

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

800AMERICA COM INC
Form 10KSB/A
November 13, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-KSB/A
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended:
December 31, 2001
Commission File Number
0-28547

800America.com, Inc.

(Name of small business issuer in its charter)

Nevada

87-0567884

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

420 Lexington Avenue, New York, New York 10170

(Address of Principal Executive Offices)

(800) 999-5048

(Telephone number of Issuer)

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

COMMON STOCK \$.001 PAR VALUE PER SHARE

(Title of Class)

Check whether the issuer (1) has 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 X
---- ----

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

1

State issuer's revenues for the most recent fiscal year. \$21,401,169.

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of March 29, 2002 was \$32,606,695. Our commons stock is traded on the OTC Electronic Bulletin Board under the symbol "ACCO".

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

There were 19,976,289 shares of common stock \$.001 par value per share outstanding as of March 29, 2002.

ITEM 1. DESCRIPTION OF BUSINESS

CORPORATE HISTORY

We were incorporated in Nevada on December 5, 1996, under the name Sport Fair Television Inc. Our plan at that time was to create and promote sports goods shows for home shopping networks transmitted via satellite or cable television. These plans did not come to fruition. On December 31, 1997, we acquired from Elizabeth Peters all the issued and outstanding common stock of Songs of the Planet Inc. in exchange for 200,000 shares of common stock. Songs of the Planet was organized in August 1997 and changed its name to World House Entertainment. At the time of the acquisition, it had limited operations. These operations primarily consisted of providing copyright administrative services to affiliates of Mrs. Peters. World House Entertainment conducted no business operations. After the acquisition Elizabeth Peters became the company's sole employee.

In July 1999, World House Entertainment issued 10,000,000 shares of restricted common stock to acquire all of the issued and outstanding common stock of 800America, Inc. a Delaware corporation based in Nashville, Tennessee. 800America, Inc. was incorporated on March 26, 1999 for the purpose of operating an Internet shopping mall and an online magazine. 800America, Inc. was merged into the company and the company as part of the merger, changed its name to 800America.com Inc. At the same time, the company sold its wholly owned subsidiaries, World House Entertainment and Songs of the Planet, to its former owner, Elizabeth Ann Peters.

OUR BUSINESS

We are a growing company that owns and operates international e-commerce and technology websites. Our primary business is to bring buyers and sellers together in an efficient and easy to use format and generate fees based on transactions. We believe that we are an innovator in developing proprietary technologies and processes needed for easy navigation and convenience in business-to-business and business-to-consumer environments. Our technologies have provided the foundation needed for us to scale and grow our e-commerce businesses profitably across geographic regions and multiple product lines.

The majority of our revenues are derived from commissions and sales generated on transactions made through our four primary websites, OneTwoClick.com and RothmanCloseouts.com (commissions), InternetWebGuide.com, and FileShooter.com (sales). All of our websites share their underlying technologies and the management team responsible for our profits.

2

THE 800AMERICA NETWORK: THE 800AMERICA NETWORK CONSISTS OF A GROUP OF

WEBSITES THAT PROVIDE BUSINESS TO BUSINESS, E-COMMERCE SERVICES AND TECHNOLOGY.

The 800America Network (www.800america.com), is our homepage for all of our eleven websites that comprise the 800America Network.

OneTwoClick offers consumers a convenient way of easily navigating among many stores. We are paid a commission on a per transaction basis by the retail stores included in the OneTwoClick site of 5 to 20% on items sold on this portal. We are actively involved in determining the stores that are listed on

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

the portal based on shopper preference. Our filtering mechanism for bringing stores into the portal is based upon the preferences of our users.

We offer incentives to keep new and repeat visitors coming to the 800America Network through promotions and advertising. We run television advertising to increase the number of visitors to the 800America Network. As of March 29, 2002, our OneTwoClick portal had over 700,000 registered customers making over 300,000 transactions per month.

The 800America Network offers other services to both users and vendors. Through an 800America Network website, inShop (www.inshop.com), we provide a customized mass direct mail service that alerts our inShop customers about merchandise on sale at particular stores off-line. The stores pay us a per alert fee to include their sales in the alerts. We receive payments from the stores to send these alerts to our visitors. inShop has a database of well to do, primarily female consumers, and extensive relationships with stores and shoppers. The inShop model helps shoppers make informed shopping decisions by allowing its members to receive both fashion and designer sales alerts via e-mail.

We developed and grew our customer base of Internet shoppers through our online magazine, Internet Web Guide (www.internetwebguide.com). Our Internet Web Guide provides write-ups, best of best site reviews and articles relating to Internet shopping and some twenty different other categories. The online magazine is independently written and is available in six languages and in several countries around the world.

ROTHMAN CLOSEOUTS: ROTHMAN CLOSEOUTS OPERATES THE WORLD'S LEADING WEB-BASED

GLOBAL TRADING COMMUNITY FOR SURPLUS AND CLOSEOUT MERCHANDISE.

Rothman Closeouts, a member of the 800America Network (www.rothmancloseouts.com), the world's leading web-based global trading community for surplus and closeout merchandise, is a leading business to business closeout portal for manufacturers, wholesalers and retailers to sell and buy surplus inventories around the world. Through management's years of experience in closeout merchandise, Rothman has built an on-line global trading community in which buyers and sellers are brought together in an efficient and cost-effective manner to buy and sell surplus merchandise. The Rothman online platform has been used by many brick and mortar companies seeking an online distribution channel for their surplus and closeout merchandise. We believe these relationships will continue to increase as brick and mortar companies seek new ways to bring their businesses to the Internet without incurring significant start-up and operating costs.

3

Rothman's business model was developed based on our management team's in-depth knowledge of the industry. Our management team has many years of industry experience and understands how buyers and sellers trade in surplus merchandise. Our understanding of the marketplace provides us a competitive edge and is reflected in the services we provide. We continue to tailor our Rothman services to reach web-based trading communities in other countries. We have expanded the Rothman services to thousands of small business owners across America. Most surplus merchandise is sold in larger lots at higher prices leaving the small business owner unable to compete with the large retailers offering closeouts. Our services allow these small business owners to aggregate their surplus merchandise so that they may share in the benefits of selling larger lots. The minimum order that can be placed is \$500.00.

Our goal is to be the "virtual closing room" for closeout merchandise around the world. Our proprietary technology automates the customer buying

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

process and has proven instrumental in our ability to reach our goal. This technology finds and then matches buyers and sellers, and builds a fast and accurate customer buying system. This provides Rothman Closeouts with the ability to gather information on customer buying behaviors on a realtime continuous basis. The information allows Rothman Closeouts to provide valuable assistance to its customers in order to close the sale during the actual negotiation. We operate Rothman internationally and have expanded our services to the Far East, Europe and South America.

OTHER PRODUCTS AND SERVICES:

Fileshooter (www.fileshooter.com), has led to the development of a revolutionary new peer-to-peer communications tool for secure, private instant Internet messaging that sends and receives any kind or size file including text, music, pictures and graphics. We acquired a 51% ownership in Fileshooter in November 2000 and completed the acquisition for the remaining 49% in July 2001 and worked with the company's existing technology to further develop the Fileshooter product.

Fileshooter instantly sends and receives any type or size of file, including, but not limited to, text, music, pictures and graphics or any combination thereof. What makes Fileshooter different from other products is that it does not reside on any intermediary's server used in sending or receiving e-mail. Fileshooter takes a file and wraps it in an encrypted format. The file is then sent via the Internet with nothing more than an Internet Protocol (IP) address tag to the designated recipient. This innovative process allows the sender and receiver to communicate privately regardless of each others browser, e-mail product or Internet service provider. The Fileshooter file tunnels through the Internet and its myriad of routers instantly to reach the recipient.

Fileshooter serves the need for individuals, groups and corporations to communicate with a variety of other individuals or organizations which may have different service providers and server technologies. Fileshooter offers additional flexibility to users in providing the ability to open a private chat line of communication which does not reside on any intermediary's server. The chat line is private, quick and deleted once the transmission is complete. We began marketing the software product to consumers and businesses in the third quarter of 2001.

4

EBiz4Biz.com is a business to business site that offers Chinese manufacturers English and Chinese language web pages pointed to North America where they may display their merchandise for sale.

IPSpayment.com is an online payment system that allows users to pay bills and transfer funds.

WizardWorld is an online marketplace where people can buy, sell or trade collectibles.

cs-live provides real-time communications using the Internet as the delivery medium. cs-live technology enables companies with a web presence to maximize the effectiveness of the Internet with applications that provide enhanced real-time communications over the web, including live chat and rich media. cs-live provides solutions for eLearning, eMarketing, sSupport and eSurveys, brings cs-live's customers' web sites to the next level with live and interactive customer management solutions.

The iGain platform employs an Application Service Provider (ASP) model to deliver cash rewards-based loyalty programs to its clients via both Cash Rewards

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

and Merchant Partner application services. Clients may use the services independently or together to reward loyal customers. By modeling the relationships between clients, members, and incentive programs, iGain fully manages the distribution, tracking, and fulfillment of cash incentives. As an ASP, iGain leverages the power of the Internet to quickly and efficiently put clients' rewards programs to work. iGain loyalty programs are agile and can be launched in less than two weeks. B2B and B2C services are provided utilizing standard protocols over the Internet.

