CYBERADS INC
Form 10KSB
April 21, 2004

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2003

333-62690
(Commission File No.)

Commission File Number: 333-62690

CYBERADS, INC.
(Exact name of Small Business Issuer as specified in its Charter)

Florida	65-1000634
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

21073 Powerline Road, Suit 57, Boca Raton, Florida 33433
(Address of principal executive offices)

Phone #(561) 672 2193
(Issuer's telephone number)

(Former Name, former address and former fiscal year, if changed since last Report.)

Securities Registered Under Section 12 (b) of the Act: None

Securities Registered Under Section 12 (g) of the Act: None

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 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 |_|

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB |X|.

Revenues for the year ended December 31, 2003: $4,197,128.

The aggregate market value of voting stock held by non-affiliates of CyberAds, Inc. ("CYAD") common stock, as of March 31, 2004 was approximately $14,000,000 (based on the last sale price of such stock as reported by OTC Bulletin Board). The number of shares outstanding of the registrant's common stock, as of March 31, 2004 was 18,325,777.

Documents incorporated by reference: Registration Statement on Form SB-2, File No. 333-62690 and Registration Statement on Form SB-2, File No. 333-82104 information incorporated by reference into Part III of this Form 10-KSB.

Transitional Small Business Disclosure Format (check one): Yes|_|No|X|

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PART I

FORWARD LOOKING INFORMATION

This Form 10-KSB contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-KSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate," or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties and actual results may differ materially depending on a variety of factors, many of which are not within CYAD's control. These factors include, but are not limited to, economic conditions generally and in the industries in which CYAD's future customers participate; competition within CYAD's industry, including competition from much larger competitors; technological advances which could render CYAD's products less competitive or obsolete; failure by CYAD to successfully develop new products or to anticipate current or prospective customers' product needs; price increases or supply limitations for components purchased by CYAD for use in its products; and delays, reductions, or cancellation of orders that may be placed with CYAD. There can be no assurance that CYAD will be able to develop its products or markets for its products in the future.

ITEM 1. DESCRIPTION OF BUSINESS

OVERVIEW

CyberAds, Inc., a Florida corporation ("CYAD" or the "Company"), was organized on April 12, 2000, under the laws of the State of Florida. CYAD initially compiled member lists through an Internet-based opt-in e-mail list found on our website "www.sportsforcash.com." "Internet-based opt-in e-mail" creates member lists by requiring website visitors to provide us with certain personal information and consent to receiving e-mails from our company in order to gain access to our website. Our goal was to sell the member lists to direct marketers seeking to target promotional campaigns to large groups of people via electronic mail. We initially had the concept of awarding prizes to attract potential members to our website www.sportsforcash.com. However, we terminated our prize program after determining that our business model was not profitable. This segment of our operations has been recently discontinued.

In December 2000 we began utilizing member lists internally through our wholly-owned subsidiary, IDS Cellular, Inc. to market cellular phone services. When we began generating revenues from our cellular phone marketing services, we decided to focus exclusively on this line of business. We started an affiliate program to expand our potential customer base. Our affiliate program works by paying participating third party websites commissions for referring cellular phone customers to our "idscellular.com" website. A third party website will receive a commission if a customer it refers to us purchases a cellular phone or cellular services.

All of our revenues are derived from our cellular phone marketing services. Our business now focuses exclusively on marketing cell phone services to potential consumers we are introduced to through our affiliate program and other third party telemarketing services.

In December 2003 we acquired a 22% interest in The Vineyards Country Club ("The Vineyards"), a real estate development project located adjacent to Palm Springs, California. The Vineyards is a luxury motor coach facility including a recently completed clubhouse, swimming pool, tennis court, and nine-hole regulation size golf course. Phase One at The Vineyards is substantially complete and consists of 69 luxury coach sites. . Within 3 to 5 years we expect to add an additional 200+ sites, thus expanding The Vineyards to well over 300 sites. The Vineyards project also includes 30 acres of commercial property immediately adjacent to the development with plans for an extended-stay hotel, retail, and an entertainment complex, all within walking distance to the existing Trump Casino.

