

ENVIRONMENTAL MONITORING & TESTING CORP
Form 10QSB
May 16, 2005

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, 2005

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

For the transition period from _____ to _____

Commission file number: 0-18296

NETCHOICE, INC.

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

Delaware
62-1265486
(State or other
jurisdiction
Employee Identification No.)
of incorporation or organization)

(IRS

1350 E. Flamingo Road, Suite 688
Las Vegas, NV 89119
(Address of principal executive offices)

Issuer's telephone number, including area code: (702) 376-3373

Environmental Monitoring & Testing Corporation

(Former name or former address, 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 Securities and 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 ☒ No ☐

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

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Check whether the registrant filed all documents and reports required by Section 12, 13, or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court

Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

6,184,000 shares outstanding as of May 11, 2005

Transitional Small Business Disclosure Format.

(check one) Yes ☐ No ☒

NETCHOICE, INC.
FORM 10-QSB
TABLE OF CONTENTS

Page

Part I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

Item 2. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Item 3. CONTROLS AND PROCEDURES

Part II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Item 3. DEFAULTS UPON SENIOR SECURITIES

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Item 5. OTHER INFORMATION

Item 6. EXHIBITS

Signatures

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

- F- 1 Condensed Balance Sheet as of March 31, 2005 (unaudited)
- F-2 Condensed Statements of Operations for the Six and Three Months
 Ended March 31, 2005 and 2004 (unaudited)
- F-3 Condensed Statements of Cash Flow for the Six Months Ended
 March 31, 2005 and 2004 (unaudited)
- F-4 Notes to Condensed Financial Statements (unaudited)

- 3 -

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
CONDENSED BALANCE SHEET
MARCH 31, 2005
(UNAUDITED)

ASSETS

CURRENT ASSETS

| | | |
|---------------------------|----|---|
| Cash and cash equivalents | \$ | - |
|---------------------------|----|---|

| | | |
|---------------------|-----------|----------|
| TOTAL ASSETS | \$ | - |
|---------------------|-----------|----------|

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

LIABILITIES

| | | |
|---------------------------------------|----|---------|
| Accounts payable and accrued expenses | \$ | 252,500 |
|---------------------------------------|----|---------|

| | | |
|--------------------------|--|----------------|
| Total Liabilities | | 252,500 |
|--------------------------|--|----------------|

STOCKHOLDERS' EQUITY (DEFICIT)

| | | |
|---|--|---|
| Preferred Stock Series A, \$.001 Par Value; 990,000 shares authorized and none issued and outstanding | | - |
|---|--|---|

| | | |
|---|--|---|
| Preferred Stock Series B, \$.001 Par Value; 9,000,000 shares authorized and none issued and outstanding | | - |
|---|--|---|

| | | |
|--|--|---|
| Preferred Stock Series C, \$.001 Par Value; 10,000 shares authorized and none issued and outstanding | | - |
|--|--|---|

| | | |
|--|--|-------|
| Common Stock \$.001 Par Value; 90,000,000 shares authorized and 6,184,000 shares issued and 3,785,183 shares outstanding | | 6,184 |
|--|--|-------|

| | | |
|----------------------------|--|-----------|
| Additional Paid-in Capital | | 2,034,139 |
|----------------------------|--|-----------|

| | | |
|---------------------|--|-------------|
| Accumulated Deficit | | (2,071,518) |
| | | (31,195) |

| | | |
|---|--|-----------|
| Less: Treasury stock (2,398,817 shares at cost) | | (221,305) |
|---|--|-----------|

| | | |
|---|--|------------------|
| Total Stockholders' Equity (Deficit) | | (252,500) |
|---|--|------------------|

TOTAL LIABILITIES AND

| | | |
|---------------------------------------|-----------|----------|
| STOCKHOLDERS' EQUITY (DEFICIT) | \$ | - |
|---------------------------------------|-----------|----------|

