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800AMERICA COM INC
Form 10QSB
May 15, 2001

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 30, 2001

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 organization)

(IRS Employer
Identification No.)

1929 S. 21st Avenue
Nashville, TN 37212

(Address of principal executive offices)

(800) 999-5048

(Issuer's telephone number)

Not Applicable

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

There were 15,429,943 shares of common stock \$0.001 par value outstanding as of
May 11, 2001.

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

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

Jack F. Burke, Jr.
Certified Public Accountant

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P. O. Box 15728
Hattiesburg, Mississippi 39404

Independent Accountant's Review Report

I have reviewed the accompanying balance sheets of 800America .com, Inc., as of March 31, 2001 and December 31, 2000 and the related statements of income, retained earnings, and cash flows for the three months ended March 31, 2001 and March 31, 2000, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountant. All information included in these financial statements is the representation of the management of 800America . com, Inc.

A review consist 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 generally accepted auditing standards, 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 11, 2001

800America. com, Inc.
Balance Sheet

| Assets | March 31, 2001 | December 31, 2000 |
|--------------------------------|-------------------|----------------------|
| | ----- | ----- |
| Current Assets | | |
| Cash | \$ 3,229,135 | \$ 2,117,746 |
| Accounts Receivable | 2,131,094 | 995,634 |
| Allowance for Doubtful Account | (139,000) | (139,000) |
| Prepaid Advertising | | 75,000 |

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| | | |
|------------------------------------------------------|--------------------------------------|--------------|
| Deferred Tax Asset | 47,260 | 47,260 |
| | ===== | ===== |
| Total Current Assets | 5,268,489 | 3,096,640 |
| | ===== | ===== |
| Property and Equipment | | |
| Equipment | 842,457 | 743,831 |
| Software | 887,150 | 887,150 |
| Auto | 20,738 | 20,738 |
| | ===== | ===== |
| Accumulated Depreciation | 1,750,345 | 1,651,719 |
| | (701,454) | (567,832) |
| | ===== | ===== |
| Total Property and Equipment | 1,048,891 | 1,083,887 |
| | ===== | ===== |
| Other Assets | | |
| Intangible Assets (Net) | 190,000 | 193,333 |
| Advances | 537,758 | 47,749 |
| Investment Inshop | 2,018 | |
| | ===== | ===== |
| Total Other Assets | 729,776 | 241,082 |
| | ===== | ===== |
| Total Assets | 7,047,156 | 4,421,609 |
| | ===== | ===== |
| | Liabilities and Stockholders' Equity | |
| Current Liabilities | | |
| Accounts Payable - Trade | 182,937 | 24,946 |
| Accrued Expenses | 15,942 | |
| Income Tax Payable | 981,068 | 386,872 |
| | ===== | ===== |
| Total Current Liabilities | 1,179,947 | 411,818 |
| | ===== | ===== |
| Stockholders' Equity | | |
| Preferred Stock 0.001 Par Value | | |
| 5,000,000 Shares Authorized 0 Issued | | |
| Common Stock 0.001 Par Value | | |
| 50,000,000 Shares Authorized | | |
| 13,412,000 Shares Outstanding | | |
| December 31, 2000 15,429,943 Shares | | |
| Outstanding March 31, 2001 | 15,430 | 13,412 |
| Additional Paid in Capital | 1,943,134 | 1,943,134 |
| Retained Earnings | 3,908,645 | 2,053,245 |
| | ===== | ===== |
| Total Stockholders' Equity | 5,867,209 | 4,009,791 |
| | ===== | ===== |
| Total Liabilities and Stockholders' Equity (Deficit) | \$ 7,047,156 | \$ 4,421,609 |
| | ===== | ===== |

The Accompanying "Notes to Financial Statements"
Are An Integral Part of These Financial Statements
See Accountants Review Report

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800America.com, Inc.
Income statement

| | For the Three Months Ended March 31 | |
|-----------------------------------------|----------------------------------------|-------------|
| | 2001 | 2000 |
| Revenues | \$4,300,777 | \$2,390,824 |
| Cost and Expenses | | |
| Advertising | 427,360 | 335,688 |
| Depreciation & Amortization | 136,955 | 53,109 |
| Rebate | | 1,303,969 |
| Payroll | 186,914 | 124,142 |
| Software Maintenance | 91,750 | |
| Professional | 119,300 | 18,363 |
| Bad Debts | | 73,000 |
| Other Operating Expense | 471,812 | 17,526 |
| Total Operating Expense | 1,434,091 | 1,925,797 |
| Operating Income | 2,866,686 | 465,027 |
| Other Income (Expenses) | | |
| Interest Income | 18,808 | 2,155 |
| Net Income Before Income Taxes | 2,885,494 | 467,182 |
| Income Tax | 1,030,094 | 188,000 |
| Net Income | \$1,855,400 | \$ 279,182 |
| Basic Earnings Per Share Common Stock | \$ 0.12 | \$ 0.02 |
| Diluted Earnings Per Share Common Stock | 0.11 | 0.02 |