GOVERNMENT REGULATION

At present, there are no specific regulations or approvals required by or from the Federal Government or state agencies for marketing the cellular services we offer. We are aware of no proposed regulations that may have an effect upon our business as a seller of cellular phone services.

Laws and regulations that apply to Internet communications, commerce and advertising are becoming more prevalent. These regulations could affect the cost of communicating on the Internet and negatively affect the demand for our direct marketing solutions or otherwise harm business. Laws and regulations may be adopted covering issues such as user privacy, pricing, libel, acceptable content, taxation, and quality of products and services. This legislation could hinder growth in the use of the Internet generally and decrease the acceptance of the Internet as a communications, commercial, and direct marketing medium.

The laws governing the Internet remain largely unsettled, even in areas where there has been some legislative action. It may take years to determine whether and how existing laws apply to the Internet and Internet advertising. In addition, the growth and development of the market for Internet commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad. This may impose additional burdens on companies conducting business over the Internet.

PERSONNEL

As of the date of this report, CYAD has three full time employees as well as a number of part time relationships with contractors for certain services. None of CYAD's personnel are covered by collective bargaining agreements.

ITEM 2. PROPERTIES

On April 6, 2002 we relocated all of our operations to a 2,000 square foot facility located at 21073 Powerline Road, Suite 57, Boca Raton, Florida. This property is leased from 6001, LLC. The term of the lease is through April 1, 2005. We pay approximately $4,200 per month for the lease.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matters were submitted to the vote of security holders.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The principal United States market for CYAD's common stock is the OTC Bulletin Board. The following is the high and low closing sale prices for CYAD common stock:

FISCAL 2003	HIGH	LOW
Fourth Quarter (through December 31, 2003).........	$ 2.10	$ 0.85
Third Quarter (through September 30, 2003).........	$ 1.50	$ 0.27
Second Quarter (through June 30, 2003).............	$ 0.51	$ 0.02
First Quarter (through March 31, 2003).............	$ 0.13	$ 0.04
FISCAL 2002		
Fourth Quarter (through December 31, 2002).........	$ 0.19	$ 0.02
Third Quarter (through September 30, 2002).........	$ 0.50	$ 0.06
Second Quarter (through June 30, 2002).............	$ 2.60	$ 0.25
First Quarter (through March 31, 2002).............	$ 3.60	$ 1.00

The above prices presented are bid prices that represent prices between broker-dealers and do not include retail mark-ups and markdowns for any commissions paid to the dealer. These prices may not reflect actual transactions.

There are 80 shareholders of record of the Company's Common Stock, not including shareholders who hold common stock in street name. The holders of common stock are entitled to one vote per share of common stock on all matters to be vote on by the stockholders. There are no cumulative voting rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive dividends, if any, as may be declared by the board of directors out of funds legally available for dividends. In the event of a liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in the net assets remaining after payment in full of all liabilities, subject to the prior rights of preferred stock, if any, then outstanding. There are no redemption or sinking fund provisions applicable to the common stock.

DIVIDENDS

The Company has never paid cash dividends on its common stock. The declaration and payment of dividends is within the discretion of the Company's board of directors and will depend, among other factors, on earnings and debt service requirements as well as the operating and financial condition of the Company. At the present time, the Company's anticipated working capital requirements are such that it intends to follow a policy of retaining earnings in order to finance the development of its business. Accordingly, the Company does not expect to pay a cash dividend within the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

CyberAds markets cellular phone services and plans to consumers. Our cellular phone services are marketed through an affiliate program. We attract third party websites to become part of our affiliate program by offering commissions for sales of cell phones and cell phone services in which they initiated the contact with the consumer. A website becomes an affiliate of our company by placing freecellular-phone.com advertising materials and banners on their websites. These advertisements and banners promote our cellular phone services. When a consumer on an affiliate's site clicks on our banner or advertising they are directed to freecellular-phone.com.