Youtopia.com is one of the most popular teenage sites in North America with approximately 1-2 million members between the ages of fourteen and twenty-six. The site features contests, games, promotions and some of the most popular music artists.

BUSINESS STRATEGY

Our strategic objective is to continue to grow our business by acquiring companies with technologies that support our core business and provide tools for Internet navigation, shopping and trading convenience. The key elements of our strategy are to:

- * continue to maximize opportunities with our existing businesses;
- * seek strategic acquisitions of synergistic companies with technologies that support our strategy and improve shareholder value;
- * acquire additional e-commerce companies and layer in our managerial expertise to expand our existing customer base and maximize profits; and
- * build upon our current infrastructure to provide technology and services that enhance the Internet shopping experience.

5

SALES AND MARKETING

We have approximately 150 independent commission-based sale persons across China who report to our Beijing office who perform various sales and marketing functions for our new marketing efforts in Asia. We do not employ any sales personnel in China. All of our employees (6) in our Beijing office are technical staff. The independent sales force contacts Chinese manufacturers for the purpose of selling webpages that are pointed to the North American marketplace. Our marketing strategy, which we implement through advertising and promotions as well as partnerships and alliances, includes the following elements:

- * promote our 800America Network and our various brands;
- * develop niche marketing programs to attract buyers and sellers to our web-based trading community; and
- * develop technology companies to grow their business.

COMPETITION

Competition in the on-line shopping industry is intense, with numerous companies competing in what is currently a highly fragmented industry. Almost all of the major national retailers have established their own web sites and are experiencing mixed results in this segment of their business. Several companies have emerged with on-line shopping portals similar to ours. Many of these

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

companies have spent millions of dollars in advertising and marketing in an attempt to carve out a niche and establish their brand names in this highly competitive market. Few of these competitors are currently operating profitably since they expend large amounts of money for advertising in order to establish their market identities. As a result, the advertising market is becoming saturated with numerous on-line merchants, creating confusion among consumers. It is becoming more difficult for each company to differentiate its products and services from those of its rivals. We are aware that several new companies have begun to offer on-line shopping portals with a customer rebate feature. This particular niche of the on-line shopping industry is highly fragmented and there are virtually no barriers to entry into this market. We expect on-line shopping sites to proliferate. In order to compete successfully companies will have to offer more services and promotions to their customers. 800America has limited resources. As a result, it will be difficult for us to compete with these large national organizations whose financial strength is significantly greater than ours. We may not be able to compete effectively with these larger organizations. We may not be able to continue to operate profitably in the on-line shopping mall business.

The online surplus trading community is a new, rapidly evolving market. We expect competition to intensify in the future as the barriers to entry are relatively low, and current and new competitors can launch new sites at a minimal cost using commercially available software. Depending on the product category, we compete with a number of companies serving particular categories of goods as well as those serving broader ranges of goods.

Our Fileshooter software product competes directly with all peer-to-peer (computer-to-computer) software products. We believe our product has certain competitive advantages over our current competition, but we expect competition

6

to intensify in the future as peer-to-peer computing becomes increasingly popular in both the corporate and personal markets.

EMPLOYEES

As of March 29, 2002, we had 52 employees, including 50 full time employees and 2 additional part-time employees. We may hire additional employees in 2002, both full time and part time, if our level of operations requires an increase in our work force. In addition, our Beijing office where we have over 150 independent sales persons performing various sales and marketing functions. We opened this office after acquiring Ebiz4biz.com in February 2001.

ITEM 2. DESCRIPTION OF PROPERTY

We do not own any real property. We maintain our corporate and a sales office in New York, New York where we lease approximately 1,300 square feet of space. The lease provides for a monthly rental of approximately \$3,460 per month and continues until June 2005. Our administrative offices are located in Nashville, Tennessee where we lease an aggregate of approximately 3,600 square feet of space at two different sites. One site has a lease that provides for a monthly rental of \$891 per month and increases 7 1/2% per year over the remaining term of the lease, which expires in December 2002. In January 2002, we rented a second larger space of approximately 2,500 square feet. We rent the second site, without a written lease, for a monthly rental of \$1,951.

Part of our technical operations, Ebiz4biz.com and the cs-live operations have offices in Ottawa, Canada where the rent, is CDN \$26,481 per year for a period of three years ending 2005 and Ebiz4biz has an office in Beijing, China where the rent, without a written lease, is \$1,000 per month. The iGain

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

subsidiary leases approximately 1,261 square feet in Fairfield, CT for approximately \$1,576 per month for a one-year term ending December 2002.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of our business, we are involved in various legal matters. We do not believe that any legal matter that we are currently involved with would have a material adverse effect on our business or financial condition should the matter not be decided in our favor.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the Company's fiscal year ended December 31, 1999, either through the solicitation of proxies or otherwise.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our Common Stock has been quoted on the OTC:BB since November 8, 1999 under the symbol "ACCO". The following table set forth, the high and low bid prices for the Common Stock for the quarters indicated. As of March 29, 2002 there were 334 shareholders of record. The source of the quotes is Yahoo Financial.

7

	Common Stock	Bid Price
	High	Low
Calendar Year 2000		
First Quarter	\$5.625	\$3.125
Second Quarter	\$ 5.00	\$ 1.25
Third Quarter	\$ 2.50	\$ 1.25
Fourth Quarter	\$ 2.50	\$ 1.25
Calendar Year 2001		
First Quarter	\$ 2.18	\$ 1.34
Second Quarter	\$ 3.25	\$.37
Third Quarter	\$ 4.65	\$ 1.53
Fourth Quarter	\$ 4.00	\$ 1.55
Calendar Year 2002		
First Quarter	\$ 3.10	\$ 2.05
Second Quarter through April 10, 2002	\$ 3.03	\$ 2.77

As of March 29, 2002, there were 19,976,289 shares of Common Stock issued and outstanding.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

We operate various Internet web sites for Business to Business; Business to Consumers and Technology. Our goal is to bring buyers and sellers together in an efficient and easy format and generate income based on the transactions. Our technologies coupled with our customer approach continue to strengthen relationships with our customers. These technologies are providing the foundation needed to scale and grow the e-commerce businesses profitably across geographic regions and multiple product lines.

Sites operated under the 800America Network are OneTwoClick.com, RothmanCloseouts.com, InternetWebGuide.com, FileShooter.com, InShop.com, eBiz4biz.com, cs-live.com, iGain.com, IPS payment.com, WizardWorld.com and Youtopia.com.

YEARS ENDED DECEMBER 31, 2000 AND 1999

Certain of our financial information has been revised. Please see Note 12 of the Selected Notes to Financial Statements for a summary of the revisions.

RESULTS OF OPERATIONS

We had revenues of \$15,980,529 which were reduced by rebates of \$8,913,351 for the year ended December 31, 2000 compared to revenues of \$3,283,575 which

8

were reduced by rebates of \$2,135,668 for the year ended December 31, 1999. Net income for the year ended December 31, 2000 was \$2,072,494 compared to \$185,447 for the year ended December 31, 1999. The annual results of operations are not comparable because of the new selling lines in which the Company was engaged in the most recent year. In 2000, we acquired Rothman Closeouts, 21st Ave. Productions and Who's Who in Pets. We sold 21st Ave. Productions and Who's Who in Pets in 2001. In 2000, Rothman Closeouts, 21st Ave. Productions and Who's Who in Pets contributed approximately 20-25% of our total revenue. We do not believe that the sales of these parts of our business adversely affected our overall financial performance in 2001. The Company realized revenue of \$14,640,954 in B2C, \$1,296,575 in B2B and \$43,000 in Technology. Costs and expenses for the year ended December 31, 2000 were \$3,953,278, resulting in operating income for the year of \$3,113,900. This compares with costs and expenses of \$872,737 that resulted in operating income of \$275,170 for the year ended December 31, 1999. The largest categories of costs and expenses were for general, selling and administrative expenses in the amount of \$1,317,685 (including salaries and other personnel expenses), bad debt expenses in the amount of \$270,795, advertising costs and expenses in the amount of \$1,878,318 and depreciation and amortization expenses of \$486,480. In 1999 the largest categories of costs and expenses were for general, selling and administrative expenses in the amount of \$320,980 (including salaries and other personnel expenses), bad debt expenses in the amount of \$66,000, advertising costs and expenses in the amount of \$397,738 and depreciation and amortization expenses of \$88,019. Because of our limited operating history and the changing competition in the on-line shopping business, management cannot predict, based upon past performance, whether the above listed cost and expense categories are relatively stable or subject to a substantial degree of volatility.

