BAIL CORP
Form 10QSB
March 16, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended January 31, 2001

Commission file number 000-27321

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

Colorado	84-1493152
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7899 West Frost Drive, Littleton, Colorado 80128
(Address of principal executive offices) (Zip Code)

303-979-3224
(Issuer's telephone number)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

As of January 31, 2001, 1,230,000 shares of common stock, no par value, were outstanding.

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*The accompanying financial statements are not covered by an Independent Certified Public Accountant's report.

BAIL CORPORATION

A Development Stage Company

Condensed Balance Sheet

January 31, 2001
(Unaudited)

Assets	
Accounts receivable, related party (Note B)	$ 106
Liabilities and Shareholders' Deficit	
Liabilities:	
Accounts payable and accrued liabilities	$ 283
Due to, related party (Note B)	5,063
Total liabilities	5,346
Shareholders' deficit:	
Common stock	2,800
Additional paid-in capital	1,373
Deficit Accumulated during the development stage	(9,413)

Total shareholders' deficit	(5,240)
	$ 106

See accompanying notes to condensed financial statements

BAIL CORPORATION
A Development Stage Company

Condensed Statements of Operations
(Unaudited)

	Three Months Ended January 31,		Nine Months Ende January 31,	
	2001	2000	2001	20
Interest Income	$ -	$ 9	$ -	$
Cost and expenses	500	257	2,286	
Cost and expenses, related party (Note B)	300	755	900	
Net loss before income taxes	(800)	(1,003)	(3,186)	
Income taxes	-	-	-	
Net loss	$ (800)	$ (1,003)	$ (3,186)	$
Basic (loss) per common share	$ *	$ *	$ *	$
Weighted average common shares outstanding	1,230,000	1,230,000	1,230,000	1,2

* Less than $.01 per share

See accompanying notes to condensed financial statements

BAIL CORPORATION

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Condensed Statements of Cash Flows
(Unaudited)

	Nine Months Ended January 31, 2001	Nine Months Ended January 31, 2000	April 9, 1998 (inception) through January 31, 2001
Net cash used in operating activities	$ (3,329)	$ (2,692)	$ (7,237)
Cash flows from financing activities:			
Advances from affiliate (Note B)	3,168	1,435	5,064
Sale of common stock	-	-	2,300
Offering costs incurred	-	-	(127)
Net cash provided by financing activities	3,168	1,435	7,237
Change in cash	(161)	(1,257)	-
Cash, beginning of period	161	2,084	-
Cash, end of period	$ -	$ 827	$ -
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -

See accompanying notes to condensed financial statements

BAIL CORPORATION

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NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Note A: Basis of Presentation

The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its audited financial statements for the year ended April 30, 2000 as filed in its Form 10-KSB on July 28, 2000 and should be read in conjunction with the notes thereto. The Company entered the development stage in accordance with Statement of Financial Accounting Standard ("SFAS") No. 7 on April 9, 1998 and its purpose is to evaluate, structure, and complete a merger with, or acquisition of, a privately owned corporation.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Interim financial data presented herein are unaudited.

Note B: Related Party Transactions

The Company issued Corporate Management Services (the "affiliate") 1,000,000 shares of common stock in exchange for services related to management and organization costs of $500. The affiliate provides administrative and marketing services as needed. The affiliate may, from time to time, advance to the Company any additional funds that the Company needs for operating capital and for costs in connection with searching for or completing an acquisition or merger.

On behalf of the Company, the affiliate sold 230,000 shares of the Company's common stock in a private placement for $2,300. The private placement, which closed in July 1998, also included the offering of common shares in nineteen other corporations. The costs related to the offering and certain legal fees and general and administrative fees were allocated to each of the twenty companies participating in the offering. The Company's pro rata one twentieth share of the costs and expenses were deducted from the gross proceeds from the sale of the Company's common shares. The gross proceeds of $2,300 were transferred to the Company net of offering costs of $127 and certain general and administrative costs incurred by the affiliate of $89.

At April 30, 2000 the Company owed the affiliate $1,895 for certain legal and accounting expenses paid by the affiliate on behalf of the Company. During the three and nine months ended January 31, 2001 the affiliate paid an additional $1,612 and $3,168 respectively, in legal, accounting, and general and administrative expenses on behalf of the Company, which resulted in a net due to the affiliate at January 31, 2001 of $5,063.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

On November 1, 1999 the Company began incurring an expense of $100 per month for rent and other administrative services which are performed by Corporate Management Services on behalf of the Company. For the three and nine months ended January 31, 2001, the Company had incurred rent and administrative service expenses of $300 and $900 respectively, which has been credited to additional paid-in capital.

Note C: Income Taxes

The Company records its income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during the three periods shown on the condensed financial statements resulting in a deferred tax asset, which was fully allowed for, therefore the net benefit and expense result in $0 income taxes.

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Part I--Item 2. Plan of Operation

The Company's plan of operation is to seek out, investigate, and pursue a merger, acquisition, or other business combination with an entity desiring the perceived benefits offered by the Company as a result of its having a class of securities registered under the Exchange Act. There have been no revenues from operations since formation, and none are anticipated prior to completing a business combination. The Company has no full time employees, incurs nominal rent and administrative expenses of $100 per month, and has no other recurring operational expenses except professional fees incurred as necessary. The Company's president continues to devote approximately ten (10) hours per month, without compensation, to the affairs of the Company. The Company does not anticipate raising any additional funds in the next twelve (12) months, and has no present plans to acquire any assets or make any investments prior to completing a business combination.

To date, the Company has not identified a suitable target entity for any type of business combination, and management has no particular type of merger, acquisition, or business opportunity in mind. No restrictions have been placed on management's discretion to seek out and participate in an appropriate business opportunity. Due to limited financial resources it is anticipated that only a single potential business venture will be pursued.

Selection of an appropriate business opportunity is complex and risky due to the Company's limited financial resources, the speculative nature of operations, management's limited time commitment to the Company, management's potential conflicts of interest, the burdens of being a reporting company, lack of market research, and competition in the marketplace. The Company's success is dependent upon locating and consummating a business combination, and there are no assurances that this will occur.

Part II--Other Information

Items 1 through 4

No response required.

Item 5. Other Information

On March 9, 2001, the Company filed a report on Form 8-K reporting the sale by Corporate Management Services, Inc. of 900,000 shares (a controlling interest) of its common stock to Charles A. Ross, Sr. Mr. Ross was also appointed to the Board of Directors.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bail Corporation

Date: March 16, 2001

By: /s/ George G. Andrews

George G. Andrews, President