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RAINWIRE PARTNERS INC /DE/
Form 10QSB
May 15, 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20459

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended: March 31, 2002

Commission File Number: 0-23892

Rainwire Partners, Inc.

(Exact Name of Registrant as specified in its charter

Delaware

57-0941152

(State or other jurisdiction of incorporation or organization

(I.R.S. Employer Identification
No.)

2020 Federal Road
Roswell, GA

30075

Address of Principal executive offices of Incorporation or
organization

Zip Code

770-643-9094

Registrants telephone number, including area code

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 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 last 90 days.

YES

NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practical date.

| CLASS | No. of shares Outstanding on March 31, 2002 |
|------------------|---|
| Common Stock | 9,909,886 |
| Par Value \$.001 | |

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Per share

RAINWIRE PARTNERS, INC.

TABLE OF CONTENTS

| PART I | FINANCIAL INFORMATION | Page |
|---------|--|------|
| Item 1. | Financial Statements: | |
| | Condensed Consolidated Balance Sheets at March 31, 2002 (unaudited) and December 31, 2001..... | 1 |
| | Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2002 and 2001..... | 2 |
| | Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2002 and 2001..... | 3 |
| | Statement of Changes in Stockholders' equity for the period December 31, 2000 to March 31, 2002 (unaudited)..... | 4 |
| | Notes to Condensed Consolidated Financial Statements | 5 |
| Item 2. | Management's Discussion and Plan of Operation..... | 5 |
| PART II | OTHER INFORMATION | Page |
| Item 1. | Legal Proceedings..... | 7 |
| Item 2. | Changes in Securities and Use of Proceeds..... | 7 |
| Item 3. | Defaults Upon Senior Securities..... | 7 |
| Item 4. | Submission of Matters to a Vote of Security Holders..... | 7 |
| Item 5. | Other Information..... | 7 |
| Item 6. | Exhibits and Reports on Form 8-K..... | 7 |

RAINWIRE PARTNERS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

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| ASSETS OF DISCONTINUED BUSINESS | March 31, 2002 ----- (unaudited) | December 31, 2001 ----- |
|--|---|-------------------------------|
| CURRENT ASSETS | | |
| Cash | \$ -- | \$ 788 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | \$ -- | \$ 788 |
| | ===== | ===== |
| LIABILITIES OF DISCONTINUED BUSINESS | | |
| CURRENT LIABILITIES | | |
| Related Party loans | \$ 125,855 | \$ 114,925 |
| Accounts payable | 817,974 | 813,167 |
| Accrued business disposal costs and expenses | 33,012 | 46,987 |
| Other accrued liabilities | 20,593 | 23,143 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 997,434 | 998,222 |
| | ----- | ----- |
| REDEEMABLE PREFERRED STOCK | | |
| Par value \$.001; authorized 2,500,000 shares | | |
| Series C, 24,959 shares outstanding | 52,911 | 52,911 |
| Series D, 500,000 shares outstanding | 50,000 | 50,000 |
| | ----- | ----- |
| | 102,911 | 102,911 |
| | ----- | ----- |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common stock, \$.001 par value; authorized,20,000,000 shares | | |
| 19,909,886 shares issued, 9,909,886 shares outstanding | 19,910 | 19,910 |
| Paid-in capital | 1,421,672 | 1,421,672 |
| Accumulated (deficit) | (2,491,927) | (2,491,927) |
| Treasury Stock, 10,000,000 shares | (50,000) | (50,000) |
| | ----- | ----- |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIT) | (1,100,345) | (1,100,345) |
| | ----- | ----- |
| | \$ -- | \$ 788 |
| | ===== | ===== |

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

RAINWIRE PARTNERS, INC.
 (A Development Stage Company)
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (UNAUDITED)

| | THREE MONTHS ENDED MARCH 31, | | INCEPTION OF DEVELOPMENT STAGE (JANUARY 1, 2001) TO MARCH 31, 2002 |
|---|---------------------------------|-----------|--|
| | 2002 | 2001 | |
| Revenues | \$ -- | \$ -- | \$ -- |
| Expenses | | | |
| Income (loss) from continuing operations | -- | -- | -- |
| Discontinued Operations: | | | |
| Loss from discontinued operations | | | -- |
| Net income | \$ -- | \$ -- | \$ -- |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 12,718,220 | 7,609,886 | |
| Basic And Diluted Net Income Per Common Share | \$ -- | \$ -- | |
| Income From Discontinued Operations | -- | -- | |
| Basic And Diluted Net Income Per Common Share | \$ -- | \$ -- | |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RAINWIRE PARTNERS, INC.
 (A Development Stage Company)
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)

