20/20 NETWORKS INC
Form 10QSB
August 19, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2003

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

From the transition period from ___________ to ____________.

Commission File Number 0-29935

20/20 NETWORKS, INC.

(Exact name of small business issuer as specified in its charter)

| | |
|---|---|
| Nevada | 33-0677140 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

20700 Ventura Blvd., #227, Woodland Hills, California 91364

(Address of principal executive offices)

(818) 227-9494

(Issuer's telephone number)

N/A

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

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 past 90 days:

Yes : [X] No: [ ]

As of August 14, 2003 there were 11,396,200 shares of Common Stock of the issuer outstanding.

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PART I FINANCIAL STATEMENTS



## PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

20/20 NETWORKS, INC.
BALANCE SHEET

| | June 30, 2003 (Unaudited) | December 3 2002 |
|---|---|---|
| Assets | $ -- | $ - |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| Current liabilities: | | |
| Accounts payable | $ 124,089 | $ 103,41 |
| Accounts payable - related party | 22,229 | 22,22 |
| Total current liabilities | 146,318 | 125,64 |
| Stockholders' deficit: | | |
| Common stock, $.001 par value, 100,000,000 shares authorized, 1,710,991 and 430,991 shares issued and outstanding: | 1,711 | 43 |
| Additional paid-in capital | 875,783 | 749,06 |
| Deficit accumulated during the development stage | (1,023,812) | (875,14 |
| Total stockholders' deficit | (146,318) | (125,64 |

| | | |
|---|---|---|
| | $ -- | $ - |
| | =========== | ========== |

20/20 NETWORKS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended June 30, 2003 | Three Months Ended June 30, 2002 | Six Months Ended June 30, 2003 | Six Months Ended June 30, 2 |
|---|---|---|---|---|
| Cost and Expenses: | | | | |
| General and administrative | $ 138,090 | $ 13,832 | $ 148,670 | $ 1 |
| Net loss | $(138,090) | $ (13,832) | $(148,670) | $ (1 |
| Basic and diluted loss per common share | $ (0.24) | $ (0.03) | $ (0.30) | $ |
| Weighted average shares outstanding | 571,651 | 430,991 | 501,710 | 43 |

20/20 NETWORKS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

| | Six months ended June 30, 2003 | Six months ended June 30, 2002 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $(148,670) | $ (15,967) |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Common stock for services | 128,000 | -- |
| Changes in operating assets and liabilities | | |
| Accounts payable | 20,670 | 15,967 |
| Net cash provided by (used in) operating activities | -- | -- |
| Net increase (decrease) in cash and cash equivalents | -- | -- |
| Cash and cash equivalents at beginning of period | -- | -- |
| Cash and cash equivalents at end of period | $ -- | $ -- |

| | | |
|---|---|---|
| | ========= | ========= |
| Cash paid for: | | |
| Taxes | $ -- | $ -- |
| Interest | $ -- | $ -- |

20/20 WEB DESIGN, INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
June 30, 2003

Note 1: Presentation

The balance sheet of 20/20 as of June 30, 2003, the related statements of operations for the three and six months ended June 30, 2003 and 2002 and the statements of cash flows for the six months ended June 30, 2003 and 2002 included in the financial statements have been prepared by 20/20 without audit. In the opinion of management, the accompanying condensed financial statements include all adjustments (consisting of normal, recurring adjustments) necessary to summarize fairly 20/20's financial position and results of operations. The results of operations for the three and six months ended June 30, 2003 are not necessarily indicative of the results of operations for the full year or any other interim period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and Financial Statements and notes thereto included in 20/20's December 31, 2002 Form 10-KSB.

NOTE 2 - COMMON STOCK

During the six months ending June 30, 2003, 20/20 issued 1,280,000 shares of common stock for services valued at $128,000.

NOTE 3 - AGREEMENT AND PLAN OF REORGANIZATION

In June 2003, 20/20 entered into an agreement to acquire E-Z Arch, LLC ("EZ-Arch"). E-Z Arch will exchange 100% of its common stock and cash for majority control of 20/20. The transaction will be accounted for as a reverse merger. As of August 14, 2003 the transaction had not closed.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains 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. 20/20's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in 20/20's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

GENERAL

20/20 Networks, Inc. formerly known as 20/20 Web Design, Inc. (the "Company") was incorporated on August 31, 1995 as "Visioneering Corporation" under the laws of the State of Nevada, to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. The Company subsequently changed its name to "Asiamerica Energy Group, Inc." on January 12, 1996 when it entered into an agreement to acquire an oil and gas company. No stock was issued and no assets were acquired as this acquisition was not consummated.