When a visitor enters our website, they are asked to provide personal credit information in order to qualify for a cellular phone service. In addition, this information determines whether the visitor is in a coverage area for any of the cell phone carriers that we refer applicants to. Once a coverage area is determined, the applicant will choose a respective calling plan and telephone. If the consumer provides this information, it is delivered to Inphonic where it is processed and a credit check is made. Depending on the consumer's credit history, the application is either approved or denied. An approved application is then further processed and directed to one of the carriers with whom Inphonic is associated.

The cellular providers have distinct standards and qualifications regarding the credit history of individuals in which they will provide services.

CYBERADS CELLULAR OPERATIONS

DIRECT SUPPLIERS

On March 10th, 2003, CyberAds, Inc entered into an agreement with Inphonic, Inc that allows CyberAds to utilize all of Inphonic's cellular agreements. They include AT&T, Cingular, T-Mobile, Verizon and Alltel. This in effect increased the coverage area and provides our customers greater choices when selecting cellular service.

As a result of this agreement CyberAds, Inc. will no longer continue a direct relationship with the carriers. Instead we will work as a sales agent of Inphonic. Inphonic will be responsible for all order fulfillment including shipping, customer care, sales and verification. They will also provide Marketing and Creative support if required.

CUSTOMER BASE

The majority of our potential customers are identified through our affiliate program. To build our potential consumer base, we started an affiliate based marketing program which allows other Internet based businesses to refer potential consumers to our cellular website, www.freecellular-phone.com. If a customer purchases and receives cellular phone service, the affiliate whom provided the referral will receive a commission from the sale. All visitors and sales are tracked through an administration portion of a site. Each affiliate has their own linking code to track their statistics. We presently have approximately 300 affiliates.

There are no contractual obligations under our affiliate program and we have not entered into written contracts with our affiliates. Third party websites elect to join our affiliate program by submitting to us an e-mail information form found on our freecellular-phone.com website. Upon submitting the form via e-mail, the third party website receives a banner to place on its website describing our services and linking our services to its website. The affiliate will receive a commission for each sale initiated through the banner on its website. Commissions are paid to our affiliates on a monthly basis, 20 days after the month's end.

The average commission paid to an affiliate for an approved cellular sale ranges between $40.00-$55.00.

Since we derive the majority, if not all of our customers, from our affiliate program, commissions paid will continue to be a material cost for our company. We have historically paid high commissions in order to attract websites to our affiliate program.

CELLULAR PHONE INVENTORY

As a result of the agreement with Inphonic we are no longer required to purchase Phones or maintain inventory. Inphonic assumes that responsibility.

RELATED PARTIES AND RELIANCE ON CERTAIN CELLULAR PROVIDERS

We rely on Inphonic as our provider for equipment for all of the carriers they have an affiliation with.

RECENT EVENTS

As noted above we entered into a partnership with Inphonic, Inc. on March 10, 2003 to handle all order fulfillment, sales, customer service, verification and marketing. As a result of this agreement, CyberAds was able to reduce staffing levels by 90% and reduce payroll by over 80%. Furthermore, commissions - net of cost of goods sold - were at a comparable level. Our cellular footprint increased due to Inphonic having agreements with more cellular carriers. Cash flow improved significantly because Inphonic pays every 15 days and the carriers an average of every 45 days. During the 4th quarter of 2003 Management determined the cost per application model it was paying to the Affiliates was inconsistent with the sales results for shipped cell phones. Management took steps to reduce the applications by reducing the application fee it paid to Affiliates. Further, we required the applications to include credit card information which reduced the applications submitted. Prior to this change the company was experiencing a less than 2% conversion rate from Applications to Sales. When the change was implemented the conversion rate increased to 5%. Management believes the requirement of credit card information will have a materially negative impact on the number of applications it receives from Affiliates/Consumers going forward. Management is reviewing alternative application acquisition models at this time and will continue with the current requirements of credit card information for the foreseeable future.