LIQUIDITY and Capital Resources

Net cash provided by operating activities was \$2,178,041 in the year ended December 31, 2000 compared to net cash provided by operations of \$119,339 for the year ended December 31, 1999. The Company's net cash increase for the year ended December 31, 2000 was \$1,725,182 compared to a net cash increase for the year ended December 31, 1999 of \$391,987. The Company's ending cash balance at December 31, 2000 was \$2,117,746 compared to an ending cash balance at December 31, 1999 of \$392,564. Net cash inflows from operations are expected to continue

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

during the fiscal year ending December 31, 2001.

YEAR ENDED DECEMBER 31, 2001 COMPARED TO YEAR ENDED DECEMBER 31, 2000.

RESULTS OF OPERATIONS

We had revenues of \$20,641,007 for the year ended December 31, 2001 compared to revenues of \$7,067,178 for the year ended December 31, 2000. Net income for the year ended December 31, 2001 was \$8,305,462 compared to net income of \$2,072,494 for the year ended December 31, 2000. We estimate that approximately eighty percent of our revenues were derived from continuing operations and twenty percent from new acquisitions acquired during 2001. Total operating expenses for the year ended December 31, 2001 were \$8,741,397 resulting in operating income for the year of \$11,899,610. This compares to total operating expenses of \$3,953,278 for the year ended December 31, 2000,

9

resulting in operating income of \$3,113,900. We instituted a policy of not paying rebates as of January 1, 2001. For the year ended December 31, 2000 we paid a total of \$8,913,351 in rebates. We had been paying rebates of between forty and sixty percent of the amounts collected. Because of our limited operating history with the various web sites, management cannot predict, based upon past performance, whether the above listed cost and expense categories are relatively stable or subject to a substantial degree of volatility. Management continues to expect that advertising and promotion costs will be a significant part of our operating structure. For the year ended December 31, 2001, advertising and promotion costs were \$4,443,249 representing approximately 51% of total operating expenses compared to \$1,878,318 in such costs in 2000 representing approximately 47% of total operating expenses. The increase in advertising costs were a result of our expanded operations with our various sites and the consequences of events which occurred after September 11, 2001. One of our sites OneTwoClick showed a drop-off in revenues after September 11th and another, FileShooter, showed an increase. We increased our advertising to address both trends. Payroll costs for the year ended December 31, 2001 were \$890,106 compared with \$299,254 for the year ended December 31, 2000. The increase in payroll costs was a result of hiring more people and having to pay higher salaries for more qualified technical personnel because of our more complex internet network. Legal and accounting costs were \$226,677 for the year ended December 31, 2001 compared to \$78,039 for the year ended December 31, 2000. The increase is primarily a result of the acquisitions we completed during the year. The overall increase in our various costs was a result of our increasing our business primarily through internal growth. Also during the year ended December 31, 2001, we spent \$1,681,131 on our new acquisitions, most of which was devoted to our inShop operation. Depreciation and amortization costs were \$1,299,475 for the year ended December 31, 2001, compared to \$486,480 for the year ended December 31, 2000. The increase is a result of the increase in depreciable property and equipment cost allocations resulting from acquisitions. Management expects that revenues from Business to Consumers will continue to increase in 2002, and there will also be increases in technology and business to business revenue.

We believe that our revenues and expenses will continue to increase substantially in the year ending December 31, 2002 both because of the continuing expansion of our business and because of the changing competition in the on-line shopping business. Additional expenses are also likely to be incurred as we expand our bandwidth capacity in order to accommodate new stores at our web sites as well as new websites. We also plan on integrating more of the 800America Network customers into the IPSPayment system site.

LIQUIDITY AND CAPITAL RESOURCES

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Cash and cash equivalents as of December 31, 2001 were \$13,201,125. At December 31, 2001, the Company had current assets of \$13,573,598 and current liabilities of \$2,625,517 resulting in working capital at December 31, 2001 (current assets less current liabilities) of \$10,948,081.

In September 2001, we acquired substantially all of the assets, including the name, of cs-live.com inc. The purchase price was \$50,000 and 450,000 shares of common stock. We also assumed certain operating leases. cs-live inc. changed its name to Intelligent Web Technologies, Inc. We have made advances to Intelligent Web Technologies, Inc. of approximately \$300,000. The advances are secured by the shares of common stock paid as part of the purchase price. These

10

shares are being registered for resale. When they are sold a portion of the proceeds will be used to repay the advances.

During the period we acquired all the capital stock of Universal Payment Systems, Inc. (UPSI). The purchase price was \$1.00. UPSI was purchased from our Chief Executive Officer. For financial statement purposes it has been valued at \$782,000, the same carrying amount as in the hands of the transferor. Also, during the period we raised a total of approximately \$7,179,773 from the sale of common stock in two private placements. Subsequently, we rescinded \$5,500,000 to an investor.

Net cash provided by operating activities was \$11,678,998 for the year ended December 31, 2001 compared with net cash of \$2,178,041 for the year ended December 31, 2000. The increase in net operating cash was primarily attributable to an increase in revenues, and a decrease in rebates as a result of ending the rebate program. During the period ended December 31, 2001, the Company sold assets for \$500,000, received back a bond deposit of \$500,000 and purchase equipment for \$1,681,131. During the year ended December 31, 2000, we obtained \$1,679,773 through the sale of equity securities in private placements, repurchased our Common Stock for \$50,000 and repaid debts assumed in merger transactions of \$918,785.

At December 31, 2001, accounts receivables were \$53,752 compared to \$995,634 at December 31, 2000. The difference is in the manner we now collect accounts receivables. In the prior year, accounts receivables were tracked and collected by an unrelated third party and remitted to us monthly. During 2001, the accounts receivables were tracked and collected directly by us with remittance to us either directly by credit card or primarily weekly or biweekly by stores on the website.

In October, 2001, we acquired all of the capital stock of iGain, Inc. The purchase price was 1,050,000 shares of common stock. We agreed to repurchase, at the option of the holders, 1,000,000 shares of the common stock issued in the merger for a price at \$2.60 per share (the Put Shares). The conditions for which we will repurchase the Put Shares is (i) if the current Chief Executive Officer is no longer serving in that capacity, (ii) we conduct a public offering of our securities and receives at least \$7,000,000 in proceeds, or (iii) one year from the closing date of the merger. In connection with the merger, we agreed to repurchase a total of 51,028 of the Put Shares at an earlier date for \$2.25 per share. This was completed in January 2002. We are the beneficiary of a term life insurance policy that covers the demise of our current Chief Executive Officer. The amount of the policy is \$10,000,000.

In December, 2001, we acquired the capital stock of WizardWorld, Inc. in a stock for stock merger. The purchase price was 660,000 shares of our common stock. We agreed to repurchase the common stock given in the merger in one year at a purchase price of \$2.60 per share. Certain of the holders of WizardWorld preferred stock who received our common stock in the merger purchased a total of

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

340,000 shares of our common stock in a private placement for a total of \$850,000. Such purchasers also have the right to have us reacquire the shares at \$2.60 per share after one year.

11

We believe that our current capital resources and liquidity are adequate for at least the next twelve months. Other than costs in connection with the further development of our web sites, we do not have any plans for significant capital or operating expenditures above our current level unless we determine to develop additional web sites that could result in additional development costs. We may also make additional acquisitions which might be financed at least in part with our funds.

EVENTS SUBSEQUENT TO DECEMBER 31, 2001

In January, 2002, we acquired the assets and assumed certain operating liabilities of Youtopia.com, Inc. The purchase price was 650,000 shares of our common stock. We also paid approximately \$110,000 to remove a lien on the assets. We have agreed to register some of the stock issued in the transaction for resale. This money is to be repaid out of the proceeds of such a sale. In connection with the transaction we hired Youtopia's Chief Executive Officer as a consultant for six months. The compensation paid to the consultant was 150,000 shares of our common stock which was part of the 650,000 shares paid as the purchase price.

FORWARD LOOKING STATEMENTS

This report on Form 10-KSB/A contains certain forward-looking statements that are based on what we believe are reasonable beliefs and assumptions of management. Often, these statements can be recognized because of the use of words such as believe, anticipate, intend, estimate and expect in the statements. Such forward-looking statements obviously involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

ITEM 7. FINANCIAL STATEMENTS

Our financial statements begin on page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

N/A

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

NAME	AGE	POSITION
David E. Rabi	62	Chief Executive Officer, Treasurer and Director
Jacques Pate, Jr.	47	President
Bobby Walley	62	Secretary and Director

12

Richard Sullivan	74	Director
------------------	----	----------

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

SIGNIFICANT EMPLOYEES

Jerry Kavoun 47 Senior Vice-President - Chief Marketing Officer

Vincent Ren 43 Chief Technology Officer

Our directors are elected each year at the annual meeting of shareholders for a term of one year. Each director serves until the expiration of his term and thereafter until his successor is duly elected and qualified. Our by-laws provide that the number of directors constituting the board of directors may be increased by action of the board of directors, which may also fill vacancies on the board of directors. The current board of directors will continue to serve as directors until the next annual meeting of our shareholders. At this time, there are no committees of the board of directors.

Our executive officers are appointed by the Board of Directors on an annual basis.

