

RAINWIRE PARTNERS INC /DE/

Form 10QSB

July 01, 2003

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20459

FORM 10-QSB

**QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended: March 31, 2003

Commission File Number: 0-23892

Rainwire Partners, Inc.

(Exact Name of Registrant as specified in its charter)

Delaware

57-0941152

(State or other jurisdiction of incorporation or organization)

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

3480 Preston Ridge Road, Suite 500 Alpharetta, GA

30005

Address of Principal executive offices of Incorporation or organization

Zip Code

770-343-8196

Registrants telephone number, including area code

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

YES ☒ NO ☐

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APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practical date.

CLASS	No. of shares Outstanding on June 30, 2003
Common Stock Par Value \$.001 Per share	22,109,885

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RAINWIRE PARTNERS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2003	December 31, 2002
	(unaudited)	
ASSETS OF DISCONTINUED BUSINESS		
CURRENT ASSETS		
Cash	\$	
TOTAL CURRENT ASSETS	\$	\$
LIABILITIES OF DISCONTINUED BUSINESS		
CURRENT LIABILITIES		
Related Party loans	\$ 150,355	\$ 150,355
Accounts payable	717,294	717,294
Accrued business disposal costs and expenses	46,987	46,987
Other accrued liabilities	63,943	63,943
TOTAL CURRENT LIABILITIES	978,579	978,579
REDEEMABLE PREFERRED STOCK		
Par value \$.001; authorized 2,500,000 shares		
Series C, 24,959 shares outstanding	52,911	52,911
Series D, 500,000 shares outstanding	50,000	50,000
	102,911	102,911
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, \$.001 par value; authorized, 300,000,000 shares		
32,109,885 shares issued, 22,109,885 shares and outstanding	32,110	32,110
Paid-in capital	1,778,272	1,773,772
Accumulated (deficit)	(2,841,872)	(2,837,372)
Treasury Stock, 10 million shares	(50,000)	(50,000)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(1,081,490)	(1,081,490)
	\$	\$

The accompanying notes are an integral part of these financial statements

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RAINWIRE PARTNERS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		INCEPTION OF DEVELOPMENT STAGE (JANUARY 1, 2001) TO MARCH 31, 2003
	2003	2002	
Revenues	\$	\$	\$
Expenses			
Income (loss) from continuing operations			
Discontinued Operations:			
Loss from discontinued operations	4,500		349,945
Net income	\$ (4,500)	\$	\$ (349,945)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	22,109,885	9,609,885	
Basic And Diluted Net Income Per Common Share	\$	\$	
Income From Discontinued Operations	*		
Basic And Diluted Net Income Per Common Share	*	\$	

* Less than (\$.01) per share

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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RAINWIRE PARTNERS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		INCEPTION OF DEVELOPMENT STAGE (JANUARY 1, 2001) TO MARCH 31, 2003
	2003	2002	
CASH FLOWS FROM OPERATING ACTIVITIES			
Discontinued Operations:			
Adjustments to reconcile net loss to net cash flows used by discontinued activities			
Loss from operations of discontinued business	\$ (4,500)	\$	\$ (349,945)
Stock issued for services		2,500	94,600
Capital contributed for services		40,000	312,200
Changes in assets and liabilities			
Accounts receivable		21,962	21,962
Other current assets		12,700	12,700
Accounts payable		343,650	252,277
Accrued liabilities			40,800
Provision for loss on disposal of the business		(553,247)	(553,247)
Net cash flows used by discontinued activities	(4,500)	(132,435)	(168,653)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other assets		6,255	6,255
Net cash flows from investing activities		6,255	6,255
CASH FLOWS FROM FINANCING ACTIVITIES			
Related party loans	4,500	114,925	150,355
Proceeds from issuance of common stock		10,000	10,000
Net cash flows from financing activities	4,500	124,925	160,355
NET CHANGE IN CASH FLOW FOR THE YEAR		(1,255)	(2,043)
CASH, BEGINNING OF PERIOD		2,043	2,043
CASH, END OF PERIOD	\$	\$ 788	\$ 0
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Related party loan paid by issuance of 12 million shares of the Company's common stock			\$ 60,000
Redeemable Preferred Stock issued in exchange for 10 million shares of common stock of the Company			\$ 50,000