In December 2003 we acquired a 22% interest in The Vineyards Country Club ("The Vineyards"), a real estate development project located adjacent to Palm Springs, California. Our investment in The Vineyards was acquired by our wholly owned subsidiary, The Vineyards, LLC. The Vineyards is a luxury motor coach facility including a recently completed clubhouse, swimming pool, tennis court, and nine-hole regulation size golf course. Phase One at The Vineyards is substantially complete and consists of 69 luxury coach sites. . Within 3 to 5 years we expect to add an additional 200+ sites, thus expanding The Vineyards to well over 300 sites. The Vineyards project also includes 30 acres of commercial property immediately adjacent to the development with plans for an extended-stay hotel, retail, and an entertainment complex, all within walking distance to the existing Trump Casino. The property value was determined by an "as is" appraisal of the land plus the net cost of the improvements. No allowance was deemed necessary because of the company's minority position in the project.

During the fourth quarter the company's lender entered into an agreement with the company to convert its secured position to an ownership of 836, 000 convertible preferred shares. The share will have no voting rights and will, after the first anniversary of the closing have the right to convert at any time into fully paid and nonassessable shares of Common Stock obtained by dividing 115% of the liquidation value of the shares to be converted, by the average bid and ask price of a share of Common Stock during the 30 day period immediately prior to the conversion date.

During the fourth quarter an unsecured creditor of the company agreed to convert its $400,000 debt to 440000 common restricted shares.

PATENTS AND PROPRIETARY RIGHTS

We do not hold any trademark, copyright or patent protection.

RESULTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2003 AND 2002

We reported revenues of $4,197,128 and $8,326,211 for the years ending December 31, 2003 and 2002, respectively, losses of $457,835 and $15,873,201 during the years ended December 31, 2003 and 2002, respectively. The reduction in revenue from 2002 to 2003 is attributed to the change in revenue associated to the Inphonic agreement whereby CyberAds receives a net commission instead of the revenue for each phone. The reduction in losses for 2003 was the direct result of reduction in G & A expenses and Salaries attributed to the agreement with Inphonic that allowed CyberAds to rely on the fulfillment processes at Inphonic reducing the requirement of employee related expenses at CyberAds.

LIQUIDITY AND CAPITAL RESOURCES

CYAD has not been profitable and has experienced negative cash flow from operations due to its development stage, substantial on-going investment in research and development efforts. Consequently, CYAD has been dependent on the sales of equity to fund cash requirements.

On January 5, 2002, we issued 50,000 shares of common stock and options to purchase 50,000 shares of our common stock exercisable at $1.00 to Atlas Pearlman, P.A. as consideration for legal services provided to our company. The securities were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The securities issued contain a legend restricting their transferability absent registration or an available exemption. Atlas Pearlman, P.A. had access to information about our company and had the opportunity to ask questions about our company.

During the three months ended March 31, 2002, we issued an aggregate of 124,000 shares of common stock for an aggregate amount of $90,400. These shares were issued to two option holders pursuant to the exercise of options with exercise prices ranging from $.60 to $1.00. The shares were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or an available exemption. The option holders had access to information about our company and had the opportunity to ask questions about our company.

On January 6, 2002, we entered into a business consulting agreement with Gene Foland, under which Mr. Foland will provide our company with business consulting services. Mr. Foland received options to purchase 1,300,000 shares of our common stock exercisable at $1.00 per share in exchange for these services. The options are exercisable for a six- month period commencing on the date of the agreement. The options were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The options issued contain a legend restricting their transferability absent registration or available exemption. Mr. Foland had access to information about our company and had the opportunity to ask questions about our company.

On January 6, 2002, we entered into a product and sales development consulting agreement with James L. Ricketts, under which Mr. Ricketts received options to purchase 200,000 shares of our common stock exercisable at $1.00 per share and options to purchase 1,100,000 shares of our common stock exercisable at $2.00 per share in exchange for these services. The options are exercisable for a six-month period commencing on the date of the agreement. The options were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The options issued contain a legend restricting their transferability absent registration or available exemption. Mr. Ricketts had access to information about our company and had the opportunity to ask questions about our company.

