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BUY IT CHEAP COM INC /DE
Form 10QSB
November 14, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2002

TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-13337

Buy It Cheap.com, Inc.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware

22-2497491

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

1800 Bloomsbury Avenue, Ocean, NJ 07712

(Address of principal executive offices)

732-922-3355

(Issuer's telephone number)

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

Check whether the issuer (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 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:

9,040,582 shares of Common Stock,
\$.001 par value per share, at October 16, 2002.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements of Buy It Cheap.com, Inc. (unaudited)

Balance Sheet as of September 30, 2002 and June 30, 2002.

Statements of Loss for the three month periods ended September 30, 2002 and September 30, 2001 and the period July 19, 1999 to September 30, 2002.

Statements of Cash Flows for the three months ended September 30, 2002 and for the period July 19, 1999 to September 30, 2002.

Notes to Financial Statements

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BUY IT CHEAP.COM, INC.
(A Development Stage Company)
Balance Sheets
(Unaudited)

| Assets | As of | |
|---|--------------------|---------------|
| | September 30, 2002 | June 30, 2002 |
| | ----- | ----- |
| Current assets: | | |
| Cash | \$ 20,261 | \$ 6,371 |
| Other current assets | 1,000 | 1,000 |
| | ----- | ----- |
| Total current assets | 21,261 | 7,371 |
| | ----- | ----- |
| Investment in and net advances to joint venture | 620,535 | 620,535 |
| Reserve against investment in and net advances to joint venture | (620,535) | (620,535) |
| Property and equipment, net of depreciation | 5,366 | 8,358 |
| | ----- | ----- |
| Total assets | \$ 26,627 | \$ 15,729 |
| | ===== | ===== |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 154,372 | \$ 154,945 |
| Due to officers and directors | 5,559 | 5,559 |
| Convertible note payable | 16,198 | 16,198 |
| Due to stockholder | 20,000 | - |
| | ----- | ----- |
| Total current liabilities | 196,129 | 176,702 |

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| | | |
|--|-----------------------------|-----------------------------|
| Total liabilities | ----- 196,129 ----- | ----- 176,702 ----- |
| Stockholders' equity: | | |
| Preferred stock - Series C, \$.001 par Authorized - 2,000,000 shares Issued and outstanding - 10,000 shares | 10 | 10 |
| Common stock - \$.001 par Authorized - 20,000,000 shares Issued and outstanding - 9,190,802 shares issued and 9,040,582 shares outstanding | 9,191 | 9,191 |
| Paid in capital | 787,140 | 767,540 |
| Treasury stock | (751,100) | (751,100) |
| Deficit accumulated during the development stage | (214,739) | (206,213) |
| Total stockholders' equity | ----- (169,502) ----- | ----- (160,973) ----- |
| Total Liabilities and Equity | \$ 26,627 ===== | \$ 15,729 ===== |

See Notes to the Financial Statements

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BUY IT CHEAP.COM, INC.
(A Development Stage Company)
Statements of Loss
(Unaudited)

| | For the three months ended September 30, | | Cumulative from July 19, 1999 to September 30, 2002 |
|--|---|----------------------|---|
| | 2002 | 2001 | |
| Revenues | \$ - ----- | \$ - ----- | \$ - ----- |
| Direct operating costs | 675 | 1,610 | 21,231 |
| General and administrative expenses | 7,852 ----- | 17,247 ----- | 193,509 ----- |
| Total expenses | 8,527 ----- | 18,857 ----- | 214,740 ----- |
| Net loss | \$ (8,527) ===== | \$ (18,857) ===== | \$ (214,740) ===== |
| Weighted average number of shares Outstanding | 9,040,175 ===== | 8,840,175 ===== | 8,033,186 ===== |
| Loss per common share | \$ - | \$ - | \$.03 |

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| | | | |
|--|-------|-------|--------|
| | ===== | ===== | ===== |
| Loss per common share assuming dilution | \$ - | \$ - | \$.03 |
| | ===== | ===== | ===== |

See Notes to Financial Statements

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BUY IT CHEAP.COM, INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

| | For the three months ended September 30, | | Cumulative from July 19, 1999 to September 30, 2002 |
|---|---|-------------|---|
| | 2002 | 2001 | |
| | ----- | ----- | ----- |
| Cash flows from operating activities:- | | | |
| Net loss | \$ (8,527) | \$ (18,857) | \$ (214,740) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Depreciation and amortization | 2,992 | 2,992 | 32,909 |
| Changes in assets and liabilities | | | |
| Other current assets | - | - | (1,000) |
| Accounts payable | (573) | (15,728) | 19,442 |
| | ----- | ----- | ----- |
| Net cash used by operating activities | (6,108) | (31,593) | (163,389) |
| | ----- | ----- | ----- |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | - | - | (23,275) |
| Cash acquired | - | - | 1,927 |
| | ----- | ----- | ----- |
| | - | - | (21,348) |
| | ----- | ----- | ----- |
| Cash flows from financing activities: | | | |
| Sale of Common stock | - | 20,000 | 185,000 |
| Loan from stockholder | 20,000 | - | 20,000 |
| | ----- | ----- | ----- |
| | 20,000 | 20,000 | 205,000 |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash | 13,892 | 17,197 | 20,263 |
| Cash at beginning of period | 6,371 | 12,452 | - |