The accompanying notes are an integral part of these condensed financial statements.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX AND THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(UNAUDITED)

| | For the Six Months Ended March 31, 2005 | 2004 | For the Three Months Ended March 31, 2005 | 2004 |
|---|--|-------------|--|-------------|
| OPERATING REVENUES | | | | |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| OPERATING EXPENSES | | | | |
| General and administrative expenses | 7,500 | 26,407 | 3,750 | 0 |
| NET LOSS BEFORE PROVISION FOR INCOME TAXES | | | | |
| | (7,500) | (26,407) | (3,750) | 0 |
| Provision for Income Taxes | - | - | - | - |
| NET LOSS APPLICABLE TO COMMON SHARES | | | | |
| | \$ (7,500) | \$ (26,407) | \$ (3,750) | \$ 0 |
| NET LOSS PER BASIC AND DILUTED SHARES | | | | |
| | \$ (0.00) | \$ (0.01) | \$ (0.00) | \$ 0.00 |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | | | |
| | 3,785,183 | 3,785,183 | 3,785,183 | 3,785,183 |

The accompanying notes are an integral part of these condensed financial statements.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
CONDENSED STATEMENTS OF CASH FLOW
FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

| | 2005 | 2004 |
|--|------------|-------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (7,500) | \$ (26,407) |
| Adjustments to reconcile net loss to net cash (used in) operating activities: | | |
| Changes in assets and liabilities | | |
| Decrease other current assets | - | 918 |
| Increase (decrease) in accounts payable and accrued expenses | 7,500 | (5,600) |
| Total adjustments | 7,500 | (4,682) |
| Net cash (used in) operating activities | - | (31,089) |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | - | (31,089) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | - | 31,089 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ - | \$ - |

The accompanying notes are an integral part of these condensed financial statements.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

The condensed unaudited interim financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed financial statements and notes are presented as permitted on Form 10-QSB and do not contain information included in the Company's annual statements and notes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the September 30, 2004 audited financial statements and the accompanying notes thereto. While management believes the procedures followed in preparing these condensed financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year.

These condensed unaudited financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present fairly the operations and cash flows for the periods presented.

The Company was incorporated on May 10, 1998, under the laws of the State of Delaware. The business purpose of the Company was originally to engage in environmental monitoring and testing. However, on December 31, 2001, the Company liquidated its operating assets and currently has no operations. The Company has adopted a fiscal year ending September 30.

The Company filed a Form 8-K with the Securities and Exchange Commission requesting a name change for the Company. The Company has changed its name to Netchoice, Inc., effective February 3, 2005.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The income tax benefit is computed on the pretax loss based on the current tax law. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates. The Company has not established a provision due to the losses sustained.

Earnings (Loss) Per Share of Common Stock

Historical net (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share when the Company reported a loss because to do so would be antidilutive for periods presented.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a reconciliation of the computation for basic and diluted EPS:

| | For the Six Months Ended March 31, 2005 | | For the Three Months Ended March 31, 2005 | | 2004 |
|---|--|-----------|--|-----------|-------------|
| Net Loss | \$ | (7,500) | \$ | (26,407) | \$ 0 |
| Weighted-average common shares outstanding (Basic) | | 3,785,183 | | 3,785,183 | 3,785,183 |
| Weighted-average common stock equivalents: | | | | | |
| Stock options | | - | | - | - |
| Warrants | | - | | - | - |
| Weighted-average common shares outstanding (Diluted) | | 3,785,183 | | 3,785,183 | 3,785,183 |

Options and warrants outstanding to purchase stock were not included in the computation of diluted EPS because inclusion would have been antidilutive.

There were no options and warrants outstanding to purchase stock at March 31, 2005 and 2004.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts for the six and three months ended March 31, 2005 and 2004, respectively have been reclassified to conform to the presentation of the six and three months ended March 31, 2005 and 2004 amounts. The reclassifications have no effect on net income for the six and three months ended March 31, 2005 and 2004, respectively.

NOTE 3 - STOCKHOLDERS' EQUITY (DEFICIT)

On December 3, 2004, the Company increased the authorized number of shares of common stock from 30,000,000 shares to 90,000,000 shares and also changing the par value from \$0.01 to \$0.001.

As of December 31, 2004, there were 90,000,000 shares authorized and 6,184,000 shares issued and 3,785,183 shares outstanding of the Company's common stock with a par value of \$0.001.

Preferred Stock

On December 3, 2004 the Company changed the number of Preferred Stock from one class of stock consisting of 10,000,000 shares with a par value of \$0.01 to three separate series of preferred stock and changing the par value to \$0.001. They are as follows:

Preferred Stock Series A

990,000 shares with a par value of \$0.001 per share, participating, voting and convertible with a liquidation value of \$1,000 each.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 3 - STOCKHOLDERS EQUITY (DEFICIT) (Continued)

Preferred Stock Series B

9,000,000 shares with a par value of \$0.001 per share, participating; voting and convertible with a liquidation value of \$3 each.

