ENVIRONMENTAL MONITORING & TESTING CORP
Form 10QSB
August 23, 2004

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 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	**62-1265486**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

6767 West Tropicana Avenue, Suite 204, Las Vegas, Nevada 89103
(Address of principal executive offices)

(702) 376-3373
(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 l2, 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 June 30, 2004

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Unaudited financial statements for the quarter ended June 30, 2004 are provided on the following pages.

ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED BALANCE SHEETS
JUNE 30, 2004 (UNAUDITED)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ -
TOTAL ASSETS	$ -
	=========
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
LIABILITIES	
Accounts payable and accrued expenses	$ -
Total Liabilities	-
STOCKHOLDERS' EQUITY (DEFICIT)	
Preferred Stock, $.01 Par Value; 1,000,000 shares authorized and none issued and outstanding	-
Common Stock $.01 Par Value; 30,000,000 shares authorized and 6,184,000 shares issued and outstanding	61,840
Additional Paid-in Capital	1,978,483
Deficit	(1,819,018)
Treasury Stock	(221,305)
Total Stockholders' Equity (Deficit)	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ -
	=========

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

ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED JUNE 30, 2004 AND 2003 (UNAUDITED)

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
OPERATING REVENUES				
Revenue	$ -	$ -	$ -	$ -
OPERATING EXPENSES				
General and Administrative expenses	26,407	111,690	-	31,052
LOSS BEFORE OTHER INCOME (EXPENSE)	(26,407)	(111,690)	-	(31,052)
OTHER INCOME (EXPENSE)				
Interest expense				
Interest income	-	991	-	273
Total Other Income (Expense)	-	991	-	273
NET LOSS BEFORE PROVISION FOR INCOME TAXES	$ (26,407)	$ (110,699)	$ -	$ (30,779)
Provision for Income Taxes	-	-		-
NET LOSS APPLICABLE TO COMMON SHARES	$ (26,407)	$ (110,699)	$ -	$ (30,779)
	============	==========	==========	==========
NET LOSS PER BASIC AND DILUTED SHARES	$ (0.007)	$ (0.029)	$ -	$ (0.008)
	============	==========	==========	==========
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	3,785,183	3,785,183	3,785,183	3,785,183
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The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL MONITORING & TESTING CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 30, 2004 AND 2003 (UNAUDITED)

	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$ (26,407)	$ (110,699)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Changes in assets and liabilities		
(Increase) in note receivable		(25,000)
(Increase) decrease other current assets	918	(918)
(Decrease) in accounts payable and accrued expenses	(5,600)	(8,624)
(Decrease) in other current liabilities	-	(1,276)
Total adjustments	(4,682)	(35,818)
Net cash (used in) operating activities	(31,089)	(146,517)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,089)	(146,517)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	31,089	211,802
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ -	$ 65,285
	=========	=========
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE YEAR FOR:		
Interest expense	$ 2,934	$ 2,626
	=========	==========

The accompanying notes are an integral part of these financial statements

ENVIRONMENTAL MONITORING AND TESTING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

JUNE 30, 2004 AND 2003

(UNAUDITED)

NOTE 1 - <u>ORGANIZATION AND BASIS OF PRESENTATION</u>

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 suggest that these condensed financial statements be read in conjunction with the September 30, 2003 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 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

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.

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ENVIRONMENTAL MONITORING AND TESTING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

(UNAUDITED)

NOTE 2 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</u>

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.

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

<Page>

ENVIRONMENTAL MONITORING AND TESTING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (Loss) Per Share of Common Stock (continued)

	June 30, 2004	June 30, 2003
Net loss	$ (26,407)	$ (110,699)
Weighted-average common shares outstanding (Basic)	3,785,183	3,785,183
Options	-	-
Warrants	-	-
Weighted average common shares outstanding (Diluted)	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 are no options and warrants outstanding to purchase stock at June 30, 2004 and 2003.

Reclassifications

Certain amounts for the nine months ended June 30, 2003 have been reclassified to conform to the presentation of the June 30, 2004 amounts. The reclassifications have no effect on net income for the nine months ended June 30, 2003

NOTE 3 - STOCKHOLDERS' EQUITY (DEFICIT)

As of June 30, 2004, there were 30,000,000 shares authorized shares and 6,184,000 shares issued and outstanding of the Company's common stock with a par value of $.01. There were no shares issued during the nine-month period ended June 30, 2004.

As of June 30, 2004, there were 1,000,000 shares authorized and 0 shares issued and outstanding of the Company's preferred stock with a par value of $.01.

ENVIRONMENTAL MONITORING AND TESTING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2004 AND 2003

(UNAUDITED)

NOTE 4 - INCOME TAXES

There was no income tax benefit recognized at June 30, 2004 and 2003.

The net deferred tax assets in the accompanying balance sheet include benefit of utilizing net operating losses of approximately $1,800,000 (at June 30, 2004), however due to the uncertainty of utilizing the net operating losses, an offsetting valuation allowance has been established.

NOTE 5 - GOING CONCERN

As shown in the accompanying condensed financial statements, the Company incurred substantial net losses for the nine and three months ended June 30, 2004 and 2003. 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.

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

Results of operations for the six months ended June 30, 2004 vs.2003. In the six months ending June 30, 2004 there was no income. In the six months ending June 30, 2003 there was $504 of interest income. In the six months ending June 30, 2004 there was $26,407 of general and administrative expenses as opposed to $47,326 in the six months ending June 30, 2003.

In the quarter ended December 31, 2001 contract revenues decreased $103,207 or 71% over the same period ended December 31, 2000. The significant decrease was caused by a severe softening in the requirement for drilling services from other customers and the expiration of a multi-year drilling contract at the Savannah River Plant. The Company submitted proposals for future work at the Savannah River Plant, but was not successful and was not awarded any contracts. On December 31, 2001 the Company sold all of its real estate, office equipment, and drilling assets and ceased operations. This sale of assets generated $265,946 of cash and a gain on the sale of fixed assets in the amount of $57,367.

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

Other income and expenses for the quarter ended December 31, 2001 included a settlement with the Estate of George J. Georges (former president and majority shareholder) whereby the estate paid $15,000 to the Company to settle litigation. In conjunction with this settlement and for the benefit of the Company, the officers of the Company relinquished accrued, but not paid, deferred compensation totaling $12,682.

The Company has adopted FASB 109 Accounting for Income Taxes, and consequently is not required to record any tax expense due to its utilization of its net operating loss carry forwards. The Company has taken what it deems to be a conservative approach and has not recorded any deferred tax benefits associated with its net operating loss carry forwards. There currently are net operating carry-overs for federal income tax purposes of approximately $1,005,000.

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

At June 30, 2004 the Company had net working capital of $84,656 and a current ratio of 14 to 1; its total indebtedness aggregated $6,547; its shareholders' equity was $84,656; and its debt to equity ratio was .08 to 1.

At June 30, 2004 the Company had sufficient working capital to meet its working capital requirements for the fiscal year which began October 1, 2002. The Company met its working capital and capital expenditure requirements during the year ended September 30, 2002 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

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

There are none.

Item 3. Defaults Upon Senior Securities

There are none.

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

There are none.

Item 5. Other Information

None.

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

There are 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: August 19, 2004

By: /s/ Dan Lee
Dan Lee, President