

ENVIRONMENTAL MONITORING & TESTING CORP
Form 10QSB
February 11, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: December 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: 0-18296

Environmental Monitoring and Testing Corporation
(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

62-1265486
(IRS Employer Identification No.)

1350 East Flamingo Road
Suite 688
Las Vegas, Nevada 89119
(Address of principal executive offices)

(702) 289-6665
(Issuer's telephone number)

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

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

Check whether the registrant filed all documents and reports required to be filed 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 of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,184,000 shares Outstanding at December 31, 2004

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Unaudited financial statements for the quarter ended December 31, 2004 are provided on the following pages.

ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

ENVIRONMENTAL MONITORING AND TESTING CORPORATION

INDEX TO CONDENSED FINANCIAL STATEMENTS

	<u>Page Number</u>
FINANCIAL STATEMENTS	
Condensed Balance Sheet as of December 31, 2004 (unaudited)	1
Condensed Statement of Operations for the Three Months Ended December 31, 2004 and 2003 (unaudited)	2
Condensed Statements of Cash Flows for the Three Months Ended December 31, 2004 and 2003 (unaudited)	3
Notes to Condensed Financial Statements	4 – 7

ENVIRONMENTAL MONITORING & TESTING CORPORATION

**CONDENSED BALANCE SHEETS
DECEMBER 31, 2004 (UNAUDITED)**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ -
TOTAL ASSETS	<u>\$ -</u>
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

LIABILITIES

Accounts payable and accrued expenses	\$ 248,750
Total Liabilities	<u>248,750</u>

STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock Series A, \$.01 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	-

Edgar Filing: ENVIRONMENTAL MONITORING & TESTING CORP - Form 10QSB

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, shares issued and 3,785,183 shares outstanding	6,184
Additional Paid-in Capital	2,034,139
Accumulated Deficit	<u>(2,067,768)</u>
	(27,445)
Less: Cost of treasury stock, 2,398,817	<u>(221,305)</u>
Total Stockholders' Equity (Deficit)	<u>(248,750)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ -</u> =====

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

F-1

**ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003 (UNAUDITED)**

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES		
Revenue	\$ -	\$ -
OPERATING EXPENSES		
General and Administrative expenses	<u>3,750</u>	<u>26,407</u>
NET LOSS BEFORE PROVISION FOR INCOME TAXES	(3,750)	(26,407)
Provision for Income Taxes	<u>-</u>	<u>-</u>
NET LOSS APPLICABLE TO COMMON SHARES	\$ (3,750)	\$ (26,407)
	=====	=====
NET LOSS PER BASIC AND DILUTED SHARES	\$ (0.001)	\$ (0.007)
	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	3,785,183	3,785,183
	=====	=====

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

F-2

**ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003 (UNAUDITED)**

	<u>2004</u>	<u>2003</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	<u>\$ (3,750)</u>	<u>\$ (26,407)</u>
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	<u>3,750</u>	<u>(5,600)</u>
Total adjustments	<u>3,750</u>	<u>(4,682)</u>
Net cash (used in) operating activities	<u>-</u>	<u>(31,089)</u>

OPERATING EXPENSES

NET (DECREASE) IN		
CASH AND CASH EQUIVALENTS	-	(31,089)
CASH AND CASH EQUIVALENTS -		
BEGINNING OF PERIOD	-	<u>31,089</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ -</u>	<u>\$ -</u>
	=====	=====

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

F-3

ENVIRONMENTAL MONITORING AND TESTING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

(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.

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.

F-4

ENVIRONMENTAL MONITORING AND TESTING CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

	December 31, 2004	December 31, 2003
Net Loss	<u>\$ (3,750)</u>	<u>\$ (26,407)</u>
Weighted-average common shares outstanding (Basic)	<u>3,785,183</u>	<u>3,785,183</u>
Weighted-average common stock equivalents:		
Stock options	-	-
Warrants	-	-
Weighted-average common shares outstanding (Diluted)	<u>3,785,183</u> =====	<u>3,785,183</u> =====

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

There are no options and warrants outstanding to purchase stock at December 31, 2004 and 2003.

**ENVIRONMENTAL MONITORING AND TESTING CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003
(UNAUDITED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts for the three months ended December 31, 2003 have been reclassified to conform to the presentation of the December 31, 2004 amounts. The reclassifications have no effect on net income for the three months ended December 31, 2003.

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.

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.

F-6

**ENVIRONMENTAL MONITORING AND TESTING CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003
(UNAUDITED)**

NOTE 4 - INCOME TAXES

There was no income tax benefit recognized at December 31, 2004 and 2003.

Edgar Filing: ENVIRONMENTAL MONITORING & TESTING CORP - Form 10QSB

The net deferred tax assets in the accompanying balance sheet include benefit of utilizing net operating losses of approximately \$2,068,000 (at December 31, 2004), 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.

NOTE 6 - GOING CONCERN

As shown in the accompanying condensed financial statements, the Company incurred substantial net losses for the three months ended December 31, 2004 and 2003 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.

F-7

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

The Company has not generated any revenues since January 1, 2002.

Management continues to search for business opportunities, joint ventures, acquisitions or other business combinations that can contribute to the growth of the Company while benefiting from the Company's expertise, and which can also provide diversification and a stable revenue flow. The Company has previously been hindered in these efforts because of on-going litigation. However, all outstanding litigation has been settled, with prejudice. No assurances can be given that any such acquisitions or ventures will be undertaken or completed. The Company is also seeking to diversify by evaluating other sources of income, including business opportunities and joint ventures.

Liquidity and Capital Resources

The Company met its working capital and capital expenditure requirements during the year ended September 30, 2004 through operating activities and the liquidation of real property and drilling assets.

Forward-looking Statements

This Report on Form 10-QSB contains certain forward-looking statements. These forward-looking statements include statements regarding (i) marketing plans, capital and operations expenditures, and results of operations; (ii) potential financing arrangements; (iii) potential utility and acceptance of the Company's existing and proposed services; and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations and involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding the business of the Company which involve judgments with respect to, among other things, future economic and competitive conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information contained herein, the inclusion of such information should not be regarded as any representation by the Company or any other person that the objectives or plans of the Company will be achieved.

Item 3. Controls and Procedures

Edgar Filing: ENVIRONMENTAL MONITORING & TESTING CORP - Form 10QSB

Within 90 days prior to the date of filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

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

None.

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.

Environmental Monitoring & Testing Corporation
(Registrant)

Date: February 10, 2004

By: /s/ Dan Lee
Dan Lee, President