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800America . com Inc.
Analysis of Stockholders Equity
Three Months Ended March 31, 2001

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| | Common Stock Shares | Common Stock Amount | Additional Paid In Capital |
|------------------------------------------------------|---------------------------|---------------------------|----------------------------------|
| Balance December 31, 2000 | 13,412,000 | \$13,412 | \$1,943,134 |
| Common Stock Issued to Acquire Operating Activity | | | |
| Net Income | 2,017,943 | 2,018 | |
| Balance March 31, 2001 | 15,429,943 | \$15,430 | \$1,943,134 |
| | | | |
| | | | Three Months Ended M |
| Balance December 31, 1999 | 12,250,000 | \$12,250 | \$952,312 |
| Additional Paid in Capital January 14, 2000 | | | 250,000 |
| Net Income | | | |
| Balance March 31, 2000 | 12,250,000 | \$12,250 | \$1,202,312 |

The Accompanying "Notes to Financial Statements"
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800America. com, Inc.
Statement of Cash Flows
Three Months Ended March 31

| | 2001 | 2000 |
|------------------------------------------|--------------|------------|
| Cash Flows From Operating Activities | | |
| Net Income | \$ 1,855,400 | \$ 279,182 |
| Adjustments to Reconcile Net Income | | |
| To Cash Provided in Operating Activities | | |
| Deprecation and Amortization | 136,955 | 53,109 |
| Bad Debts | 73,000 | -- |
| Accounts Receivable Increase | (1,135,460) | (577,568) |
| Prepaid Advertising | 75,000 | 121,600 |
| Deposit on Equipment | -- | 94,000 |
| Accounts Payable | 157,991 | 30,053 |
| Rebates Payable | -- | 101,220 |
| Income Tax Payable | 594,196 | 188,000 |
| Other Current Liabilities | 15,942 | -- |
| Cash Provided by Operations | 1,700,024 | 362,596 |
| Cash Flows From Investing Activities | | |

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| | | |
|---------------------------------------------|------------------|----------------|
| Purchase of Equipment | (98,626) | (297,557) |
| Purchase of Software | -- | (245,850) |
| Advances to Operating Activities | (490,009) | -- |
| | ===== | ===== |
| Cash Flows (Used) in Investing Activity | (588,635) | (543,407) |
| | ===== | ===== |
| Cash Flows From Financing Activities | | |
| Additional Paid In Capital | -- | 250,000 |
| | ===== | ===== |
| Cash Flows Provided by Financing Activities | -- | 250,000 |
| | ===== | ===== |
| Net Increase in Cash | 1,111,389 | 69,189 |
| Beginning Cash Balance | 2,117,746 | 392,564 |
| | ===== | ===== |
| Ending Cash Balance | \$ 3,229,135 | \$ 461,753 |
| | ===== | ===== |

The Accompanying "Notes to Financial Statements"
Are An Integral Part of These Financial Statements
See Accountants Review Report

800America . com, Inc. Selected notes to Reviewed Financial Statements

Note 1 - Related Party Transactions

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

Note 2 - Supplemental Cash Flow Information

| Three months ended | 3/31/01 | 3/31/00 |
|--------------------|-----------|---------|
| Interest Paid | 0 | 0 |
| Income Tax paid | \$435,898 | 0 |

Note 3 - Non Cash Transactions

| | |
|-----------------------------------------------------------------|----------|
| 2,017,943 Shares Common Stock for operating activity Inshop. | \$ 2,018 |
|-----------------------------------------------------------------|----------|

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

General

The Company owns and operates international e-commerce and technology businesses. The Company's primary business is to bring buyers and sellers together in an efficient and easy format and generate fees based on transactions. 800America's unique approach to customer acquisition and retention

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has provided it a strong following of loyal Internet users. The Company is an innovator in developing proprietary technologies needed for easy navigation and convenience for business-to-business-and business-to-consumer environments. The Company's technologies coupled with its unique customer approach continue to strengthen relationships with its customers. These technologies are providing the foundation needed to scale and grow the e-commerce businesses profitably across geographic regions and multiple product lines.