MANAGEMENT

DAVID E. RABI has been a director since February 1997, and he has served as our Chief Executive Officer and President since July 9, 1999, except for an approximate 3 week period in September 2001. As President, Mr. Rabi was instrumental in leading the company to profitability. He had general management responsibility for all 800America businesses including marketing of the on-line shopping site, and publishing of the on-line Internet Web Guide Magazine. Mr. Rabi has extensive experience forming and running large complex international organizations and served as a financial and marketing consultant to various international companies in Africa and South America. From 1977 to 1990, he served as President and CEO of the Carmel Group, a multinational, privately-held corporation based in South America, with 14 international offices, sales of approximately \$1.5 billion and over 6,800 employees. Mr. Rabi was instrumental in the sale of the company. His accomplishments are far reaching and are reflected throughout 800America's structure and culture. Mr. Rabi has a Bachelors Degree in Business Administration and a Masters Degree in Economics and Finance from the Sorbonne University in France.

JACQUE PATE, JR. has been employed by us since February 1997. He was appointed President in January, 2002. From 1979 to February 1997, he served as President of Jupate, Inc., a construction company. Mr. Pate holds a B.S. from Auburn University School of Architecture.

BOBBY WALLEY has been a director since February 1997, and he has served as our Secretary since August 2000 and as our President for an approximate 3 week period in September 2001. Mr. Walley owned a forestry consulting firm, Walley Consulting Co., in Hattiesburg, Mississippi for approximately 10 years prior to its sale in 1998. Since then he has been an independent consultant. Mr. Walley

13

holds a Bachelors Degree in Business Administration, a Masters Degree in Forestry and an AAA Degree (similar to a Ph.D.) in Forestry from Mississippi State University.

RICHARD SULLIVAN has been a director since January 2002. Mr. Sullivan has been a financial consultant for over thirty years. He holds a B.A. degree from Georgetown University and a M.B.A. from Cornell University.

SIGNIFICANT EMPLOYEES

JERRY KAVOUN has held his position since January 2001. Mr. Kavoun joined us after we purchased substantially all of cs-live's assets in October 2001. He was

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

a Vice President, General Manager and a founder of cs-live, inc. where he worked from June 2000. From September 1999 until June 2000, he worked at Atmos Corp., a business development company, as Senior Vice-President, in which he was a founder. From September 1996 to September 1999, he worked at ChipWorld, Inc. (patent litigation support for semiconductor licensing) where he was Director, Business Development. He holds an EEE (electrical electronics engineering), Semiconductor Physics from Riga Polytechnical University.

VINCENT REN has held his position since February 2001. Prior to that time he was the President, Chief Technology Officer and a Director of ebiz4Biz.com, Inc. since July 1999. We purchased ebiz4Biz in January 2001. From November 1997 until July 1999, he was a software designer for Nortel Networks. From August 1994 to November 1997, he was a software developer for Milkyways Networks Corporation. Mr. Ren holds a B.E. in Electrical Engineering from the Institute of Light Industrial Engineering, Beijing, China and an M.B.A. from the University of International Business & Economics, Beijing, China.

COMPLIANCE WITH SECTION 16(A)

Mr. Jacques Pate was appointed President on January 17, 2002. Mr. Pate inadvertently filed his Form 3 late. Mr. David E. Rabi filed a Form 3 and Form 5 late.

ITEM 10. EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth, for the three years ended December 31, 2001, the compensation for services in all capacities earned by our Chief Executive Officer. There were no other officers or employees whose total annual salary, bonus and other annual compensation exceeded \$ 100,000 in fiscal year 2001.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Year ----	Salary -----	Bonus -----	Securities Underlying Options -----
	2001	\$200,000	--	-0-
David E. Rabi	2000	\$120,000	--	1,000,000
President	1999	120,000	--	250,000
14				
Bobby Walley	2001	-0-	--	-0-
President for approximately 3 weeks				

The following table sets forth information concerning grants of stock options to purchase shares of our Common Stock during the year ended December 31, 2001 to our Chief Executive Officer.

OPTION GRANTS IN LAST FISCAL YEAR

Potential Realizable
Value At Assumed
Annual Rates of Stock
Price Appreciation for

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Option Term (\$)

Individual Grants

Name	Number of Securities Underlying Options Granted	Percentage of Total Options Granted to Employees In Fiscal 2000 (%)	Exercise Price Per Share (\$)	Expiration Date
David E. Rabi	-0-	-0-	-0-	--
Bobby Walley	-0-	-0-	-0-	--

The following table sets forth information with respect to stock options exercised by our Chief Executive Officer during the fiscal year ended December 31, 2001 and stock options he held as of December 31, 2001.

AGGREGATED OPTION/SAR EXERCISES IN LAST YEAR AND YEAR-END
OPTION/SAR VALUES

Name	Number of Securities Underlying Options/SARs Acquired on Exercise (#)	Value Realized	Number of Securities Underlying Options/SARs at Fiscal Y/E (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at Fiscal Y/E Exercisable/Unexercisable
David E. Rabi	--	--	1,000,000/0	\$2,500,000/0

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our Common Stock as of March 29, 2002:

- * each person known by us to own beneficially more than 5% of our Common Stock;
- 15
- * each of our directors;
- * each of our five most highly compensated officers who earned more than \$ 100,000 in our last fiscal year; and
- * all directors and executive officers as a group.

The percentage of beneficial ownership for the table is based on 19,976,289 shares of Common Stock outstanding on March 29, 2002.

Unless otherwise indicated below, to our knowledge, all persons and entities listed below have sole voting and investment power over their shares of Common Stock, except to the extent that individuals share authority with spouses

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

under applicable law. Unless otherwise indicated, each entity or person listed below maintains a mailing address of c/o 800America.com, Inc. 420 Lexington Avenue, New York, New York 10170.

The number of shares of Common Stock beneficially owned by each shareholder is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of Common Stock over which the shareholder exercises sole or shared voting or investment power.

Name of Beneficial Owner	Amount of Beneficial Ownership	Percentage Ownership Before Offering (1)
David E. Rabi	10,308,000 (2)	49.0%
Jacques Pate	80,000 (3)	*
Lazard Freres & Co. 30 Rockefeller Plaza 61st Floor New York, NY 10020	1,933,550	9.1%
Bobby Walley	65,000 (4)	*
Richard Sullivan	- 0 -	

All Executive Officers and Directors as a group (4 persons)	10,453,000 (5)	49.6%

*Less than one percent.

(1) Based on a total of 19,976,289 shares of Common Stock outstanding as of March 29, 2002. This amount excludes the conversion of any other convertible securities. Excludes all of our Common Stock equivalents, including stock options, warrants and restricted stock.

16

(2) Includes 9,308,000 shares of Common Stock held by American Deductible, Inc., as trustee of a trust established for the benefit of the children of Mr. Rabi. Mr. Rabi does not act as trustee of the trust but has a power of attorney to act on behalf of said trust and may be deemed to have direct voting control of the Common Stock held in the trust. Also includes options to purchase 1,000,000 shares of Common Stock.

(3) represents options to purchase 80,000 shares of Common Stock.

(4) Includes options to purchase 40,000 shares of Common Stock.

(5) Includes options to purchase 1,155,000 shares of Common Stock.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On July 9, 1999, 800America, Inc., a Delaware corporation, was merged into 800America.com, Inc. As part of the Agreement and Plan of Merger, we issued 10,000,000 shares of our Common Stock to the three shareholders of 800America, Inc. We also changed the name of the company to 800America.com, Inc. Of the

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

restricted shares of Common Stock issued pursuant to the merger, 9,358,000 shares of Common Stock were issued to American Deductible, Inc. American Deductible, Inc. is a trust established for the benefit of the children of Mr. Rabi, our Chief Executive Officer and a director of 800America and the former President and controlling shareholder of 800America, Inc. Mr. Rabi does not act as trustee of the trust but holds a power of attorney on behalf of the trust and may be deemed to hold direct voting control of such shares.

In February 2000, we issued to David E. Rabi a total of 1,000,000 stock options under our Stock Option Plan. In August 2001, we purchased all of the capital stock of IPS Payment Systems, Inc., formerly UPS Payment Systems, Inc., from our Chief Executive Officer, Mr. David E. Rabi. The purchase price was \$1.00.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 3.01 Articles of Incorporation (1)
- 3.02 Bylaws (2)
- 10.0 Lease dated November 3, 1999, as amended (3)
- 23.1 Consent of Jack Burke, Jr. , CPA
- 99.1 CEO and CFO Certifications required by Section 906 of Sarbanes - Oxley Act 2002

17

- (1) Incorporated by reference to Exhibit 3.01 to the registration statement on Form SB-2 of Registrant filed with the Securities and Exchange Commission on July 17, 1998 (file no. 333-51683).
- (2) Incorporated by reference to Exhibit 10.0 to the registration statement on Form SB-2 of Registrant filed with the Securities and Exchange Commission on January 11, 2002 (file no. 333-76792).
- (3) Incorporated by reference to Exhibit 3.02 to the registration statement on Form SB-2 of Registrant filed with the Securities and Exchange Commission on July 17, 1998 (file no. 333-51683).

