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RAINWIRE PARTNERS INC /DE/
Form 10QSB
November 01, 2001

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: September 30, 2001

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.)

Monteith Commons, First Floor
2931 Piedmont Road, N.E., Atlanta, Georgia

30305

Address of Principal executive offices of
Incorporation or organization

Zip Code

404-842-1510

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 September 30, 2001
Common Stock	19,909,886
Par Value \$.001	
Per share	

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RAINWIRE PARTNERS, INC.

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RAINWIRE PARTNERS, INC.
CONDENSED BALANCE SHEETS

ASSETS OF DISCONTINUED BUSINESS

September 30,
2001

(unaudited)

CURRENT ASSETS

Cash

\$ 898

Accounts receivable, net of allowance for
doubtful accounts

Related party advance, unsecured

898

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TOTAL CURRENT ASSETS		898

OTHER ASSETS		
Deposits		--

		\$ 898
		=====
LIABILITIES OF DISCONTINUED BUSINESS		
CURRENT LIABILITIES		
Shareholder loan		\$ --
Accounts payable		475,105
Accrued business disposal costs and expenses		509,612
Other accrued liabilities		53,613

TOTAL CURRENT LIABILITIES		1,038,330

REDEEMABLE PREFERRED STOCK		
Par value \$.01; authorized 2,500,00 shares issued 1999 - 24,959 shares		52,913

COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, \$0.001 par value; authorized, 20,000,000 shares outstanding, 19,909,886 and 7,609,886 shares		19,910
Paid-in capital		1,381,672
Deficit accumulated since inception		(2,491,927)

TOTAL STOCKHOLDERS' EQUITY (DEFICIT)		(1,090,345)

		\$ 898
		=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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RAINWIRE PARTNERS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2001	2000
	-----	-----
Revenues	\$ --	\$ --
	-----	-----
	\$	\$

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Expenses			
Income (loss) from continuing operations	-----	-----	-----
Discontinued Operations:			
Loss From Discontinued Operations		(345,526)	
	-----	-----	-----
Net Loss	\$ --	\$ (345,526)	\$
	-----	-----	-----
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	13,709,886	6,226,181	
	=====	=====	=====
Basic and Diluted Loss Per Common Share			
Loss From Discontinued Operations	--	(0.06)	
	-----	-----	-----
Basic and Diluted Loss Per Common Share	\$ --	\$ (0.06)	\$
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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RAINWIRE PARTNERS, INC.
CONDENSED STATEMENTS OF CASH FLOWS

			2001

CASH FLOWS FROM OPERATING ACTIVITIES			
Continuing Operations		\$	
Discontinued Operations			
Adjustments to reconcile net loss to net cash flows used by discontinued activities			
Income (loss) from operations of discontinued business			
Depreciation and amortization			
Gain on sale of real property			
Changes in current assets and liabilities:			
Accounts receivable			34,
Other current assets			
Deposits			6,
Accounts payable and accrued liabilities			(52,

Net cash flows used by discontinued activities			(11,

CASH FLOWS FROM INVESTING ACTIVITIES			
Collections on notes receivable			
Net cash received in asset acquisition			
Decrease in other assets			
Purchase of equipment			

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Net cash flows from (to) investing activities	-----
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of notes payable	
Proceeds from issuance of common stock	10,
Net cash flows from financing activities	----- 10,
NET CHANGE IN CASH FLOWS FOR THE PERIOD	----- (1,
CASH, AT BEGINNING OF PERIOD	----- 2,
CASH, AT END OF PERIOD	\$ =====
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES	
Shareholder loan paid by issuance of common stock	\$ 60,
Legal services paid by issuance of common stock	2,

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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RAINWIRE PARTNERS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	COMMON STOCK		PAID-IN CAPITAL
	SHARES	AMOUNT	
	-----	-----	-----
BALANCE, DECEMBER 31, 1999	5,555,064	\$ 5,555	\$ 609,375
Recapitalization, July 26, 2000	554,822	555	(188,329)
Issuance of stock for:			
Services at \$.11 per share	480,000	480	52,320
Reduction in note payable at \$1.25 per share	120,000	120	149,880
Cash at \$.78 per share	900,000	900	699,100
Dividends accrued on redeemable preferred stock			(874)
Net (loss) for the year			
	-----	-----	-----
BALANCE, DECEMBER 31, 2000	7,609,886	7,610	1,321,472
Issuance of stock for:			
Reduction of shareholder loan	12,000,000	12,000	48,000
Legal fees	100,000	100	2,400
Cash	200,000	200	9,800

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Net income (loss) for the nine months
ended September 30, 2001

	-----	-----	-----
BALANCE, SEPTEMBER 30, 2001	19,909,886	\$ 19,910	\$ 1,381,672
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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RAINWIRE PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

Note 1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited 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 generally accepted accounting principles 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 September 30, 2001 and the results of its operations and cash flows for the three and nine months ended September 30, 2001 and 2000 have been made. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

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, 2000

ITEM 2. PLAN OF OPERATION

For the near term, the Company continues to work towards finalizing its stock exchange agreement with Oasis Group, Inc. It is financially dependent on its shareholders, who have financed its existence since closing down its operations in February 2001. Management of the Company believes that its shareholders will continue to provide the finances the Company requires.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved with several legal actions, principally as defendant. These actions involve outstanding liabilities of the Company including those of subsidiaries. Following are four such actions:

Azimuth Laboratory, Inc., a subsidiary of EVRM, generated hazardous waste during the time of its operations which ceased in April, 2000. According to a former landlord, Azimuth was responsible for a hazardous waste cleanup on the leased premises, and he is seeking recovery of approximately \$130,000, including the cleanup and remaining payments due under the terms of the lease agreement which is to expire in December, 2001. A motion for summary judgment is expected to be heard by the end of 2001. Only the remaining lease obligation of \$66,271 has been recorded as of December 31, 2000.