The Company then changed its name to "Care Financial Group, Inc." on April 29, 1996. At that time, the Company had agreed to form a wholly owned subsidiary, Care Concepts, Inc., a Nevada corporation ("Care Concepts"). The Company issued 3,700,000 shares of its common stock to Care Concepts which shares were valued at $25,000. Care Concepts was in the business of designing and building specialized motor vehicles for physically handicapped drivers and passengers. Ultimately, this acquisition did not succeed and the Company paid Care Concepts $80,000 to terminate the agreement between Care Concepts and the Company while the shareholders of Care Concepts retained their shares of the Company's common stock. The Company subsequently approved a 250-to-1 reverse stock split after this transaction was terminated.

On May 15, 1997, the Company changed its name to "Trump Oil Corporation" ("Trump"). Trump proposed to merge with Fenway Resources Ltd., a Canadian company involved in natural resource development which wanted to develop and construct a cement manufacturing facility in the Philippines. This proposed merger was never consummated and no shares were issued pursuant to this agreement.

None of the proposed business activities for which the Company's name was changed produced any revenues or created any appreciable business activities for the Company. On March 10, 1999, the Company entered into a letter of intent with 20/20 Web Design, Inc. ("20/20 Web"), a Colorado corporation, a wholly owned subsidiary of Multi-Source Capital, Ltd. ("MSC"), also a Colorado corporation. The Company entered into an Agreement and Plan of Reorganization and completed its acquisition of 20/20 Web, with the Company changing its name as a result. As a result of the merger, MSC became the owner of 80% of the issued and outstanding shares of the Company. The Company recorded the 8,620,000 shares of stock issued to MSC at par value for a total of $8,620. MSC was later acquired by TeleMall Communications, Inc. ("TeleMall"), a publicly traded company which subsequently changed its name to Crown Partners, Inc. ("Crown").

In 1999, the Company continued the business of the Colorado corporation it acquired and continued to design and maintain web sites for small, private companies. The Company's clients included a jewelry store, a gift basket company and certain other small companies. The revenues received from these operations were minimal.

In December, 1999, the Company formed a wholly owned subsidiary, Stein's Cake Box ("Cake Box"), a Nevada corporation. The Company entered into a letter of intent with a bakery operation in Lewisville, Texas controlled by the Company's president, Randy Sutton. The Company lent $195,000 to Cake Box in connection with the letter of intent. Cake Box used the $195,000 to pay some of the construction costs of a proposed bakery operation estimated to ultimately cost a total of $750,000. The proposed construction project was to expand an existing bakery operation located at the same location, College Connection, Inc. dba Stein's Bakery (the "Bakery"), also run by Mr. Sutton. In late February, 2000, the Company and the Bakery mutually agreed to cancel their letter of intent concerning Cake Box, although the Bakery remained liable to repay the $195,000 it acquired from Cake Box. Due to the subsequent filing of a petition under the U.S. Bankruptcy Code, the Company was unable to collect this debt. In February 2001, the Company entered into a letter of intent with BentleyTel.com, Inc. ("BentleyTel"), a Nevada corporation, to acquire BentleyTel in a statutory merger. The terms of the proposed acquisition require, among

other things, that the Company to increase its authorized capital from twenty five million shares of common stock to one hundred million shares, approve a forward-split of one-for-four and change its name to "BentleyTel, Inc." The transaction was not completed and the Company changed its name back to 20/20 Web Design, Inc.

During the quarter ended March 31, 2003, the Company approved a 100-to-1 reverse split and a change of name to "20/20 Networks, Inc.".

As part of its acquisition of E-Z Arch in June, 2003, the Company issued a total of 10,525,000 shares of its common stock. The Company intends to engage in the telephone business in certain developing countries, beginning with Mexico and other Latin American countries and is seeking the necessary capital to pursue this goal.

20/20 presently has no office space.

As of June 30, 2003, 20/20 had no employees.

RESULTS OF OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 2003 COMPARED TO THREE AND SIX MONTHS ENDED JUNE 30, 2002

There were no revenues or cost of revenues for the three and six months ended June 30, 2003 and 2002, respectively.

20/20's expenses for the three months ended June 30, 2003 were approximately $138,090, representing general and administrative expenses, which are primarily from the issuance of 1,280,000 shares of common stock for services valued at $128,000 or $0.10 per share. 20/20 recorded a net loss of $138,090 for the three months ended June 30, 2003. 20/20's expenses for the three six months ended June 30, 2002 were $13,832 representing general and administrative costs. 20/20 recorded a net loss of $13,832 for the three months ended June 30, 2002. The net loss per share was $0.24 for the three months ended June 30, 2003 compared to a net loss of $0.03 per share for the three months ended June 30, 2002.

