

Edgar Filing: EASYWEB INC - Form 10QSB

EASYWEB INC  
Form 10QSB  
November 15, 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: September 30, 2004  
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Commission File Number 0-32353  
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EASYWEB, INC.  
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(Exact name of small business issuer 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 135, Englewood, Colorado 80111  
-----

(Address of principal executive offices)

(720) 493-0303  
-----

(Registrant's telephone number, including area code)

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

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    X            No  
-----            -----

State 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  
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5,746,200  
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Class

Number of shares outstanding at November 3, 2004

Transitional Small Business Disclosure Format:

Yes            No    X  
-----            -----

FORM 10-QSB  
3RD QUARTER

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EASYWEB, INC.  
CONDENSED BALANCE SHEET  
(UNAUDITED)

September 30, 2004

ASSETS

Current Assets:	
Cash .....	\$ 9 =====
LIABILITIES AND SHAREHOLDERS' DEFICIT	
Current Liabilities:	
Accounts payable and accrued liabilities .....	\$ 5,250
Due to officer (Note 2) .....	100
Due to affiliate (Note 2) .....	9,584 -----
Total current liabilities .....	14,934 -----
Shareholders' deficit (Note 4):	
Common stock - 5,746,200 shares issued and outstanding .....	156,050
Stock options outstanding - 100,000 .....	20,600
Additional paid-in capital .....	83,353
Retained deficit .....	(274,928) -----
Total shareholders' deficit.....	(14,925) -----

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\$ 9  
=====

See accompanying notes to condensed financial statements.

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EASYWEB, INC  
CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Operating expenses:				
Contributed rent (Note 2) .....	\$ 1,500	\$ 1,500	\$ 4,500	\$ 4,500
Contributed administrative support (Note 2) .....	2,947	2,820	8,872	8,872
Administrative support (Note 2) .....	53	180	128	128
Stock-based compensation (Note 4) ....	--	--	10,000	10,000
Professional fees .....	1,048	3,770	4,175	4,175
Web site consulting and maintenance ..	--	--	60	60
Dues and subscriptions .....	--	--	--	--
Depreciation and amortization .....	--	59	--	59
Other .....	194	215	876	876
Total operating expenses	5,742	8,544	28,611	28,611
Loss before income taxes	(5,742)	(8,544)	(28,611)	(28,611)
Income tax provision (Note 3) .....	--	--	--	--
Net loss .....	\$ (5,742)	\$ (8,544)	\$ (28,611)	\$ (28,611)
Basic and diluted loss per share .....	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average common shares outstanding .....	5,746,200	4,706,200	5,337,311	4,630,000

See accompanying notes to condensed financial statements.

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EASYWEB, INC  
CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

NINE MONTHS ENDED  
SEPTEMBER 30,

2004 2003

Net cash used in

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operating activities ....	\$ (6,124)	\$ (9,327)
	-----	-----
Cash flows from financing activities:		
Proceeds from officer advance (Note 2) .....	100	--
Repayment of related party loans .....	--	(650)
Proceeds from the sale of common stock .....	6,000	10,000
	-----	-----
Net cash provided by financing activities ....	6,100	9,350
	-----	-----
Net change in cash .....	(24)	23
Cash, beginning of period .....	33	15
	-----	-----
Cash, end of period .....	\$ 9	\$ 38
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for income taxes .....	\$ --	\$ --
	=====	=====
Cash paid for interest .....	\$ --	\$ --
	=====	=====

See accompanying notes to condensed financial statements.

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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

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An affiliate contributed office space to the Company during the nine months ended September 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

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An affiliate contributed administrative services to the Company during the nine months ended September 30, 2004. The Company's management has estimated the fair

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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 nine months ended September 30, 2004, the Company paid \$128 for services, which reduced the amount of contributed services for the period from \$9,000 to \$8,872.

Indebtedness to related parties

At December 31, 2003, the Company owed an affiliate \$18,111 for professional fees and other administrative expenses paid on behalf of the Company. During the nine months ended September 30, 2004, the affiliate paid expenses totaling \$1,473 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 September 30, 2004, the Company owed the affiliate \$9,584, which is included in the accompanying condensed financial statements as "Due to affiliate".

During the three months ended September 30, 2004, an officer advanced the Company \$100 for working capital. The advance does not carry an interest rate and is due on demand. The advance is included in the accompanying condensed financial statements as "Due to officer".

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.

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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.

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 nine months ended September 30, 2004:

Common stock		Outstanding	Additional
Shares	Amount	Stock Options	Paid-In Capital

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Balance, January 1, 2004	4,706,200	\$ 130,050	\$ 20,600	\$ 69,981
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	-	-	-	13,372
Net loss for the nine months ended September 30, 2004	-	-	-	-
Balance, September 30, 2004	5,746,200	\$ 156,050	\$ 20,600	\$ 83,353

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EASYWEB, INC.

PART I. ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR 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 \$274,928 through September 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 September 30, 2004, we still owed Summit \$9,584 for expenses paid on our behalf. In addition, an officer advanced us \$100 for working capital during the three months ended September 30, 2004. This advance remained unpaid at September 30, 2004.

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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 September 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.

### 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 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.

### PART I. ITEM 3. CONTROLS AND PROCEDURES

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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 Proceedings.

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No response required.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds.

No response required.

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.

No response required.

Item 6 - 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.

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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 nine months ended September 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: November 3, 2004  
-----

BY: /S/ DAVID C. OLSON  
-----

David C. Olson  
President and CEO



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER and PRINCIPAL FINANCIAL OFFICER

I, David C. Olson, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of EasyWeb, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or

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operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 3, 2004

/S/ DAVID C. OLSON  
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David C. Olson  
Principal Executive Officer and Principal Financial Officer

Exhibit 32

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

In connection with the Quarterly Report of EasyWeb, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Olson, Principal Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

/S/ DAVID C. OLSON  
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David C. Olson  
Principal Executive Officer and Principal Financial Officer  
November 3, 2004