800America has three primary operating units. The 800America Network, Rothman Closeouts, and Fileshooter.

800America is the home of many Internet shoppers. 800America offers shoppers a convenient way to navigate easily among hundreds of stores. The portal offers incentives to visit continuously the site through promotions and giveaways. The Company funds TV advertising in over 50 cities around the world.

Rothman Closeouts is believed by the Company to be the largest business-to-business marketplace for branded surplus merchandise and the leading site for manufacturers, wholesalers and retailers to sell or buy surplus inventories around the world. The Company believes that Rothman Closeouts has become the number one closeout web site on the fifteen major search engines around the world.

The Company acquired 51% of the software company Fileshooter, Inc., which owns the software called File Shooter. File Shooter is one of the world's best messaging transmission programs. It also can transmit files of any size, with private and secure chat rooms all in one. The technology is unique in that the sender will send a message, file, picture, graphic and music to the recipient by bypassing the intervention of a service provider. File Shooter is a TRUE PEER-to-PEER communication tool. The Company intends to market the product worldwide starting in the latter part of the second quarter.

Recent Developments

In February 2001, the Company acquired Ebiz4biz.com. Ebiz4biz.com offers a proprietary technology in Chinese and English that automates the consumer buying process. The technology provides the 800America.com's customers the ability to gather information. Ebiz4biz.com has offices in Ottawa(Canada) and Beijing(China) and is the infrastructure for international operations for Rothmancloseouts.com as well as other products and services of the Company.

During the quarter the Company also sold the following web sites: 21stAvenueProductions.com, Inde4u.com and Steeplehouse.com.

Results of Operations

Quarter Ended March 31, 2001 Compared to Quarter Ended March 31, 2000.

The Company had revenues of \$4,300,777 for the quarter ended March 31, 2001 compared to revenues of \$2,390,824 for the quarter ended March 31, 2000. Net income for the quarter ended March 31, 2001 was \$1,855,400 compared to net income of \$279,182 for the quarter ended March 31, 2000. Total operating expenses for the quarter ended March 31, 2001 were \$1,434,091 resulting in operating income for the quarter of \$2,866,686. This compares to total operating expenses of \$1,925,797 for the quarter ended March 31, 2000, resulting in operating income of \$465,027. The Company has instituted a policy of not paying rebates as of January 1, 2001 and hence represented none of the total operating expenses. This compared to customer rebates of \$1,303,969 for the quarter ended March 31, 2000 that represented approximately 68% of total operating expenses.

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Management expects that general and administrative expenses will increase with the hiring of additional personnel and the further development of the Company's web sites. Because of the Company's limited operating history with its 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.

Liquidity And Capital Resources

Net cash provided by operating activities was \$1,700,024 for the quarter ended March 31, 2001 compared to net cash provided by operating activities of \$362,596 for the quarter ended March 31, 2000. Net cash used in investing activities was \$588,635 for the quarter ended March 31, 2001 compared to \$543,407 for the quarter ended March 31, 2000. There was no cash provided by financing activity for the quarter ended March 31, 2001 compared to net cash provided by financing activities of \$250,000 for the quarter ended March 31, 2000.

The Company's cash and cash equivalents as of March 31, 2001 were \$3,229,135. At March 31, 2001, the Company had current assets of \$5,268,489 and current liabilities of \$1,179,947, resulting in working capital at March 31, 2001 (current assets less current liabilities) of \$4,088,542.

The Company believes that its 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, the Company does not have any plans for significant capital or operating expenditures above its current level unless it determines to develop additional web sites that could result in additional development costs.

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 our management. Often, you can recognize these statements because we use 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 of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

A summons and complaint in an action titled MICHELE J. GALAGHER against INSHOP.COM, INC. has been served on registrant's majority-owned subsidiary inShop.com, Inc. The action is pending in the Supreme Court of the State of New York, County of New York. The complaint seeks approximately \$45,000 for wages and expenses. InShop.com, Inc. intends vigorously to defend this litigation.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

None.

(b) Reports on Form 8-K

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On May 3, 2001, registrant reported, on Form 8-K, the results for the fiscal quarter ended March 31, 2001.

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.
(Registrant)

Date May 15, 2001

By: /s/ Elie Rabi

Elie Rabi, President