(b) The following reports on Form 8-K are hereby incorporated by reference:

- 1. On December 5, 2001, a report on Form 8-K was filed in connection with the Registrant's acquisitions of all of the capital stock of WizardWorld, Inc.
- 2. On October 29, 2001, a report on Form 8-K was filed in connection with the Registrant's acquisitions of all the capital stock of iGain, Inc.

18

FINANCIAL STATEMENTS
800AMERICA.COM, INC.
New York, New York

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

December 31, 2001

CONTENTS

	Page

Accountants' Audit Report	F-1
Balance Sheets	F-2
Statements of Income and Retained Earnings	F-3
Statements of Changes in Stockholders' Equity	F-4
Statements of Cash Flows	F-5
Notes to Financial Statements	F-6 - F-18

19

Jack F. Burke, Jr.
Certified Public Accountant
P. O. Box 15728
Hattiesburg, Mississippi 39404

INDEPENDENT AUDITOR'S LETTER

To the Board of Directors and Stockholders'
of 800America.com, Inc.

I have audited the accompanying balance sheet of 800America.com, Inc. (a Nevada Corporation) as of December 31, 2001 and 2000 and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of 800America.com, Inc. management. My responsibility is to express and opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 800America.com, Inc. as of December 31, 2001 and 2000 and the results of its operations and its cash flows for the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, certain changes have been made to amounts reported in previously issued financial statements. These changes are the result of errors arising from the misapplication of accounting principles related to the amount, classification, presentation or disclosure of purchase transactions previously reported.

Jack F. Burke, Jr.
Hattiesburg, Mississippi
March 22, 2002, except for the changes shown
in Note 12, which is October 25, 2002

F-1

800AMERICA.COM, INC. BALANCE SHEETS

	December 31,	
	2001	2000
	-----	-----
ASSETS		
CURRENTS ASSETS		
Cash	\$13,201,125	\$2,117,746
Accounts receivable	53,752	995,634
Allowance for doubtful accounts		(139,000)
Prepaid advertising		75,000
Deferred tax asset		47,260
Interest receivable	17,151	
Notes receivable	301,570	
	-----	-----
Total current assets	13,573,598	3,096,640
	-----	-----
PROPERTY AND EQUIPMENT		
Equipment	1,087,201	764,569
Software	4,477,650	887,150
	-----	-----
Totals	5,564,851	1,651,719
LESS accumulated depreciation	1,585,794	567,832
	-----	-----
Total property and equipment	3,979,057	1,083,887
	-----	-----
OTHER ASSETS		
Other intangible assets (net)	2,912,165	
Goodwill (net)	4,350,976	193,333
Bond deposit	500,000	
Other assets	27,533	47,750
	-----	-----
Total other assets	7,790,674	241,083
	-----	-----
Totals	\$25,343,329	\$4,421,610

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

	=====	=====
LIABILITIES & STOCKHOLDERSEQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 230,077	\$ 24,947
Membership dues payable	770,892	
Taxes payable income tax	975,272	386,872
Deferred income	649,276	
	-----	-----
Total current liabilities	2,625,517	411,819
	-----	-----
OTHER LIABILITIES		
Deferred income tax	1,282,135	
	-----	-----
PREFERRED STOCK, REDEMPTION OUTSIDE CONTROL OF COMPANY		
Common stock, \$0.001 par value, 2,000,000 shares subject to put options, put price of \$2.25 to \$2.60 per share	5,182,140	
LESS stock escrow	115,015	
	-----	-----
Total preferred stock, redemption outside control of Company	5,067,125	
	-----	-----
STOCKHOLDERSEQUITY		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 0 shares issued		
Common stock, \$0.001 par value, 50,000,000 shares authorized, 18,724,493 and 13,412,000 shares issued and outstanding, 2001 and 2000 respectively, 2,000,000 shares common shown as preferred stock for 2001.	16,725	13,412
Additional paid-in capital	6,457,791	1,943,134
Treasury Stock purchased	(50,000)	
Retained earnings	9,944,036	2,053,245
	-----	-----
Total stockholders' equity	16,368,552	4,009,791
	-----	-----
Totals	\$25,343,329	\$4,421,610
	=====	=====

See Accompanying Notes to Financial Statements.

F-2

800 AMERICA.COM. INC.
STATEMENTS OF INCOME

	For the Year Ended December 31,		
	2001	2000	1999
	-----	-----	-----
SALES	\$ 2,545,786	\$	\$
Cost of sales:			
Amortization	120,833		
	-----	-----	-----
Sales margin	2,424,953		
	-----	-----	-----
Commissions	17,471,580	15,980,529	3,283,575

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Rebates		8,913,351	2,135,668
	-----	-----	-----
Net commissions	17,471,580	7,067,178	1,147,907
	-----	-----	-----
Subscription fees and membership dues	744,474		
	-----	-----	-----
Total revenue	20,641,007	7,067,178	1,147,907
	-----	-----	-----
COST AND EXPENSES			
Payroll cost	890,106	299,254	86,961
Advertising and promotion	4,443,249	1,878,318	397,738
Depreciation amortization	1,178,642	486,480	88,019
Bad debts		270,795	66,000
General and administration	2,229,400	1,018,431	234,019
	-----	-----	-----
Total cost and expenses	8,741,397	3,953,278	872,737
	-----	-----	-----
Income from operations	11,899,610	3,113,900	275,170
	-----	-----	-----
OTHER INCOME			
Interest	184,423	26,243	5,810
Sale of assets	500,000		
	-----	-----	-----
Total other income	684,423	26,243	5,810
	-----	-----	-----
Income before provision for income taxes	12,584,033	3,140,143	280,980
Provision for income taxes	4,278,571	1,067,649	95,533
	-----	-----	-----
Net income	\$ 8,305,462	\$ 2,072,494	\$ 185,447
	=====	=====	=====
Net earnings per share, common basic stock	\$ 0.53	\$ 0.16	\$ 0.03
Weighted average common stock outstanding	15,690,137	12,721,359	6,243,132
Diluted earnings per share	0.47	0.14	0.03
Diluted average common stock outstanding	17,820,138	14,371,359	6,432,989

See Accompanying Notes to Financial Statements.

F-3

800 AMERICA.COM, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Shares	Stock Amount	Additional Paid In Capital	Retained Earnings	Trea Stoc
	-----	-----	-----	-----	-----
Balances December 31, 1998	700,000	\$ 700	\$ 6,069	(\$204,696)	\$

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Sale of common stock at \$2.50 per share pursuant to initial public offering, net of offering cost					
March 31, 1999	80,000	80	198,713		
Services and rental space contributed by officer			9,000		
Common stock insured pursuant to merger July 9, 1999	11,170,000	11,170	(11,170)		
Common shares sold July 9, 1999	300,000	300	499,700		
Additional paid-in capital November 2, 1999			250,000		
Net income				185,447	
	-----	-----	-----	-----	-----
Balances December 31, 1999	12,250,000	12,250	952,312	(19,249)	
Sale of common stock, January 14, 2000	250,000	250	249,750		
Stock issued pursuant to the acquisition of Rothman Closeout.com, June 6, 2000	200,000	200	199,800		
Common stock issued for services at fair market value	12,000	12	11,988		
Common stock sold October 26, 2000	700,000	700	529,284		
Net income				2,072,494	
	-----	-----	-----	-----	-----
Balances December 31, 2000	13,412,000	13,412	1,943,134	2,053,245	
Stock issued pursuant to the acquisition of inshop.com, February 2, 2001	1,817,493	1,818	1,815,676		
Stock issued pursuant to the acquisition of EBIZ.com, May 30, 2001	200,000	200	133,133		
Stock issued pursuant to the acquisition of iGain.com, October 15, 2001	1,050,000	1,050	2,272,419		
Stock issued pursuant to the acquisition of cs-live.com, September 24, 2001	450,000	450	899,550		
Transfer of Universal Payment System, Inc. August 2001			516,120		
Stock issued pursuant to the acquisition of Wizard World.com, December 31, 2001	660,000	660	1,748,340		
Stock issued for service at fair market value	115,000	115	216,135		
Stock issued, private placement net of offering cost	665,000	665	814,172		
Stock sold December 3, 2001	355,000	355	864,581		
Treasury stock purchased					
Above stock subject to put options	(2,000,000)	(2,000)	(4,765,469)	(414,671)	
Net income				8,305,462	
	-----	-----	-----	-----	-----
Balance December 31, 2001	16,724,493	\$ 16,725	\$ 6,457,791	\$9,944,036	
	=====	=====	=====	=====	=====

See Accompanying Notes to Financial Statements.

