

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

ADVANCED HEALTHCARE TECHNOLOGIES INC
Form 10QSB/A
December 01, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

FORM 10QSB

FOR THE QUARTER ENDED SEPTEMBER 30, 2003
COMMISSION FILE NUMBER 333-51058

Advanced Healthcare Technologies, Inc.
Formally Email Mortgage, Inc.
(Exact name of Registrant as specified in its charter)

Colorado 84-1565820
(State or other jurisdiction of (I.R.S. Employer I.D.)
incorporation or organization)

10838 Old Mill Rd.
Omaha, Nebraska 68154
Registrant's Telephone Number, including area code
402-697-0945

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 Exchange
Act of 1934 during the preceding twelve months, and (2) has been
subject to such filing requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the close of the period covered by this
report: 43,501,131 shares.

2

Advanced Healthcare Technologies, Inc.

Index

| Part I | Financial Information | Page Number |
|---------------|-----------------------|-------------|
| Item 1. | | |
| Balance Sheet | | 3 |

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

| | |
|---|----|
| Statements of Loss and Accumulated Deficit | 4 |
| Statements of Cash Flows | 5 |
| Footnotes | 6 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | 7 |
| Part II None | |
| Signatures | 10 |

3

Advanced Healthcare Technologies, Inc.
(A Development Stage Company)
Balance Sheet
September 30, 2003
(Unaudited)

ASSETS

Current assets: 2003

| | | |
|--------------------------------|----|-------|
| Cash | \$ | 78 |
| Advances to affiliated company | | 5,380 |
| | | ----- |
| Total current assets | | 5,458 |
| | | ----- |
| | \$ | 5,458 |
| | | ===== |

STOCKHOLDERS' EQUITY

Current liabilities:

| | | |
|---------------------------|----|--------|
| Accounts payable | \$ | 600 |
| Accrued expenses | | 37,523 |
| | | ----- |
| Total current liabilities | | 38,123 |

Loans from shareholders

224,830

Stockholders' equity:

| | | |
|--|----|-------------|
| Preferred stock, \$.01 par value, 10,000,000 shares authorized, no shares issued and outstanding | | - |
| Common stock, \$.001 par value, 100,000,000 shares authorized, 43,501,131 shares issued and outstanding | | 43,502 |
| Additional paid in capital | | 3,670,921 |
| Common stock subscribed | | 15,000 |
| (Deficit) accumulated during development stage | | (3,986,918) |
| | | ----- |
| | | (257,495) |
| | | ----- |
| | \$ | 5,458 |
| | | ===== |

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

See accompanying notes to financial statements.

4

Advanced Healthcare Technologies, Inc.

(A Development Stage Company)

Statements of Operations

Three Months and Six Months Ended September 30, 2003 and 2002
For the Period From Inception (March 28, 2000) to September 30, 2003
(Unaudited)

| | Three Months Ended September 30, | | Six Months Ended September 30, | | Period From Inception To September 30, |
|--|-------------------------------------|-------------|-----------------------------------|-------------|--|
| | 2003 | 2002 | 2003 | 2002 | 2003 |
| Revenue: | | | | | |
| Loan processing fees | \$ - | \$ - | \$ - | \$ 1,100 | \$ 4,350 |
| Interest income | - | 588 | - | 1,653 | 3,302 |
| | - | 588 | - | 2,753 | 7,652 |
| Operating expenses: | | | | | |
| Loan processing costs | - | - | - | 500 | 7,050 |
| Professional fees | 18,064 | 13,389 | 21,064 | 14,664 | 108,590 |
| Consulting services | 1,651,457 | 2,400 | 1,898,066 | 2,400 | 2,607,947 |
| Web site expenses | - | 125 | 92 | 125 | 23,592 |
| Investor relations costs | - | - | 6,829 | - | 659,589 |
| Rent and office services | 1,600 | 475 | 3,200 | 950 | 14,875 |
| Purchased research and development costs | - | - | - | - | 525,000 |
| Other expenses | 2,951 | 1,328 | 25,749 | 2,158 | 47,927 |
| | 1,674,072 | 17,717 | 1,955,000 | 20,797 | 3,994,570 |
| (Loss from operations) and net (loss) | \$ (1,674,072) | \$ (17,129) | \$ (1,955,000) | \$ (18,044) | \$ (3,986,918) |
| Per share information: | | | | | |
| Basic and diluted (loss) per common share | \$ (0.04) | \$ - | \$ (0.07) | \$ - | |
| Weighted average shares outstanding | 41,467,798 | 11,257,000 | 30,056,878 | 11,257,000 | |

See accompanying notes to financial statements.