Preferred Stock Series C

10,000 shares with a par value of \$0.001 per share, with a liquidation value of \$10 each.

All preferred stock series A, B and C are convertible to 4,000 common shares as well as 4,000 votes for each share held. In addition, in all cases, the holders of the Preferred Stock C will vote cumulatively at least fifty one percent (51%) of all votes cast regardless of the amount of series C shares issued, at any meeting of shareholders or any major issue put before the Company for voting of shareholders.

NOTE 4 - INCOME TAXES

There was no income tax benefit recognized at March 31, 2005 and 2004.

The net deferred tax assets in the accompanying balance sheet include benefit of utilizing net operating losses of approximately \$2,071,000 (at March 31, 2005), however due to the uncertainty of utilizing the net operating losses, an offsetting valuation allowance has been established.

NOTE 5 - COMMITMENT AND CONTINGENCY

Included in the accounts payable and accrued expenses is an accrual of \$3,000 representing the fair market of value of stock to be issued to former directors of the Company.

NETCHOICE, INC.
(FORMERLY ENVIRONMENTAL MONITORING AND TESTING CORPORATION)
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005 AND 2004
(UNAUDITED)

NOTE 6 - GOING CONCERN

As shown in the accompanying condensed financial statements, the Company incurred substantial net losses for the six and three months ended March 31, 2005 and 2004 and for the years ended September 30, 2004 and 2003, respectively. There is no guarantee whether the Company will be able to generate enough revenue and/or raise capital to support those operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management believes the Company's capital requirement will depend on many factors, including the success of the Company to raise money. The Company continues to search for acquisition candidates to fund operations. The condensed financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Item 2. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion with regard to our financial condition and operating results should be read in conjunction with our financial statements and attached footnotes that are included elsewhere in this Report. Except for the historical information contained in this Report, the discussion contained in this Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on our current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. These statements may be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should" or "anticipates" or the negative of these words or similar expressions or by discussions of strategy. Our actual results could differ materially from those discussed in this Report. Important factors that could cause actual results to differ include, among other things, our inability to consummate an acquisition of an operating business on terms favorable to us or, in the event we do consummate the transaction contemplated, our inability to successfully manage and operate the combined business.

The Company had no sales, operations or income for the quarter ending March 31, 2005. The Company is in the process of reorganizing at the present moment and there are no plans to operate until the reorganization is completed. Management said it is expected that the reorganization will be completed this year.

INCORPORATION

The Company was incorporated on May 10, 1998, under the laws of the State of Delaware under the original name Environmental Monitoring & Testing Corporation. The business purpose of the Company was originally to engage in environmental monitoring and testing. However, on December 31, 2001, the Company liquidated its operating assets and currently has no operations. The Company has adopted a fiscal year ending September 30. The Company has changed its corporate name to Netchoice, Inc. effective February 3, 2005

PLAN OF OPERATION

We intend to devote substantially all of our time identifying a merger or acquisition candidate and consummating a merger or acquisition transaction thereafter. In the event we identify an acceptable merger or acquisition candidate, we intend to effect the transaction utilizing any combination of our common stock, cash on hand, or marketable securities, or other funding sources available to us. Until we identify a suitable merger or acquisition candidate, we intend to offer consulting services to businesses engaged in or otherwise servicing the environmental industry.

RESULTS OF OPERATIONS

THREE MONTHS ENDED March 31, 2005 COMPARED TO THREE MONTHS ENDED March 31, 2004

REVENUES

Revenues were \$0 for the three months ended March 31, 2005, as compared to \$0 for the three months ended March 31, 2004.

COST OF REVENUES

Cost of revenues was \$0 for the three months ended March 31, 2005, as compared to \$0 for the three months ended March 31, 2004.

- 5 -

OPERATING EXPENSES

Operating expenses for the three months ended March 31, 2005 were \$3,750 compared to \$0 for the three months ended March 31, 2004. This increase was due to the fact that the Company incurred some professional fees.

LOSS FROM OPERATIONS

Loss from operations for the three months ended March 31, 2005 was \$3,750 compared to \$0 for the three months ended March 31, 2004.