On January 6, 2002, we entered into a product and sales development consulting agreement with James L. Copley, under which Mr. Copley received options to purchase 300,000 shares of our common stock exercisable at $2.00 per share in exchange for these services. The options are exercisable for a six-month period commencing on the date of the agreement. The options were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The options issued contain a legend restricting there Transferability absent registration or available exemption. Mr. Copley had access to information about our company and had the opportunity to ask questions about our company.

On January 7, 2002, we issued an option to purchase 50,000 shares exercisable at $1.00 per share to our controller. Our controller received these options for services performed. The options were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The options issued Contain a legend restricting their transferability absent registration or available exemption. Our controller had access to information about our company and had the opportunity to ask questions about our company.

On January 8, 2002, we issued options to purchase an aggregate of 125,000 shares of our common stock exercisable at $1.00 per share to our current officers and directors. The options were issued under an exemption from registration pursuant to Section 4(2) of the Securities Act. The options issued contain a legend restricting their transferability absent registration or available exemption.

On January 8, 2002, we issued an option to purchase 5,000,000 shares of our common stock exercisable at $1.00 per share to Lawrence Levinson. This option was issued in consideration for the advances that Mr. Levinson and his affiliates have made to our company and personal guarantees Mr. Levinson has made in favor of our company. The options were issued under an exemption from registration pursuant to section 4(2) of the Securities Act. The options issued contain a legend restricting their transferability.

On January 21, 2002, the Company intended to issue 625,000 shares of series a convertible preferred stock to Lawrence Levinson as consideration for a $625,000 promissory note made by Mr. Levinson in favor of our company. The preferred shares were never issued.

ITEM 7. FINANCIAL STATEMENTS

The financial statements of CYAD are included (with an index listing all such statements) in a separate financial section at the end of the Annual Report on Form 10-KSB.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Weinberg & Company, P.A., by letter dated August 13, 2003, was dismissed as the independent accountant for the Company. On August 13, 2003, the Company engaged Timothy L. Steers, CPA as its new independent accountant.

In connection with the audits for the two most recent fiscal years and in connection with Weinberg's review of the subsequent; interim period preceding dismissal on August 13, 2003, there have been no disagreements between the Company and Weinberg on any matter of accounting principals or practices, financial statement disclosure, or auditing scope or procedure, which would have caused Weinberg; to make a reference thereto in its report on the Company's financial statements for those periods. During the two most recent fiscal years and prior to August 13, 2003, the Company had no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-B).

ITEM 8A. CONTROLS AND PROCEDURES

Within 90 days prior to the date of filing of this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer (who also effectively serves as the Chief Financial Officer), of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in the reports we file under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms.

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PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors hold office until the next succeeding annual meeting of shareholders, and until there successors have been elected and qualified.

The directors, executive officers, significant employees and consultants of CYAD, their respective ages and positions with CYAD are as follows:

NAME	AGE	POSITION
Lawrence Levinson	56	Chairman of the Board and Chief Executive Officer

Director and Executive Officers

Lawrence Levinson has served as our chief executive officer and director since inception. Since June 1999, he has been consultant to International Dialing Services, Inc., an international facilities-based telephone circuit provider, whose major customer is a cable and wireless industry leader. From 1990 until June 1999, Mr. Levinson was a founder and executive officer of Communication Concepts & Investments, Inc., Crown Communications Two, Inc. and Global Collections, Inc. (collectively Communications & Collections), communications companies with switches and billing contracts with major local telcos in the United States. From 1982 until 1986, Mr. Levinson was the owner/operator of two restaurants in the Chicago area. From 1976 to 1982, Mr. Levinson owned and operated a temporary help services company in Chicago with over 200 corporate clients.

