operation of our business. The Company does not believe that any adverse result in the various litigation matters would have a material effect on our operations or financial condition.

Item 2. Changes in Securities and Use of Proceeds

On January 11, 2002, the registrant issued a total of 680,000 shares of its Common Stock in connection with the purchase of assets from Youtopia.com. The transaction was exempt from the registration requirement by virtue of Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In February and March of 2002, the registrant issued a total of 75,000 shares of its Common Stock for financial consulting services. The shares were issued to an "accredited investor" as that term is used in Rule 506 of Regulation D of the Securities Act of 1933, as amended.

Also, in February 2002, the registrant issued 50,000 shares of its Common Stock for consulting services to an "accredited investor" as that term is used in Rule 506 of Regulation D of the Securities Act, as amended.

In January and February of 2002, the registrant issued a total of 13,334 shares of its Common Stock to a consultant who is an "accredited investor" as that term is used in Rule 506 of Regulation D of the Securities Act of 1933, as amended.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

800America.com, Inc.

Date: May 20, 2002

By: /s/ David E. Rabi

David E. Rabi
Chief Executive Officer (Principal
Executive Officer,
Chief Financial Officer and Chief
Accounting Officer)