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

F-4

800AMERICA.COM, INC.
STATEMENTS OF CASH FLOWS

	December 31,		
	2001	2000	1999
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 8,305,462	\$ 2,072,494	\$ 185,447
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,299,475	486,480	88,019
Bad debts	(139,000)	73,000	66,000
Non-cash compensation and expenses	216,250	12,000	
Sale of assets	(500,000)		
Changes in operating assets and liabilities:			
Prepaid assets - (increase) decrease	75,000	46,600	(121,600)
Interest receivable	(17,151)		
Accounts receivable - (increase) decrease	941,882	(466,832)	(528,802)
Accounts payable - (increase) decrease	205,130	15,951	(18,249)
Rebates payable		(330,551)	330,551
Deferred revenue	781,864		
Deferred income taxes	(78,314)		
Taxes payable - increase	588,400	268,899	117,973
	-----	-----	-----
Net cash provided by operating activities	11,678,998	2,178,041	119,339
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets	500,000		
Stock escrow - decrease	(115,015)		
Bond - China received	(500,000)		
Purchase of equipment and software	(1,681,131)	(1,254,274)	(380,146)
Deposit on equipment			(94,000)
Refund of deposit		94,000	
Notes receivable	(301,570)		
Other assets (increase) decrease	20,217	(72,569)	(22,440)
	-----	-----	-----
Net cash used in investing activities	(2,077,499)	(1,232,843)	(496,586)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of debts assumed in merger transaction	(918,785)		
Repayment of notes payable			(157,500)
Other liabilities			(31,059)
Member dues payable assumed in merger transaction	770,892		
Acquisition of treasury stock	(50,000)		
Sale of common stock	1,679,773	779,984	957,793
	-----	-----	-----
Net cash provided by financing activities	1,481,880	779,984	769,234
	-----	-----	-----
Net increase in cash	11,083,379	1,725,182	391,987
Beginning cash balance	2,117,746	392,564	577

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

	-----	-----	-----
Ending cash balance	\$13,201,125	\$ 2,117,746	\$ 392,564
	=====	=====	=====

See Accompanying Notes to Financial Statements.

F-5

NOTE 1 - BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS - 800America.com, Inc. (A Nevada Corporation) is a diversified internet company. 800America.com, Inc. (the Company) owns and operates websites used in international e-commerce, technology, business to business and business to consumer formats. The Company has acquired several development stage Internet based companies (see Note 2, Acquisitions) and has merged their operations into the Company's operations. The various revenue sources of 800America.com, Inc. from these acquisitions are not maintained as operating segments and therefore do not constitute components for segment accounting as required by SFAS 131 Disclosures about Segments of an Enterprise and Related Information. Revenue sources are identified but discrete financial information relative to expenses is not maintained. The operating results are not viewed by management as components, but viewed by management based upon the entity as a whole.

CASH AND CASH EQUIVALENTS - The Company does not have any cash equivalents. Cash consists of deposits in banks. There are no restrictions on any bank balances.

ACCOUNT RECEIVABLES - In the prior year, account receivables were tracked and collected by an unrelated third party and remitted to the Company monthly. During the current year the accounts receivable were tracked and collected by the Company with remittance to the Company either directly by credit card or primarily weekly or biweekly by the stores on the website.

ALLOWANCE FOR DOUBTFUL ACCOUNTS - Management reviews the accounts for bad debts and determines the estimated allowance for doubtful accounts on at least a quarterly basis. As of December 31, 2001, management considered all remaining accounts collectable.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are recorded at cost. Maintenance and repairs expenditures are charged to expense when incurred. The accelerated method of depreciation is used with equipment over a useful life of five years and straight line depreciation over three years is used for software purchased. Purchased subscriber lists are being amortized over seven years.

CAPITALIZED SOFTWARE COSTS - The Company has acquired and capitalized various types of software that it uses in its operations. The majority of this software is considered to be for internal use as defined in SOP 98-1. Some of this software cost represents the cost of acquiring websites and the associated website operating software. In addition, the Company also has other software that it has purchased and sells through one or more of its websites. The capitalized cost of software is being amortized over its estimated economic life. At a minimum, all software is evaluated at least annually to determine whether the asset value of the capitalized software has been impaired. Management is of the opinion that due to the three year amortization period utilized to write off capitalized software cost, that the remaining net asset

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

value approximates net realizable value and no additional write down is required.

WEBSITE DEVELOPMENT ACTIVITY - The Company has a number of websites whereby they sell services or products. These sites were developed by other entities and purchased by the Company; therefore, these sites have been through the website application and infrastructure development stage and at the present time are in the operating stage.

F-6

800AMERICA.COM, INC. NOTES TO FINANCIAL STATEMENTS (Continued)

PURCHASED SUBSCRIBER LISTS - The Company has acquired subscriber or user lists during the course of its acquisitions. These costs are accounted for separately from "Goodwill" as required by SFAS 141, paragraph 39.

NON-GOODWILL INTANGIBLES - Intangible assets other than goodwill consist of subscriber list acquired in purchase transactions. They are being amortized over their expected lives of 7 years and are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment loss was recognized during the reporting period. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Intangible Assets. This provides that a recognized intangible asset shall be amortized over its useful life to the reporting entity unless that life is determined to be indefinite. The amount of an intangible asset to be amortized shall be the amount initially assigned to that asset less any residual value.

GOODWILL - Goodwill arising from purchase transactions before June 30, 2001, is being amortized over 15 years. Goodwill acquired after June 30, 2001 is not being amortized. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value. No impairment loss was recognized during the reporting period. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Intangible Assets. Under this pronouncement the Company discontinued its practice of amortizing goodwill in favor of an annual impairment analysis. Impairment analysis will be performed more frequently should conditions or circumstances arise which merit such a review.

BOND DEPOSIT - The government of the Peoples Republic of China required that the Company have a bond of five hundred thousand (\$500,000) US dollars on deposit with a bank in China. Subsequent to year end, this bond was refunded to the Company.

STOCK ESCROW - The Company put in escrow one hundred fifteen thousand and fifteen dollars (\$115,015) to buy back, on request, 51,028 shares of its stock owned by employees of iGain, Inc., a company acquired through acquisition.

NOTES RECEIVABLE - Notes receivable relate to the acquisition of certain of the property and assets of cs-live.com, Inc. (now Intelligent Web Technologies, Inc.). As part of the transaction, the Company has provided loans to Intelligent Web Technologies, Inc. which bear interest at a rate of 4% annually. There have been no principal or interest payments on these loans. Eighty (80,000) thousand shares of the Company's stock, which is held in escrow, secure this loan. The escrow agreement provides that upon registration of the Company's stock, the shares held in escrow are to be sold and the loan repaid.

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

In addition to the above 80,000 shares, a share pledge agreement has been entered into that addresses another 370,000 shares that are held in escrow to secure payments required by debentures issued by cs-live.com, Inc. and amounts due for legal services provided to cs-live.com, Inc. These shares are referred to as the "Top Up Shares".

F-7

800AMERICA.COM, INC. NOTES TO FINANCIAL STATEMENTS (Continued)

The share pledge agreement provides that in the event the net proceeds from the sale of the 80,000 shares are not sufficient to repay the loan, then the Company shall be entitled to require cs-live.com, Inc. to register and sell such number of the "Top Up Shares" as needed to satisfy the outstanding portion of the loan balance, provided that the selling price per "Top Up Share" shall not be less than \$2.30.

REVENUE RECOGNITION - Revenues are generated for the Company in four ways depending upon the website.

COMMISSIONS OR FEES - Commissions or fees for utilizing some of the services provided by the Company's websites are realized through credit card transactions at the time a transaction is initiated on a website. For transactions occurring on the shopping portal, the stores residing on that portal send a commission check to the Company on a weekly, biweekly or monthly basis depending upon the contractual agreement between the Company and the respective store. On a monthly basis, this income is summarized and recognized as revenue in the financial statements.

SOFTWARE SALES - Sales of software are done by credit card transaction and realized at the time a transaction is initiated on the website. This income is also summarized monthly and recognized as revenue in the financial statements.

SUBSCRIPTION FEE - Subscription fees for the on-line magazine are also collected by credit card transactions. While the receipt of cash is recognized monthly and is non-refundable, the collection of an up-front fee does not constitute an earnings event. Therefore the subscription fees are recognized as revenue ratably over the period the services are provided and the fees are earned.

MEMBERSHIP DUES - Membership dues are for a term of one year and are considered an up-front fee and are not revenue until earned. As part of an acquisition, the Company assumed the liability for dues that are refundable upon demand until the expiration of the membership term. Those dues will be recognized as revenues at the end of the membership term. Any dues collected subsequent to that acquisition are non-cancelable and are recognized as revenue ratably over the membership term.

BARTERING TRANSACTIONS - The Company does not engage in any bartering transactions.

ADVERTISING EXPENSE - PREPAID ADVERTISING - Advertising cost is expensed in the period in which the costs are incurred.

USE OF ESTIMATES - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

F-8

800AMERICA.COM, INC. NOTES TO FINANCIAL STATEMENTS (Continued)

REBATES - In prior years, the various stores that resided on the internet shopping portal offered customers a rebate of from three to ten percent based on each store's policy. Upon proof of purchase from the customer, the Company would pay a rebate to the customer in accordance with the store's policy. In turn, the selling store would pay a commission to the Company in the range of five to twenty percent depending on the store.