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As of December 31, 2000, a judgment against the Company was obtained by the holder of the remaining Series C redeemable preferred stock for \$21,666 relating to the failure by the

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Company to redeem 8,333 of those shares and to pay dividends when due. Substantially all of that amount was recorded as of December 31, 2000.

IOS Capital, Inc. has made a demand to Rainwire for sums defaulted upon as a result of an equipment lease signed by Rainwire in February, 1997. IOS Capital indicated that they would compromise the amounts owed for the sum of \$15,479.20 in full satisfaction of the claim; however, Rainwire failed to make the payment by the required date.

An action has been filed and reduced to a judgment against Rainwire Partners, Inc. by H.E. Igoe in the amount of \$21,665.96 filed on June 25, 2001. This matter involved a share purchase agreement between Rainwire and Igoe.

Item 2. Changes in Securities and Use of Proceeds

In August, 2001, the Registrant issued 12,000,000 shares of its common stock in settlement of loans in the principal amount of \$60,000. These shares were sold pursuant to Section 4(2) of the Securities Act and have been marked "restricted."

In August, 2001, the Registrant issued 100,000 shares of its common stock to an individual for services provided and to be provided to the Registrant. The services were valued at \$2,500 or \$0.025 per share. These shares were sold pursuant to Section 4(2) of the Securities Act and have been marked "restricted."

In September, 2001, the Registrant issued 200,000 shares of its common stock to an individual in exchange for \$10,000 or at a price of \$0.05 per share. The individual was an accredited investor, and these shares were sold pursuant to Section 4(2) of the Securities Act and have been marked "restricted."

In October, 2001, the Registrant issued 500,000 shares of its Series D Convertible Preferred Stock to Osprey Investments, LLC in exchange for 10,000,000 shares of the Registrant's common stock. These shares were sold pursuant to Section 4(2) of the Securities Act and have been marked "restricted."

Item 3. Defaults Upon Senior Securities

As of December 31, 2000, a judgment against the Company was obtained by the holder of the remaining Series C redeemable preferred stock for \$21,666 relating to the failure by the Company to redeem 8,333 of those shares and to pay dividends when due.

As of September 30, 2001, 24,959 shares of Series C Preferred Stock remain outstanding. Dividends on these shares total \$2,621 and are still unpaid.

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

None.

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Item 5. Other Information

In February, 2001, Rainwire Partners, Inc. ("Rainwire" or the "Company") and Oasis Group, Inc., a Georgia corporation ("Oasis"), began discussions concerning the use of Rainwire as a reverse merger vehicle to position Oasis in the public market. These initial discussions did not result in any agreements. After exploring similar agreements with other parties, the Company re-entered discussions with Oasis in July, 2001.

On August 29, 2001, Rainwire and Oasis completed negotiations and the Oasis Share Exchange Agreement was signed. It is a non-binding agreement subject to the completion of due diligence and exchange of Schedules outlined in the Oasis Share Exchange Agreement. Prior to the Closing, Rainwire plans to increase its authorized common stock and reverse split its present outstanding shares.

The Company is seeking shareholder approval of the Oasis Share Exchange Agreement and the transactions contemplated by it. The consent of persons holding a simple majority (over 50%) of the outstanding Company common stock is needed to approve the closing of the transaction and authorization of the other transactions identified. Because current management owns greater than 50% of the outstanding Company common stock, the Company expects to receive the necessary shareholder approval and intends to prepare an Information Statement on Form 14C to inform the remaining shareholders of the majority's decision. The Company expects to mail the Information Statement to its shareholders on or about November 25, 2001, and believes that the transaction will close on or about December 15, 2001.

Upon execution of the Oasis Share Exchange Agreement, Walter H. Elliott, the President and a director of the Company resigned, and Ronald A. Potts was elected to the Board of Directors of the Company and was appointed President and Chief Executive Officer of the Company. Additionally, Mike McLaughlin and John Hill were elected to the Board of Directors and Peggy Evans was appointed Chief Financial Officer.

Furthermore, upon execution of the Share Exchange Agreement, the Company issued 12,000,000 shares of its common stock to Osprey Investments, LLC (of which Lyne Marchessault is the sole member) in satisfaction of loans in the principal amount of \$60,000.

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

A. Exhibits

- | | | |
|------|--|---|
| 3.4 | Certificate of Designation of Series D Convertible Preferred Stock | * |
| 10.1 | Plan and Agreement to Exchange Stock by and among Rainwire Partners, Inc., Oasis Group, Inc. and the shareholders of Oasis Group, Inc. | * |

* Incorporated by reference, filed as an Exhibit to report on form 10-KSB for 2000, filed on October 30, 2001 (SEC File No. 000-23892)

B. Reports on Form 8-K

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During the third quarter of 2001, the Registrant filed no reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

RAINWIRE PARTNERS, INC.

November 1, 2001

/s/ Ronald A. Potts

President and Chief Executive Officer