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RAINWIRE PARTNERS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	COMMON STOCK		PAID-IN CAPITAL	ACCUMULATED (DEFICIT)	TREASURY STOCK	TOTAL
	SHARES	AMOUNT				
Balance, December 31, 2000	7,609,886	\$ 7,610	\$ 1,321,472	\$ (2,491,927)	\$	\$ (1,162,845)
Shares issued for legal services at \$0.025 per share on August 29, 2001	100,000	100	2,400			2,500
Shares sold at \$0.05 per share on September 30, 2001	200,000	200	9,800			10,000
Shares issued to retire debt on August 29, 2001 at \$0.005 per share	12,000,000	12,000	48,000			60,000
Management services contributed to capital			40,000			40,000
Purchase of 10 million shares as treasury stock for issuance of 500,000 shares of Series D convertible debentures, October 15, 2001					(50,000)	(50,000)
Net income (loss) for the year						
Balance, December 31, 2001	19,909,886	19,910	1,421,672	(2,491,927)	(50,000)	(1,100,345)
Correction of share issuances, prior year	(300,001)	(300)	300			
Shares issued for compensation December 31:						
at \$0.00671 per share	10,000,000	10,000	57,100			67,100
at \$0.01 per share	2,500,000	2,500	22,500			25,000
Contributed capital			272,200			272,200
Net (loss) for the year				(345,445)		(345,445)
Balance, December 31, 2002	32,109,885	32,110	1,773,772	(2,837,372)	(50,000)	(1,081,490)
Contributed capital			4,500			4,500
Net (loss) for the year				(4,500)		(4,500)
Balance, March 31, 2003	32,109,885	\$ 32,110	\$ 1,778,272	\$ (2,841,872)	\$ (50,000)	\$ (1,081,490)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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**RAINWIRE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)**

Note 1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of March 31, 2003 and the consolidated results of its operations and cash flows for the three months ended March 31, 2003 and 2002. Operating results for the three months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Form 10-KSB for the year ended December 31, 2002.

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Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations.

This 10-QSB contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that certain statements in this 10-QSB are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors. Such uncertainties and risks include, among others, certain risks associated with government regulation, and general economic and business conditions. Actual events, circumstances, effects and results may be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. Consequently, the forward-looking statements contained herein should not be regarded as representations by the Company or any other person that the projected outcomes can or will be achieved.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Form 10-QSB.

A. Financial Condition.

The Company is solely dependent on advances from related parties to continue in existence as the Company is in a negative financial position, has discontinued its operations as of December 31, 2000 and has substantial past due obligations and commitments. Its audited financial statements disclose a going concern paragraph in its most recent audited financial statements and nothing has changed that circumstance to date. The Company has no employees or facilities.

B. Plan of Operations

The Company has had no operations since December 31, 2000 and is financially dependent on its shareholders, related parties and/or management, who have financed its existence to date. In the near term the Company will pursue an acquisition or merger to achieve profitable operations and adequate cash flows to meet its financial obligations.

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Item 3. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Within 90 days before filing this report, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures. The Company's disclosure controls and procedures are the controls and other procedures that the Company has designed to ensure that it records, processes, summarizes and reports in a timely manner the information the Company must disclose in its reports filed under the Securities Exchange Act. Lyne Marchessault, President and Peggy A. Evans, Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Ms. Marchessault and Ms. Evans concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective.

(b) Internal controls. Since the date of the evaluation described above, there have not been any significant changes in the Company's internal controls or in other factors that could significantly affect those controls, including any corrective actions with regard to significant deficiencies and material weakness.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

No material change.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

Under the terms of our Series D Preferred Stock, if the Company shall fail to pay a dividend to the holders of the Series D for two consecutive quarters, the Series D shall be convertible into fifty million (50,000,000) shares of the common stock of the Company so long as such dividends remain unpaid. As of the date of the filing of this Quarterly Report, the Company has failed to pay a dividend for two consecutive quarters and the conversion feature has been triggered, although the holder has not converted the preferred stock.

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

None.

Item 5. Other Information

None.

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

Form 8-K

None.

Exhibits

99.1 Certification by Lyne Marchessault, President of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification by Peggy A. Evans, Chief Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on June 30, 2003.

Rainwire Partners, Inc.,
a Delaware corporation

By: /s/ Lyne Marchessault

Name: Lyne Marchessault
Title: President

By: /s/ Peggy Evans

Name: Peggy Evans
Title: Chief Financial and Accounting Officer

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Rainwire Partners, Inc. for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Lyne Marchessault, President of registrant, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

- (1) I have reviewed this quarterly report on Form 10-QSB of Rainwire Partners, Inc.;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
- (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 registrant as of, and for, the periods presented in this quarterly report; and
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of 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 officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: June 30, 2003

By: /s/ Lyne Marchessault

Lyne Marchessault
President

This certification accompanies this Quarterly Report on Form 10-QSB pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Rainwire Partners, Inc., for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Peggy A. Evans, Chief Financial Officer of registrant, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

- (1) I have reviewed this quarterly report on Form 10-QSB of Rainwire Partners, Inc.;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
- (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 registrant as of, and for, the periods presented in this quarterly report; and
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of 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 officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: June 30, 2003

By: /s/ Peggy A. Evans

Peggy A. Evans
Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-QSB pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.