The Company's Bylaws currently authorize up to seven directors. Each director is elected for one year at the annual meeting of stockholders and serves until the next annual meeting or until a successor is duly elected and qualified. Executive officers serve at the discretion of our board of directors. There are no family relationships among any of the directors and executive officers.

CODE OF ETHICS.

Effective February 24, 2004, the Board of Directors adopted a Code of Ethics for Senior Financial Officers. The Code of Ethics was adopted pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission thereunder. A copy of the Code of Ethics will be made available upon request at no charge. Requests should be directed in writing to the Company at Powerline Road, Suite 57, Boca Raton, Florida 33433

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information relating to salary we paid during the past fiscal year to our chief executive officer; and to each of our executive officers that earned more than $100,000 during the fiscal year ended December 31, 2003. Other than salary and stock options, we paid no other form of compensation to our executive officers and directors. No stock options were exercised during the fiscal year ended December 31, 2003.

Name	Position	Salary	Stock Options
Lawrence Levinson	CEO	$ 43,000	None
Ronald Trautman	Asst to Pres	$ 174,993	None
Robert Kline	Pres	$ 75,600	None
James Baumhart	COO	$ 78,264	None

INCENTIVE AND NON-QUALIFIED STOCK OPTION PLAN

On November 1, 2001, we implemented a 2001 Incentive and Non-Qualified Stock Option Plan. We have reserved 500,000 shares of our common stock for issuance under this plan. This plan authorizes the granting of awards of up to 500,000 shares of common stock to our key employees, officers, directors and consultants. Awards consist of stock options (both nonqualified options and options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986), restricted stock awards, deferred stock awards, stock appreciation rights and other stock-based awards, as described in the plan. As of the date of this prospectus, no stock options are outstanding under the plan.

The plan is administered by our board of directors which determines the persons to whom awards will be granted, the number of awards to be granted and the specific terms of each grant, including their vesting schedule, subject to the provisions of the plan.

In connection with incentive stock options, the exercise price of each option may not be less than 100% of the fair market value of the common stock on the date of grant (or 110% of the fair market value in the case of a grantee holding more than 10% of our outstanding stock). The aggregate fair market value of shares for which incentive stock options are exercisable for the first time by an employee during any calendar year may not exceed $100,000. Nonqualified stock options granted under the plan may be granted at a price determined by the board of directors, not to be less than the fair market value of the common stock on the date of grant.

OPTION EXERCISES AND HOLDINGS

The following tables set forth information with respect to the exercise of options to purchase shares of common stock during the fiscal year ended December 31, 2002 to our chief executive officer and to each of our executive officers who earned more than $100,000 during the fiscal year ended December 31, 2001.

Employment Agreements. We have entered into employment agreements with several of our officers, directors and key employees. The initial agreements were entered into in 2000 and expired on various dates between September and November 2001. The agreements have been orally extended. A summary of the material agreements is as follows:

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Larry Levinson. Commencing September 2000, we agreed to pay Mr. Levinson $120,000 per year, payable monthly. In addition, Mr. Levinson has received options to purchase 50,000 shares of common stock exercisable for a 5 year term at $1.00 per share. Also, Mr. Levinson will be reimbursed for all travel expenses. Effective January 1, 2002, we have orally agreed to extend Mr. Levinson's employment agreement through December 31, 2002. Under this oral agreement, Mr. Levinson will be paid an annual salary of $240,000, payable weekly. Effective December 31, 2003, Mr. Levinson, although a director, until new directors are elected, no longer maintained any direct Management responsibilities.

Robert B. Kline. Commencing September 1, 2000, we agreed to pay Mr. Kline $48,000 per year, payable monthly. In addition, Mr. Kline has received options to purchase 50,000 shares of common stock exercisable for a 5 year term at $1.00 per share. Mr. Kline will be reimbursed for all traveling expenses. Effective February 1, 2002, we have orally agreed to extend Mr. Kline's employment agreement through February 1, 2003. Under this oral agreement, Mr. Kline will be paid an annual salary of $104,000, payable weekly. Mr. Kline's active participation ceased during the fourth quarter of 2004.