INTEREST EXPENSE

Interest expense was \$0 and \$0 for the three months ended March 31, 2005 and 2004, respectively.

NET LOSS APPLICABLE TO COMMON STOCK

Net loss applicable to Common Stock was \$3,750 for the three months ended March 31, 2005, compared to \$0 for the three months ended March 31, 2004. Net loss per common share was \$0. for the three months ended March 31, 2005 and \$0.00 for the three months ended March 31, 2004.

SIX MONTHS ENDED March 31, 2005 COMPARED TO SIX MONTHS ENDED March 31, 2004

REVENUES

Revenues were \$0 for the six months ended March 31, 2005, as compared to \$0 for the six months ended March 31, 2004.

COST OF REVENUES

Cost of revenues was \$0 for the six months ended March 31, 2005, as compared to \$0 for the six months ended March 31, 2004.

OPERATING EXPENSES

Operating expenses for the six months ended March 31, 2005 were \$7,500 compared to \$26,407 for the six months ended March 31, 2004. This decrease was due to the fact that the Company had no activity, whereas in 2004 the Company incurred some administrative expenses.

LOSS FROM OPERATIONS

Loss from operations for the six months ended March 31, 2005 was \$7,500 compared to \$26,407 for the six months ended March 31, 2004.

INTEREST EXPENSE

Interest expense was \$0 and \$0 for the six months ended March 31, 2005 and 2004, respectively.

NET LOSS APPLICABLE TO COMMON STOCK

Net loss applicable to Common Stock was \$7,500 for the six months ended March 31, 2005, compared to \$26,407 for the six months ended March 31, 2004. Net loss per common share was \$0. for the six months ended March 31, 2005 and \$0.01 for the six months ended March 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to experience losses from operations and is primarily dependent on outside sources of funding to continue its operations.

At March 31, 2005, the Company's cash and cash equivalents on hand were \$0 compared to \$0 at September 30, 2004. Management recognizes that the Company has a continuing need to raise capital to fund its daily operations and research and development activities.

Obligations are being met on a month-to-month basis as cash becomes available. There can be no assurances that the Company's present flow of cash will be sufficient to meet current and future obligations. The Company has incurred losses since its inception, and continues to require additional capital to fund operations and development. As such, the Company's ability to pay its already incurred obligations is mostly dependent on the Company achieving its sales goal or raising additional capital in the form of equity or debt.

The Company's short-term and long-term liquidity requirements are expected to result from working capital needs to retire existing trade liabilities and to pay other operating expenses. Although the Company cannot accurately predict the precise timing of its future capital expenditures, the Company estimates that it will need to expend over \$25,000, primarily for general and administrative and operating expenses, within the next twelve months.

Fiscal 2005 PLAN OF OPERATION

The company's strategy to satisfy its cash requirements currently include a plan to borrow funds from its director and officer. The Company believes that it can borrow sufficient funds to meet its current cash needs. The Company currently has no plans to conduct any research and development, to purchase or sell any significant equipment or to make any significant changes in its number of employees.

ITEM 3. CONTROLS AND PROCEDURES

The Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2005. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports the Company files under the Exchange Act are recorded, processed and reported as required.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

NONE

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

NONE

Item 3. DEFAULTS UPON SENIOR SECURITIES

NONE

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

In February 2005 the Company changed its name to Netchoice, Inc. by a vote of security holders.

Item 5. OTHER INFORMATION

NONE

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

Exhibit

| Number | Description of Document |
|--------|-------------------------|
|--------|-------------------------|

| | |
|-------|-------|
| ----- | ----- |
|-------|-------|

3.1 Certificate of Incorporation of the Registrant

3.2 By-laws of the Registrant

3.3 Certificate of Amendment to Certificate of Incorporation

31.1 Certification of the Chief Executive Officer of Netchoice, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer of Netchoice, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer and Chief Financial Officer of Netchoice, Inc. pursuant to Section 906 of the Sarbanes Oxley Act of 2002

(B) REPORTS ON FORM 8-K.

The Company did not file any reports on Form 8-K during the three months ended March 31, 2005. However, on May 5, 2005 the Company filed a report on Form 8-K to reflect that it changed its corporate name to Netchoice, Inc. effective February 3, 2005.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETCHOICE, INC.

Date: May 16, 2005

By: /s/ Dan Lee

Dan Lee

Its; Cheif Executive Officer and Cheif Financial Officer

- 10 -