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

5

Advanced Healthcare Technologies, Inc.
 (A Development Stage Company)
 Statements of Cash Flows
 Six Months Ended September 30, 2003 and 2002
 For the Period From Inception (March 28, 2000) to September 30, 2003
 (Unaudited)

| | Six Months Ended September 30, 2003 | Period From Six Months Ended September 30, 2002 | Inception To September 30, 2003 |
|--|---|--|---------------------------------------|
| Net income (loss) | \$ (1,955,000) | \$ (18,044) | \$ (3,986,918) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Services provided for common stock | 1,717,890 | 900 | 2,273,790 |
| Technology acquired for common stock | - | - | 525,000 |
| Expenses contributed to capital by shareholder | - | - | 8,500 |
| Services provided for shareholder advances | 191,652 | - | 844,413 |
| Changes in assets and liabilities: | | | |
| Increase (decrease) in accounts payable | (8,071) | 350 | 600 |
| Increase (decrease) in accrued expenses | (32,477) | - | 37,523 |
| Total adjustments | 1,868,994 | 1,250 | 3,689,826 |
| Net cash provided by (used in) operating activities | (86,006) | (16,794) | (297,092) |
| Cash flows from financing activities: | | | |
| Common stock sold or subscribed for cash | 15,000 | - | 268,150 |
| Proceeds from note payable | 25,000 | - | 37,500 |
| Repayment of related party loans | - | - | (70,325) |
| Advances to affiliated company | - | (20,000) | (55,380) |
| Repayment of advances to affiliated company | 28,000 | - | 50,000 |
| Loans from related party | 5,400 | 475 | 67,225 |
| Net cash provided by (used in) financing activities | 73,400 | (19,525) | 297,170 |
| Increase (decrease) in cash | (12,606) | (36,319) | 78 |
| Cash and cash equivalents, beginning of period | 12,684 | 143,114 | - |
| Cash and cash equivalents, end of period | \$ 78 | \$ 106,795 | \$ 78 |

See accompanying notes to financial statements.

6

Advanced Healthcare Technologies, Inc.
 Notes to Unaudited Financial Statements

Basis of presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions incorporated in Regulation SB of the Securities and Exchange Commission. 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 adjustments and accruals) considered necessary for a fair presentation have been included.

The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. The accompanying financial statements should be read in conjunction with the Company's financial statements for the year ended March 31, 2003.

Basic loss per share was computed using the weighted average number of common shares outstanding.

The Company received \$5,400 of cash advances from shareholders during the six months ended September 30, 2003 and had an outstanding advance balance due to shareholders of \$224,830 at September 30, 2003. During the six months ended September 30, 2003, \$624,983 of shareholder debt was converted to stockholders' equity by the issuance of 13,886,506 restricted common shares to the shareholders. The debt exchange was completed at \$.045 per share at a time when the fair value of the stock was \$.09 per share. The Company has recorded compensation expense of \$624,983 in connection with the exchange. Additionally during the period, the shareholders provided consulting and other services to the Company amounting to \$191,652 which amount has been added to the shareholder advance account.

During the six months ended September 30, 2003 the Company issued 11,605,625 shares of its common stock for services provided. The shares were valued at an aggregate of \$1,029,906, which represents the aggregate fair value of the stock and is based on quoted market prices for the stock on the date the issuances were approved. Two million of the shares issued were to two individuals who are no longer affiliated with the Company and who did not, in the opinion of the Company, provide the services agreed to with the Company. The Company is attempting to recover the shares.

Additionally during the period, an aggregate of 1,800,000 shares of common stock were issued to two individuals for conversion of notes payable amounting to \$37,500. The exchanges were completed at a discounted price from the fair value of the stock and the Company has recorded \$63,000 of compensation expense in connection with the exchanges.

7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Trends and Uncertainties. Demand for Advanced Healthcare products and services will be dependent on, among other things, market acceptance of

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

the Advanced Healthcare's concept, the quality of its services, and general economic conditions, which are cyclical in nature. Inasmuch as a major portion of Advanced Healthcare's activities will be the receipt of revenues from our services, Advanced Healthcare's business operations may be adversely affected by Advanced Healthcare's competitors and prolonged recessionary periods.

Capital and Source of Liquidity. All of the initial working capital has been obtained from the sale of common shares to the current officers, directors and principal shareholder (\$250,000) and loans from a related party of (\$62,745). We do not have the liquidity to fund our operations and will require additional capital. We currently have little working capital and will rely on further loans to continue operations until completion of the current public offering. Advanced Healthcare's requires these additional loans to expand our current and strategic business plans. We do not have any funding arrangements with any third party or any affiliates.