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| | | | |
|-----------------------|-----------|-----------|-----------|
| | ----- | ----- | ----- |
| Cash at end of period | \$ 20,263 | \$ 29,649 | \$ 20,263 |
| | ===== | ===== | ===== |

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

| | |
|---|--------------|
| Liabilities assumed in the acquisition of Northeast (USA) Corp. for common stock | \$ (190,957) |
| Accounts payable satisfied by issuance of common stock and convertible note payable | 32,395 |
| Software costs financed by issuance of common stock | 15,000 |
| | ----- |
| | \$ (123,562) |
| | ===== |

See Notes to Financial Statements

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to Financial Statements
(Unaudited)

Summary of Significant Accounting Policies

Basis of Presentation

The interim financial statements included in this report have been prepared by Buy It Cheap.com, Inc. (the "Company") without audit in accordance with generally accepted accounting principles and pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading.

In the opinion of management, the information furnished for the three-month periods ended September 30, 2002 and 2001 includes all adjustments, consisting solely of normal recurring accruals, necessary for a fair presentation of the financial results for the respective interim periods. The results of operations for the three month period ended September 30, 2002 are not necessarily indicative of the results of operations to be expected for the fiscal year ending June 30, 2003. It is suggested that the interim financial statements be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2002, as filed with the Securities and Exchange Commission on Form 10-KSB.

Net Loss Per Common Share

The weighted average number of common shares outstanding used in computing net loss per common share was 9,040,175 and 8,840,175 for the three month periods September 30, 2002 and 2001 respectively. The weighted average number of common shares used in computing the net loss per common share does not include any shares issuable upon the assumed conversion of the preferred stock

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since the effect would be anti-dilutive.

Due to Stockholder

During the quarter, a stockholder made a \$20,000 advance to the Company. The characterization of the advance and its use by the Company has not yet been determined.

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

The Company entered the Internet retailing business through the formation of a separate entity by two of its directors. The new entity was able to raise limited start-up capital for an Internet retailing business. For accounting purposes, the combination of the two companies was treated as an acquisition of the Company by this new entity. Subsequent to the completion of this acquisition the Company changed its name to Buy It Cheap.com, Inc. and commenced an Internet retailing operation under the website "Buyitcheap.com." The Company must still arrange settlement of its liabilities and raise substantial new investment capital in order to effectively develop this business.

Financial and Operating Plan for the Next 12 Months

The Company plans to operate over the next 12 months with little overhead consisting primarily of office rental, transfer agent fees, web hosting and professional fees. No salaries or wages are currently paid. While the Company is currently readying its website, it cannot predict with certainty when the site will be fully operational. Until there is positive cash flow from its Internet business, or the Company is able to raise a substantial amount of new capital, there will be few, if any paid employees. The Company plans that sales transactions, for the most part, will be handled automatically over the Internet requiring little labor or office space requirements. The Company believes it can become a viable business within 12 months (subject to the outcome of previously described legal proceedings) if it is able to raise additional capital. The objective of the Company will be to establish the viability necessary to attract substantial new investment capital to expand its business.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor provisions. When used in this Quarterly Report on Form 10-QSB, the words "estimate," "project," "believe," "anticipate," "intend," "expect," "plan," "predict," "may," "should," "will," "the negative thereof and similar expressions are intended to identify forward-looking statements.

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Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained herein. Important factors that could contribute to such differences include, but are not limited to, the fact that the Company is in the early stages of developing its Internet retailing business, the Company's dependence on growth of the Internet, rapid technological changes in the market, the effect of substantial competition in the Internet retail market, the effect of changes in governmental regulation of the Internet and the effect of general economic and market conditions. Other factors may be described from time to time in the Company's other filings with the Securities and Exchange Commission, news releases and other communications. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Item 3. Controls and Procedures

Anthony J. Consi, our Chief Executive Officer, and Stephen E. Roman, Jr., our Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report. Based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Messrs. Consi and Roman performed their evaluation.

PART II - OTHER INFORMATION

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

(a) Exhibits

None

(b) Current Reports on Form 8-K filed during the quarter ended September 30, 2002

None.

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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.

Date: November 12, 2002

BUY IT CHEAP.COM, INC.
/s/ Stephen E. Roman, Jr.

Signature
Stephen E. Roman, Jr.
Vice President and Principal
Accounting Officer

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CERTIFICATION FOR 10-QSB

I, Anthony J. Consi, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Buy It Cheap.com, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a 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 officers 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 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

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is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of 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; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether 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:

Anthony J. Consi
President and CEO.

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CERTIFICATION FOR 10-QSB

I, Stephen E. Roman, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Buy It Cheap.com, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a 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;

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4. The registrant's other certifying officers 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 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 prior to 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 officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of 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; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether 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:

Stephen E. Roman, Jr.
Vice President and CFO.