At the end of the calendar year 2000, the Company ceased the practice of issuing rebates.

PRIVATE OFFERING - STOCK SALE - The Company sold previously unissued stock in two private offerings for approximately \$7,179,773 net of offering cost. In order to accommodate one investor who desired to retract their investment in both private offerings, the Company repurchased \$5,500,000 of the stock previously sold. The remaining shares are not subject to mandatory redemption.

INCOME TAXES - Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in rates is recognized as income or expense in the period that includes the enactment date.

STOCK BASED COMPENSATION - The accompanying financial statements of the Company have been prepared in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees: ("APB No. 25"). Under APB 25, generally, no compensation expense is recognized in the financial statements in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the fair value of the Company's stock is equal to or less than the amount an employee must pay to acquire the stock. The Company will recognize compensation expense in situations where the terms of an option grant are not fixed or where the fair value of the Company's common stock on the grant date is greater than the amount an employee must pay to acquire the stock.

Disclosures require by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"), including pro forma operating results had the Company prepared its financial statements in accordance with the fair-value-based method of accounting for stock-based compensation, have been included in Note 6.

STOCK OPTIONS GRANTED TO NON-EMPLOYEES - The fair value of options granted to non-employees for services rendered is recognized as an expense in accordance with EITF 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services.

F-9

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

800AMERICA.COM, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

COMPREHENSIVE INCOME - In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, Reporting Comprehensive Income ("SFAS 130"). This statement requires companies to classify items of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. SFAS 130 is effective for financial statement issues for fiscal years beginning after December 15, 1997. The Company adopted SFAS 130 in fiscal year 1999. There was no difference between net income and comprehensive income for the three years ended December 31, 2001.

Certain reclassifications have been made to prior year financial statements to conform to current year presentation. The change had no effect on net income.

F-10

800AMERICA.COM, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - ACQUISITIONS - PURCHASE TRANSACTIONS

The Company acquired the following companies or businesses during 2001:

	Fileshooter	inshop.com	ebiz4biz.com, Inc.	iGain, Inc.	cs-live	Wizard World, Inc.
	6/30/2001	2/2/2001	5/30/01	10/9/2001	9/24/2001	12/3/2001
Operations included from						
Fair value of assets acquired:						
Cash	\$	\$	\$	\$770,892	\$	\$
Other assets						236,233
Equipment			10,000	214,000		
Software / web development	500,000		1,072,500	786,000	450,000	
Other intangibles		1,836,278				1,250,000
Goodwill		1,393,843	133,333	1,515,698	450,000	772,166
Total assets	500,000	3,230,121	1,215,833	3,286,590	900,000	2,258,400
Liabilities assumed:						
Deferred revenue				770,892		
Payables		918,785				236,233
Deferred tax		493,843		242		273,166
Total liabilities		1,412,628		1,013,121		509,400
Net investment	500,000	1,817,493	1,215,833	2,273,469	900,000	1,749,000
Cash	500,000		1,082,500		50,000	
Stock issued		1,817,493	133,333	2,273,469	850,000	1,749,000
Totals	\$ 500,000	\$1,817,493	\$1,215,833	\$2,273,469	\$ 900,000	\$1,749,000

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Number of shares issued	0	1,817,493	200,000	1,050,000	450,000	660,000
	=====	=====	=====	=====	=====	=====

Goodwill arising from purchase transactions before June 30, 2001, is being amortized over 15 years. Goodwill acquired after June 30, 2001 is not being amortized. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value.

F-11

800AMERICA.COM, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

The following table represents unaudited combined pro forma information as if all acquisitions were combined as of the beginning of the periods presented. The pro forma data is presented for illustrative purposes only and is not necessarily indicative of the combined results of operations of future periods or the results that would have occurred had all companies or businesses been combined during the specified periods. The following information was taken from various Form 8-Ks. Inasmuch as the FileShooter and EBIZ4BIZ acquisitions were only asset acquisitions and no Form 8-Ks were filed, no operating activity is shown in the following pro forma information.

	800America .com, Inc.	inshop.com	iGain, Inc.	cs-live.com	
	-----	-----	-----	-----	-----
December 31, 2000					
Revenues	\$ 7,067,178	\$	\$ 170,319	\$ 21,698	\$
	=====	=====	=====	=====	=====
Net income	\$ 2,072,494	\$	(\$40,363)	(\$1,712,185)	\$
	=====	=====	=====	=====	=====
Net income per share common stock	(0.23)				
Net income per fully diluted shares	(0.20)				
December 31, 1999					
Revenues	\$ 1,147,907	\$	\$	\$	\$
	=====	=====	=====	=====	=====
Net income	\$ 185,447	(\$3,071,935)	\$	\$	\$
	=====	=====	=====	=====	=====
Net income per share common stock					
Net income per fully diluted shares					

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

The acquisition of inshop.com called for the transfer of all of its outstanding capital stock to the Company in exchange for 1,817,493 shares of the Company's common stock. At the time of closing, one shareholder, who was to receive 83,355 shares of the Company's stock refused to tender his shares, as he felt he was not being adequately compensated for his shares. His shares represented less than 5% of the shares involved in the transaction. After adding the shares called for in the acquisition, the Company had 15,229,493 shares outstanding. The aforementioned shareholder's 83,355 shares represented less than one-half of one percent (.5%) of the Company's outstanding shares.

The Company was of the opinion that an agreement would be reached with the shareholder with minimal effect on the number of shares of the Company. Because the shareholder's interest in the issued shares of the Company was not material, the Company merged inshop.com's assets into the assets of the Company.

Also during 2001 the Company was the recipient of assets from an entity, Universal Payment Systems Inc., that was controlled by the Company's Chief Executive Officer. These assets consisted of software to be used internally by the Company. This software was in the operational stage. For financial statement purposes it has been valued at seven hundred eighty-two thousand dollars (\$782,000), the same carrying amount as in the hands of the transferor.

On June 6, 2000, the Company purchased the assets of RothmanCloseout.com for two hundred thousand (200,000) shares of stock valued at \$1 which was the approximate market value of the stock. Rothman is a business to business closeout portal for manufacturers, wholesalers and retailers to sell and buy surplus inventories internationally. The purchase price of two hundred thousand dollars (\$200,000) was allocated to goodwill.

F-12

800AMERICA.COM, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 3 - PREFERRED STOCK, REDEMPTION OUTSIDE CONTROL OF COMPANY

As part of the agreements whereby the Company acquired iGain, Inc. and Wizard World, Inc., and sold stock to certain shareholders of Wizard World Inc., the Company issued 2,000,000 shares of its common stock with put options to shareholders of these companies. These put options provide that the Company will, at the discretion of the shareholders, repurchase such shares at the put prices provided for in the agreements. In addition, the Company has placed \$115,015 in escrow which will be used to fund part of the cost of repurchasing shares. Inasmuch as the redemption of these shares is outside the control of the Company, these securities are shown as temporary equity.

Preferred stock, redemption outside control of Company	Shares	Redemption Value
-----	-----	-----
Shares redeemable - 1st quarter 2002	51,028	\$ 114,813
Shares redeemable - 4th quarter 2002	1,948,972	5,067,327
	-----	-----
Totals	2,000,000	\$ 5,182,140
	=====	=====

As part of the acquisition of iGain, Inc. and Wizard World, Inc., the Company

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

issued 1,660,000 shares with the above-described put options. The value of these options has been estimated using a Black-Scholes option-pricing mode. These estimated values have been added to the cost of the above acquisitions.

NOTE 4 - FINANCIAL INSTRUMENTS

FAIR VALUE - The carrying value of cash, accounts receivable and accounts payable approximates fair value due to the short term to maturity.

CONCENTRATIONS OF CREDIT RISK - Financial instruments that potentially subject the Company to credit risk include cash on deposit at financial institutions in the amount \$13,201,125 at December 31, 2001, which is Federally Insured up to \$100,000. The Company has extended unsecured credit to regular customers of \$53,752 December 31, 2001 and \$995,634 at December 31, 2000. The Company had no bad debt for year 2001 and wrote off \$197,795 in bad debts in 2000.

NOTE 5 - RELATED PARTY TRANSACTIONS

Compensation paid to the chief executive officer, who is a majority stockholder, was \$191,663 and \$75,000 for the years ended December 31, 2001 and 2000 respectively. Additional services contributed by stockholders' were \$6,000 for the year ended December 31, 1999.