Michael Magno. Commencing November 1, 2000, we agreed to pay Mr. Magno $42,000 per year, payable monthly. In addition, Mr. Magno has received options to purchase 50,000 shares of common stock exercisable for a 5 year term at $1.00 per share. Mr. Magno will be reimbursed for all traveling expenses. Effective January 1, 2002, we have orally agreed to extend Mr. Magno's employment agreement through December 31, 2002. Under this oral agreement, Mr. Magno will be paid an annual salary of $60,000, payable weekly. Mr. Magno's active participation ceased during the second quarter of 2004.

Director Compensation. On January 8, 2002, our board of directors agreed to issue options to purchase 25,000 shares of common stock exercisable at $1.00 per share to each member of our board and our corporate secretary. Effective January 8, 2002, we issued options to purchase an aggregate of 125,000 shares of our common stock exercisable at $1.00 per share to Messrs. Levinson, Kline, Zimmerman, Modansky and Magno. In addition, effective January 8, 2002, members of our board of directors will be paid $500 and reimbursed travel expenses for attendance at each meeting of our board of directors.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth information known to us, as of the date of this report, relating to the beneficial ownership of shares of common stock by: each person who is known by us to be the beneficial owner of more than five percent of the outstanding shares of common stock; each director; each executive officer; and all executive officers and directors as a group. Unless otherwise indicated, the address of each beneficial owner in the table set forth below is care of CyberAds, Inc., 21073 Powerline Road, Suite 57, Boca Raton, Florida 33433.

We believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock shown as being owned by them.

Under securities laws, a person is considered to be the beneficial owner of securities owned by him, his spouse and others to whom the law attributes ownership, as well as securities that can be acquired by him within 60 days from the date of this prospectus, including upon the exercise of options, warrants or convertible securities. We determine a beneficial owner's percentage ownership by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person, and which are exercisable within 60 days of the date of this prospectus, have been exercised or converted.

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Lawrence Levinson 3350 NW 2nd Avenue, Ste.A-44 Boca Raton Fl. 33431	6,357,000(1)(2)(3)	34.69%
Inphonic, Inc. 1010 Wisconson Ave. #250 Washington, D.C. 20007	1,250,000	6.8%
Four Star Financial Services 1000 Marina Blvd. Ste. 600 Brisbane, CA 94005	1,352,000(4)	7.4%
Maxmin, Inc. 415 E. Hyman Ste 201 Aspen CO 81611	1,183,333(4)	6.5%
Jordan Levinson 21257 Rock Ridge Drive Boca Raton Fl.33428	1,000,000	5.5%
Executive Officers and Directors (as a group of 1)	6,357,000	34.69%

(1) Includes options to purchase 75,000 shares of common stock exercisable at $1.00 per share. (2) Includes 4,482,000 shares that are subject to a Stock Purchase Agreement between the owner and Novanet Media Inc.
(3) Includes 800,000 shares which have been optioned to a private party.
(4) Includes 200,000 and 33,333 shares respectively which have been issued

pursuant to financing and consulting agreements to be exercised at $.50 per share.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In a stock purchase agreement effective December 31, 2000, we acquired all of the issued and outstanding shares (an aggregate of 1,000,000 shares) of IDS Cellular, Inc. in return for 7,500,000 shares of our common stock. We acquired the IDS Cellular shares directly from each of IDS Cellular's shareholders. These shareholders were Lawrence Levinson, Robert Kline and Barry Garlin, who were serving as our executive officers, directors and principal shareholders at the time of the transaction. We believe the consideration paid for the outstanding shares of IDS Cellular was fair and reasonable at the time of the stock purchases.

As of December 31, 2003, the amount due on various loans from previously related parties approximately $800,000.This amount is secured by the company's assignment of its agreement with its fulfillment provider.