For the six months ended September 30, 2003, we received \$15,000 for common stock sold or subscribed and received proceeds from note payable of \$25,000. Additionally, we repaid \$28,000 of advances to affiliated company and received \$5,400 in loans from a related party. As a result, we had net cash provided by financing activities of \$73,400 for the six months ended September 30, 2003.

For the six months ended September 30, 2002, we made advances to a related party of \$20,000 and received loans from a related party of \$450 resulting in net cash used in financing activities.

For the six months ended September 30, 2003 and 2002, we did not pursue any investing activities.

On a long-term basis, liquidity is dependent on continuation and expansion of operation and receipt of revenues, additional infusions of capital, and debt financing. Advanced Healthcare believes that additional capital and debt financing in the short term will allow Advanced Healthcare to increase its marketing and sales efforts and thereafter result in increased revenue and greater liquidity in the long term. However, there can be no assurance that Advanced Healthcare will be able to obtain additional equity or debt financing in the future, if at all.

Results of Operations. Since inception, Advanced Healthcare has not received any significant revenues from operations.

For the six months ended September 30, 2003 we did not receive any revenue. We had operating expenses of \$1,674,072 that consisted of professional fees of \$18,064, consulting services of \$1,651,457, rent and office services of \$1,600 and other expenses of \$2,951.

8

Advanced Healthcare received \$5,400 of cash advances from shareholders during the six months ended September 30, 2003 and had an outstanding advance balance due to shareholders of \$224,830 at September 30, 2003. During the six months ended September 30, 2003, \$624,983 of shareholder debt was converted to stockholders' equity by the issuance of 13,886,506 restricted common shares to the shareholders. The debt exchange was completed at \$.045 per share at a time when the fair value of the stock was \$.09 per share. Advanced Healthcare has recorded compensation expense of \$624,983 in connection with the exchange. Additionally during the period, the shareholders provided consulting

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

and other services to Advanced Healthcare amounting to \$191,652 which amount has been added to the shareholder advance account.

During the six months ended September 30, 2003 Advanced Healthcare issued 11,605,625 shares of its common stock for services provided. The shares were valued at an aggregate of \$1,029,906, which represents the aggregate fair value of the stock and is based on quoted market prices for the stock on the date the issuances were approved. Two million of the shares issued were to two individuals who are no longer affiliated with Advanced Healthcare and who did not, in the opinion of Advanced Healthcare, provide the services agreed to with Advanced Healthcare. Advanced Healthcare is attempting to recover the shares.

Plan of Operation. Advanced Healthcare is in the development stage and has not conducted any significant operations to date or received significant operating revenues. We will not need to conduct any research and development regarding our business plan.

We do not expect to purchase any plant or significant equipment.

Advanced Healthcare may experience problems; delays, expenses, and difficulties sometimes encountered by an enterprise in Advanced Healthcare's stage of development, many of which are beyond Advanced Healthcare's control. These include, but are not limited to, unanticipated problems relating to the development of the system, manufacturing costs, production and marketing problems, additional costs and expenses that may exceed current estimates, and competition.

Controls and Procedures. The Chief Executive Officer and the Chief Financial Officer of the Company have made an evaluation of the disclosure controls and procedures relating to the quarterly report on Form 10QSB for the period ended September 30, 2003 as filed with the Securities and Exchange Commission and have judged such controls and procedures to be effective as of September 30, 2003 (the evaluation date).

There have not been any significant changes in the internal controls of the Company or other factors that could significantly affect internal controls relating to the Company since the evaluation date.

9

Signatures

Pursuant to 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 hereunto duly authorized.

Date: November 30, 2003

By: /s/ Randy Sulhoff

Randy Sulhoff
President

18

CERTIFICATIONS

I, Randy Sulhoff, certify that:

1. I have reviewed this quarterly report on Form 10QSB of Advanced Healthcare Technologies, Inc.
2. Based on my knowledge, the 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 small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this quarterly report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

19

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(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 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: November 30, 2003

/s/Randy Sulhoff
Randy Sulhoff
Chief Executive Officer

20

CERTIFICATION

I, Daniel Starczewski, certify that:

1. I have reviewed this quarterly report on Form 10QSB of Advanced Healthcare Technologies, Inc.

2. Based on my knowledge, the 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 small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) designed such internal control over financial reporting, or

Edgar Filing: ADVANCED HEALTHCARE TECHNOLOGIES INC - Form 10QSB/A

caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this quarterly report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

21

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 the registrant's board of directors (or persons performing the equivalent function):

(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

Date: November 30, 2003

/s/Daniel Starczewski

Daniel Starczewski, Chief Financial Officer