20/20's expenses for the six months ended June 30, 2003 were approximately $148,670, representing general and administrative expenses which are primarily from the issuance of 1,280,000 shares of common stock for services valued at $128,000 or $0.10 per share. 20/20 recorded a net loss of $148,670 for the six months ended June 30, 2003. 20/20's expenses for the six months ended June 30, 2002 were $15,967 representing general and administrative costs. 20/20 recorded a net loss of $15,967 for the six months ended June 30, 2002. The net loss per share was $0.30 for the six months ended June 30, 2003 compared to a net loss of $0.04 per share for the six months ended June 30, 2002.

As of June 30, 2003 and 2002, 20/20 had assets of less than $100. 20/20's current liabilities at June 30, 2003 were approximately $146,000 compared to liabilities of approximately $126,000 for the year ended December 31, 2002. This difference is primarily attributable to the expenses incurred in filing a registration statement under the 1934 Act and the associated legal and accounting expenses incurred as a result as well as legal costs incurred in connection with the BTC transaction. Shareholders' deficit at June 30, 2003 was approximately $146,000 compared to total shareholders' deficit of $126,000 for the year ended December 31, 2002.

20/20 anticipates that until a business combination is completed with an acquisition candidate, it will not generate revenues and may operate at a loss after completing a business combination, depending upon the performance of the acquired business.

20/20 will attempt to carry out its business plan as discussed above. 20/20 cannot predict to what extent its lack of liquidity and capital resources will hinder its business plan prior to the consummation of a business combination.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, 20/20 has experienced no significant change in liquidity or capital resources or stockholders equity other than the receipts of proceeds from offerings of its capital stock. 20/20 received $250,000 from an offering conducted under Rule 504 of Regulation D in 1999. 20/20 also raised approximately $158,000 from the issuance of 7,200,000 shares of 20/20's common stock prior to 1997. In 1997, 20/20 raised an additional $345,000 from the sale of its common stock. 20/20's balance sheet as of June 30, 2003 reflects limited assets and limited liabilities. Further, there exist no agreements or understandings with regard to loan agreements by or with the Officers, Directors, principals, affiliates or shareholders of 20/20.

20/20 is continuing to search for suitable merger candidates or other businesses to become involved in so that it can commence operations and generate revenues to continue paying its bills.

20/20 will attempt to carry out its plan of business and hopes to enter into a business combination with another entity. 20/20 cannot predict to what extent its lack of liquidity and capital resources will hinder its business plan prior to the consummation of a business combination.

NEED FOR ADDITIONAL FINANCING

20/20's existing capital is not sufficient to meet 20/20's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. Once a business combination is completed, 20/20's need for additional financing is likely to increase substantially.

No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any funds will be available to 20/20 to allow it to cover its expenses.

20/20 might seek to compensate providers of services by issuing common stock in lieu of cash.

DESCRIPTION OF PROPERTIES

20/20 presently has no office space.

EMPLOYEES

As of June 30, 2003, 20/20 had no employees.

Inflation

20/20's results of operations have not been affected by inflation and management does not expect inflation to have a significant effect on its operations in the future.

ITEM 3. CONTROLS AND PROCEDURES

Based on the evaluation of 20/20's disclosure controls and procedures by Mr. Charles Smith, both the chief executive officer and chief accounting officer of 20/20, as of a date within 90 days of the filing date of this quarterly report, such officer has concluded that 20/20's disclosure controls and procedures are effective in ensuring that information required to be disclosed by 20/20 in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time period specified by the Securities and Exchange Commission's rules and forms.

There were no significant changes in 20/20's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II

Items No. 1, 3, and 4 - Not Applicable.

ITEM 2. CHANGES IN SECURITIES

In June 2003, 20/20 issued 1,280,000 shares of common stock to various consultants for services rendered. These shares were registered on a Form S-8 Registration Statement.

Item No. 5 - Other Information

None

Item No. 6 - Exhibits and Reports on Form 8-K

(a) A Form 8-K was filed on February 10, 2003.

(b) Exhibits

None

SIGNATURES

In accordance with the requirements 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.

20/20 NETWORKS, INC.

By /s/ Edward Gallagher

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Edward Gallagher, President

By: /s/ Charles Smith
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Charles Smith, CFO

Date: August 14, 2003

FORM OF CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

CERTIFICATION

I, Edward Gallagher, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of 20/20 NETWORKS, INC.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 14, 2003

/s/ Edward Gallagher
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Name: Edward Gallagher
Title: President

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 20/20 NETWORKS, INC. on Form 10-QSB for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of 20/20.

/s/ Edward Gallagher
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Edward Gallagher, President

/s/ Charles Smith
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Charles Smith, CFO

Dated: August 14, 2003