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On January 8, 2002 we issued a five year option to purchase 5,000,000 shares of our common stock exercisable at $1.00 per share to Lawrence Levinson. This option was issued in consideration for the advances that Mr. Levinson and his affiliates have made to our company and personal guarantees Mr. Levinson has made in favor of our company. This option agreement was terminated without any shares being exercised.

On June 22, 2001, we entered into a loan and security agreement with Four Star Financial Services, LLC, a California limited liability company. Under this agreement we received a loan in the amount of $150,000. The term of the loan was for a period commencing on June 22, 2001 and ending on December 17, 2001. Under the terms of the loan and security agreement we paid interest to Four Star Financial Services, LLC on the daily outstanding principal balance of the loan at a rate of 33% per annum. The loan was secured by all of our assets and accounts receivable. In addition, our chairman and his wife personally guaranteed payment of the principal amount of the loan and interest. The personal guarantee included a mortgage on our chairman's principal residence. As a further consideration for entering into the loan and security agreement, we issued Four Star Financial Services, LLC an option to acquire 300,000 shares of our common stock exercisable at $.50 per share for a term of five years. The option expires on June 22, 2006. The loan has been repaid in accordance with its terms.

On January 6, 2002 we issued options to purchase 1,300,000 shares of our common stock to Gene Foland as consideration for advertising and marketing consulting services provided by Mr. Foland. The options were exercisable at $1.00 per share for a term of six months. Mr. Foland exercised 625,000 of these options and allowed 675,000 of the options to expire.

On January 6, 2002 we issued options to purchase 1,300,000 shares of our common stock to James Ricketts as consideration for Latin American sales development consulting services provided by Mr. Ricketts. The options are exercisable at either $1.00 or $2.00 for a term of six months. Based upon the current number of outstanding shares of our common stock upon exercise of these options, Mr. Ricketts would be a beneficial owner of more than 5% of our outstanding common stock. These options subsequently expired without being exercised.

On January 8, 2002 we appointed Robert Modansky to serve on our board of directors. Mr. Modansky's accounting firm has provided accounting services to our company and has accrued approximately $16,000 in fees for services performed during fiscal year 2001. Mr Modansly resigned during the third quarter of 2003.

ITEM 13. EXHIBITS, LISTS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description of Document
2.2	Stock Purchase Agreement with IDS Cellular and its shareholders(1)
3.1(a)	Articles of Incorporation(1)
3.1(b)	Articles of Amendment(1)
3.1(c)	Designation of Series A Convertible Preferred Stock(2)
3.2	Bylaws(1)
4.0	Form of Stock Certificate(1)
4.1	Loan Agreement with Four Star Financial Services, LLC(1)
4.2	Loan Agreement with Levinson(1)
10.1	Employment/Consulting Agreement with Levinson(1)
10.2	Agreements with American Cellular, Inc. and GT Global Communications, Inc.(1)
10.3	Agreement with Triton PCS(1)
10.4	Agreement with Regal Marketing International(1)
10.6	Agreement with Beck Management, Inc.(1)
10.7	Consulting Agreement with Gene Foland(2)
10.8	Consulting Agreement with James L. Ricketts(2)
10.9	Consulting Agreement with James L. Copley(2)
10.10	Sales Agency Agreement with MCI WorldCom Wireless(2)
21.0	Subsidiaries of Registrant(1)
31	Rule 15d-14(a) certification of Walter Tatum.
32	Section 1350 certification of Walter Tatum.

(1) Previously filed in Registration Statement on Form SB-2, File No. 333-62690
(2) Previously filed in Registration Statement on Form SB-2, File No. 333-82104

(b) Reports on Form 8-K:

The following reports on Form 8-K were filed during the period covered by this report.

August 21, 2003
Item 4. Changes in Registrant's Certifying Accountant

Item 7. Financial Statements, ProForma Financial Information and Exhibits.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Boca Raton, Florida on April 9, 2004.

CYBERADS, INC.

By:/s/ WALTER TATUM

Walter Tatum
Chairman, Chief Executive Officer

In accordance with the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/WALTER TATUM --------------------- Walter Tatum	President	4/09/04