F-13

800AMERICA.COM, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 6 - SUPPLEMENTAL CASH FLOW INFORMATION

For years ended	2001	December 31, 2000	1999
	-----	-----	-----
Interest Paid	\$ 0	\$ 0	\$ 0
Income Tax Paid	\$ 3,572,439	\$ 856,305	\$ 0

NOTE 7 - NON CASH TRANSACTION

	2001	December 31, 2000	1999
	-----	-----	-----
200,000 shares common stock was issued for the purchase of Rothman Closeouts	\$ 0	\$ 200,000	\$ 0
Shares issued for services	\$ 216,250	\$ 12,000	\$ 6,000
4,177,493 shares of common issued in acquisitions	\$ 6,823,295	\$ 0	\$ 0
Assets transferred to Company from Universal Payment Systems Inc.	\$ 782,000	\$ 0	\$ 0

NOTE 8 - STOCK OPTION PLAN

The Company has a stock option plan (the Plan) which provides for the granting of incentive stock options to all full time employees as well as non qualified options to non employee directors and consultants. The Plan is designed so that

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

options under the Plan are granted at 100% of Fair Market Value at date of grant. The exercises price of the options range from \$1.00 to \$4.25 per share. The following summarize the options granted and outstanding.

	2001	December 31, 2000	1999
	-----	-----	-----
Options outstanding beginning of year	1,650,000	1,650,000	0
Granted	770,000	0	1,650,000
Exercised	0	0	0
	-----	-----	-----
Options outstanding end of year	2,420,000	1,650,000	1,650,000
	=====	=====	=====

As permitted under Statement of Financial Accounting Standards No. 123 (SFAS 123), Accounting for Stock-Based Compensation, the Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations, in accounting for stock-based awards to employees. Under APB 25, the Company generally recognized no compensation expense with respect to such awards.

Pro forma information regarding net income and earnings per share is required by SFAS 123 for awards granted after October 28, 1995 as if the Company had accounted for its stock-based awards to employees under the fair value method of SFAS 123. The fair value of the Company's stock-based awards to employees was estimated using a Black-Scholes option-pricing mode. The

F-14

800AMERICA.COM, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

Black-Scholes option valuation model was developed for use in estimating the fair value of trade options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's stock-based awards to employees have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock-based awards to employees. The fair value of the Company's stock-based awards to employees was estimated assuming no expected dividends and the following weighted average assumptions:

	2001	December 31, 2000	1999
	-----	-----	-----
Risk Free	4.5	5.45	6.32
Rate Volatility	55.0	55.00	65.00
Expected Life	3 years	4 years	5 years

The following table summarizes information about options outstanding at December 31, 2001:

Range of exercise	Number outstanding at	Weighted average	Average exercise	Exercisable	Average exercise
-------------------	-----------------------	------------------	------------------	-------------	------------------

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Price	December 31, 2002	remaining life	price	Options	price
1.00 - 4.00	2,420,000	7.4	2.31	2,420,000	2.31

Had the fair value method been applied, net income would have been reduced by \$193,600 or \$0.01 per share for 2001, \$115,000 or \$0.01 per share for 2000 and \$132,000 or \$0.02 per share for 1999. The average fair value of options granted were \$0.08 in 2001, and \$0.08 in 1999.

NOTE 9 - INCOME TAX

Income taxes payable and deferred taxes (or deferred charges) as of December 31, 2001 and 2000, were as follows:

	December 31,	
	2001	2000
Deferred tax assets:		
Allowance for bad debts	\$	(\$47,260)
Deferred tax liabilities:		
Book/tax basis difference in purchase acquisition:		
Software	427,921	
Equipment	155,662	
Other intangibles	698,552	
Total deferred tax liabilities	1,282,135	
Net deferred tax	1,282,135	(47,260)
Current tax payable	975,272	386,872
Totals	\$2,257,407	\$ 339,612

F-15

800AMERICA.COM, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Years Ended December 31,		
	2001	2000	1999
Income taxes consist of the following components:			
Current	\$4,212,082	\$1,092,469	\$ 117,97
Deferred tax (benefit)	66,489	(24,280)	(22,44
Provision for income tax	\$4,278,571	\$1,067,649	\$ 95,53

Deferred income taxes (benefits) resulted from the following:	2001	2000	199

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

Provision for bad debts	\$ 47,260	(\$24,820)	(\$22,44
Depreciation and amortization	19,229		
Totals	\$ 66,489	(\$24,820)	(\$24,44

Income taxes amounted to less than the amounts computed by applying the U.S. federal income tax rate of 34% for 2001, 2000 and 1999 to earnings before income taxes. The reason for these differences is shown below:

	Year Ended December 31,					
	2001	%	2000	%	1999	%
Taxes computed at statutory rate	\$ 4,346,616	34.00%	\$1,067,649	34.00%	\$95,533	34.00%
Increase (decrease) resulting from:						
Nondeductible amortization	(38,784.00)	-0.29%				
Other nondeductible expenses	(29,261.00)	-0.22%				
Provision for income taxes	\$ 4,278,571	33.49%	1,067,649	34.00%	95,333	34.00%

NOTE 10 - OPERATING LEASES

Lease expense for the year ended December 31, 2001 was \$157,959 and for the year ended December 31, 2000 was \$25,465. The Company leased facilities at Mt. Juliet, TN for \$891 per month and increasing 7-1/2% for the next year. The Company has leased additional facilities in Nashville, TN on a month to month lease at \$650 per month. The Mt. Juliet lease expires in December 2002. The Company also leases office space in New York City, at \$3,460 per month, Ottawa, Canada where the rent is \$26,481 per year, Beijing, China at \$1,000 per month and Fairfield CT with rent of \$1,576 per month.

	Fairefield, CT	Beijing	Mt. Juliet, TN	Nashville	New York	Ottawa
1st Year	\$ 18,912	\$ 12,000	\$ 9,576	\$ 11,494	\$ 41,520	\$ 26,481
2nd Year					\$ 41,520	\$ 26,481
3rd Year					\$ 41,520	\$ 26,481
4th Year					\$ 41,520	\$ 26,481

The Company also leases a T3 line from Bell South for \$11,275 per month. The lease expires May 2002.

1st year 2002 \$135,300

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

800AMERICA.COM, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

NOTE 11 - TREASURY STOCK

The Company purchased 12,400 shares of its outstanding stock at \$4.03 per share resulting in the Treasury Stock transaction of \$50,000.

NOTE 12 - SUMMARY OF CORRECTIONS

The Company's financial statements have been restated to reflect the correction of errors in recording the costs and liabilities associated with acquisitions and mergers, to record deferred income relative to subscription fees, to record the redeemable preferred shares, to recognize the income tax effects of the corrections, and to record any resultant effect on the income statement. The effect on this restatement is as follows:

NOTE 12 - SUMMARY OF CORRECTIONS

	December 31, 2001	
	As previously reported	As restated
	-----	-----
Balance sheet		
Assets		
Software	\$ 3,695,650	\$4,477,650
Accumulated depreciation	1,607,545	1,585,794
Other intangible assets (net)	2,633,493	2,912,165
Goodwill (net)	2,774,266	4,350,976
Other assets	199,917	27,533
Liabilities		
Taxes payable - income taxes	1,027,518	975,272
Deferred income	0	649,276
Deferred income tax	0	1,282,135
Preferred stock redemption, outside control of Company	0	5,182,140
Stockholder's equity		
Common stock	18,725	16,725
Additional paid-in capital	10,605,671	6,457,791
Retained earnings	10,368,883	9,994,036
Statement of income		
Sales	0	2,545,786
Cost of sales - Amortization	0	120,833
Subscription fees	1,393,750	744,474
Depreciation and amortization	1,147,113	1,178,642
General and administration	3,425,812	2,229,400
Provision for income taxes	4,323,804	4,315,499
Net income	8,315,456	8,305,462
Net earnings per share:		
Basic	0.52	0.53
Diluted	0.46	0.47

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

F-17

800AMERICA.COM, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 13 - SUBSEQUENT EVENT

The Company purchased in January 2002, the assets of YOUtopia.com, Inc. in exchange for six hundred fifty thousand (650,000) shares of common stock. Cost allocation to assets has not yet been established. The Company also repurchased from iGain, Inc. employees the Company's common stock as detailed in Note 1 Stock Escrow and Note 3 Preferred Stock, Redemption Outside Control of Company.

F-18

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

800America.com, Inc.

By: /s/ David E. Rabi

David E. Rabi,
Chief Executive Officer

Date: November 11, 2002

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURES -----	TITLE -----	DATE -----
/s/ David E. Rabi ----- David E. Rabi	Chief Executive Officer (Principal Executive Officer) Director and Chief Financial Officer (Principal Accounting Officer)	Date: November 11, 2002
* ----- Bobby Walley	Director	Date: *

Edgar Filing: 800AMERICA COM INC - Form 10KSB/A

/s/ Richard Sullivan Director

Date: November 11, 2002

Richard Sullivan

19

CERTIFICATIONS

I, David E. Rabi., certify that:

1. I have reviewed this annual report on Form 10-KSB/A of 800America.com, Inc.;
2. Based on my knowledge, this annual 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 annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: November 11, 2002

By: /s/ David E. Rabi

David E. Rabi
Chief Executive Officer
Principal Executive Officer

I, David E. Rabi., certify that:

1. I have reviewed this annual report on Form 10-KSB/A of 800America.com, Inc.;
2. Based on my knowledge, this annual 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 annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report.

Date: November 11, 2002

By: /s/ David E. Rabi

David E. Rabi
Chief Financial Officer

20