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| | THREE MONTHS ENDED MARCH 31, | | (JAN) |
|--|---------------------------------|----------|-------|
| | 2002 | 2001 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Continuing Operations | \$ -- | \$ -- | |
| Discontinued Operations: | | | |
| Stock issued for services | | | |
| Capital contributed for services | | | |
| Adjustments to reconcile net loss to net cash flows used by discontinued activities | | | |
| Income (loss) from operations of discontinued business | -- | -- | |
| Changes in current assets and liabilities: | | | |
| Accounts receivable | | 34,662 | |
| Other current assets | | | |
| Deposits | | 6,257 | |
| Accrued liabilities | (16,525) | (46,366) | |
| Provision for loss on disposal of the business | | | |
| Accounts payable | 4,807 | 4,302 | |
| Net cash flows used by discontinued activities | (11,718) | (1,145) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Increase) decrease in other assets | -- | -- | |
| Net cash flows from (to) investing activities | -- | -- | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of common stock | | | |
| Related Party Loans | 10,930 | | |
| Net cash flows from financing activities | 10,930 | | |
| NET CHANGE IN CASH FLOWS FOR THE PERIOD | (788) | (1,145) | |
| CASH, AT BEGINNING OF PERIOD, | 788 | 2,043 | |
| CASH, AT END OF PERIOD | \$ -- | \$ 898 | |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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| | COMMON STOCK | | PAID-IN CAPITAL | ACCUMU (DEFI |
|---|--------------|-----------|--------------------|-----------------|
| | SHARES | AMOUNT | | |
| Balance December 31, 2000 | 7,609,886 | \$ 7,610 | \$1,321,472 | \$ (2,49 |
| Shares issued for legal services at \$.025 per share on August 29, 2001 | 100,000 | 100 | 2,400 | |
| Shares sold at \$.05 per share on September 30, 2001 | 200,000 | 200 | 9,800 | |
| Shares issued to retire debt on August 29, 2001 at \$.005 per share | 12,000,000 | 12,000 | 48,000 | |
| Management services contributed to capital | | | 40,000 | |
| Purchase of 10,000,000 shares as treasury stock for issuance of 500,000 shares of Series D convertible debentures, October 15, 2001 | | | | |
| Balance December 31, 2000 | 19,909,886 | 19,910 | 1,421,672 | (2,49 |
| Net (loss) for 1st quarter, 2002 | | | | |
| BALANCE, March 31, 2002 | 39,819,772 | \$ 39,820 | \$2,843,344 | \$ (4,98 |

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4

RAINWIRE PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

Note 1. Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of March 31, 2002 and the consolidated results of its operations and cash flows for the three months ended March 31, 2002 and 2001. Operating results for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Form 10-KSB for the year ended December 31, 2001.

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Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations.

This 10-QSB contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that certain statements in this 10-QSB are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors. Such uncertainties and risks include, among others, certain risks associated with the closing of the Oasis transaction described herein, government regulation, and general economic and business conditions. Actual events, circumstances, effects and results may be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. Consequently, the forward-looking statements contained herein should not be regarded as representations by the Company or any other person that the projected outcomes can or will be achieved.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Form 10-QSB.

A. Results of Operations.

In the first quarter of year 2002 there were no reported revenues or cash flows from the discontinued operations.

5

The net cash flows used by discontinued activities in the first quarter 2002 was \$11,718 compared to the same period 2001 amount of \$1,145.

The cash at the end of the first quarter 2002 was reported in the amount of \$0 reduced from the same period 2001 cash at the end of the period in the amount of \$898.

B. Financial Condition.

The company's audit report for the year 2001 discloses a "going" concern paragraph in reference to the company's concern for continuing its existence in the future. This concern is highlighted by the fact that the Company has a deficit since inception of approximately \$2,500,000 and a deficit in stockholders equity of approximately of \$1,100,345 and current liabilities of \$998,222.

As of August 29, 2001, the company is proposing to exchange stock with Oasis Group, Inc., a privately held company. The company believes that upon the definite closing of this exchange it will be able to better insure its survival.

Since December 31, 2000 the company closed its facilities, terminated its employees and is pursuing the resolution of both contingent assets and direct and contingent liabilities, which will involve substantial legal costs. Oasis Group, Inc. has provided funding for legal and operating expenses through loans to the company of approximately \$125,855 through March 31, 2002.

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C. Plan of Operations.

For the near term, the Company is in the process of completing its merger with Oasis Group, Inc. It has had no operations since December 31, 2000 and is financially dependent on its shareholders, related parties and /or management, who have financed its existence to date.

Management of the Company believes it will be able to complete the merger and be successful in its efforts to continue the Company's existence. If the company is unsuccessful in completing the share exchange with Oasis Group, Inc., the company anticipates ceasing all activities and liquidating any and all remaining assets. In connection with the share exchange the company has filed a Registration Statement/Information Statement/Proxy Statement on Form S-4 on January 14, 2002 and is currently responding to comments to the Securities Exchange Commission. We expect responding to comments in the second quarter 2002 and completing the share exchange by the third quarter 2002.

Upon completion of the share exchange, management anticipates moving from the development stage to the operating by the third quarter of 2002.

6

PART II OTHER INFORMATION

Item 1. Legal Proceedings

No material change.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

Under the terms of our Series D Preferred Stock, if the Company shall fail to pay a dividend to the holders of the Series D for two consecutive quarters, the Series D shall be convertible into fifty million (50,000,000) shares of the common stock of the Company so long as such dividends remain unpaid. As of the date of the filing of this Annual Report, the Company has failed to pay a dividend for two consecutive quarters and the conversion feature has been triggered, although the holder has not converted the preferred stock. As of the date of the filing of this Quarterly Report, the Company does not have a sufficient number of authorized but unissued shares available to effect such a conversion.

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:

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On January 11, 2002, the Company filed a Current Report on Form 8-K reporting the execution of an Amended and Restated Plan and Agreement to Exchange Stock with Oasis Group, Inc.

7

SIGNATURES

Pursuant to the requirements of 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 on May 14, 2002.

Rainwire Partners, Inc.,
a Delaware corporation

By: /s/ Lyne Marchessault

Name: Lyne Marchessault
Title: President

By: /s/ Peggy Evans

Name: Peggy Evans
Title: Chief Financial and Accounting
Officer

8