

Edgar Filing: NETWORK INSTALLATION CORP - Form 10QSB/A

NETWORK INSTALLATION CORP
Form 10QSB/A
November 22, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/A
(Mark One)

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

For the quarterly period ended September 30, 2005

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-25499

NETWORK INSTALLATION CORPORATION

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

Nevada

88-0390360

State or other jurisdiction of
Incorporation or organization

(IRS Employer
Identification Number)

15235 Alton Parkway, Suite 200, Irvine, CA

92618

(Address of principal executive offices)

(Zip Code)

(949) 753-7551

(Issuer's telephone number, including area code)

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 Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

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As of September 30, 2005 there were 30,562,082 shares of common stock issued and outstanding, \$0.001 par value.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE) YES [] NO [X]

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ITEM 1. FINANCIAL STATEMENTS.

Network Installation Corp.
Consolidated Balance Sheets

| | Septemeber 30, 2005 (Unaudited) | December 31, 2004 |
|---|---------------------------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 1,325,878 | \$ 1,732 |
| Accounts Receivable | 2,496,486 | 500,833 |
| Allowance for Doubtful Accounts | (501,809) | (95,486) |
| Inventory | 1,429,206 | - |
| Costs in Excess of Billings | 408,900 | - |
| Other current assets | 20,220 | 595,812 |
| | ----- | ----- |
| Total Current Assets | 5,178,881 | 1,002,891 |
| | ----- | ----- |
| Fixed Assets: | | |
| Vehicles | 271,172 | - |
| Equipment | 211,615 | - |
| Leasehold improvements | 69,257 | - |
| Software | 71,838 | - |
| Furniture and Fixtures | 213,671 | 46,098 |
| | ----- | ----- |
| | 837,553 | 46,098 |
| Less: Accumulated Depreciation | (461,517) | (9,937) |
| | ----- | ----- |
| Total Fixed Assets | 376,036 | 36,161 |
| | ----- | ----- |
| Other Assets: | | |
| Patents | 2,500 | - |
| Goodwill | 11,144,216 | - |
| Security Deposits | 20,690 | 19,916 |
| | ----- | ----- |
| Total Other Assets | 11,167,406 | 19,916 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 16,722,323 | \$1,058,968 |
| | ===== | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|-----------|-----------|
| Current Liabilities: | | |
| Accounts Payable & Accrued Expenses | 2,432,859 | 1,148,428 |
| Bank Line of Credit | 120,384 | - |
| Billings in excess of costs | 705,607 | - |

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| | | |
|--|----------------------|---------------------|
| Payroll taxes payable | 405,418 | - |
| Notes Payable | 844,302 | 85,075 |
| Notes Payable - related parties | 290,964 | 120,580 |
| Convertible debts - current | 301,333 | - |
| Convertible debts - related parties | 452,000 | - |
| | <u>5,552,867</u> | <u>1,354,083</u> |
| Total Current Liabilities. | 5,552,867 | 1,354,083 |
| | | |
| Long-Term Debt: | | |
| Notes payable | 1,266,943 | - |
| Notes payable - related parties | 202,539 | - |
| Convertible Debentures | 2,999,221 | 1,582,516 |
| | <u>4,468,703</u> | <u>1,582,516</u> |
| Total Long-Term Debt. | 4,468,703 | 1,582,516 |
| | | |
| Stockholders Equity | | |
| Common stock, no par value, 100,000,000 shares. | 30,562 | 23,484 |
| authorized, 30,562,082 shares issued and | | |
| outstanding as of 9/30/05, 23,483,873 shares | | |
| issued and outstanding as of 12/31/04 | | |
| Additional Paid-in Capital | 26,316,746 | 7,617,181 |
| Shares to be issued. | 116,357 | 116,249 |
| Accumulated Deficit. | (19,762,912) | (9,634,545) |
| | <u>6,700,753</u> | <u>(1,877,631)</u> |
| Total Stockholders' Equity (Deficit) | 6,700,753 | (1,877,631) |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY. | \$ 16,722,323 | \$ 1,058,968 |
| | <u>=====</u> | <u>=====</u> |

See Accountants Review Report

Network Installation Corp.
Consolidated Statement of Operations
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------|-------------------------------------|----------------|------------------------------------|------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| Revenue: | | | | |
| Revenue | \$ 1,075,471 | \$ 760,835 | \$ 2,964,570 | \$ 2,964,570 |
| Cost of Goods Sold | 880,032 | 374,335 | 2,206,730 | 1,830,235 |
| Gross Profit | <u>195,439</u> | <u>386,500</u> | <u>757,840</u> | <u>1,134,335</u> |

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| | | | | |
|---|----------------|--------------|-----------------|--------|
| Costs and Expenses: | | | | |
| Investor Relations | 80,708 | 119,000 | 588,170 | |
| Office Salaries | 396,421 | 252,243 | 871,680 | |
| Officer Compensation | - | - | 6,575,426 | |
| Professional Fees | 160,321 | 92,826 | 253,626 | |
| Telephone | 20,332 | 19,171 | 54,108 | |
| Bad debt expense | 198,695 | 10,648 | 198,695 | |
| Insurance | 46,987 | 31,312 | 118,231 | |
| Consulting Fees | 17,187 | 70,210 | 77,563 | |
| Rent | 41,042 | 32,167 | 116,924 | |
| Payroll Taxes | 19,635 | 20,895 | 49,009 | |
| Depreciation | 5,529 | 538 | 12,044 | |
| Writeoff of goodwill | 628,614 | - | 628,614 | |
| Other Operating Expenses | 69,366 | 167,032 | 403,826 | |
| | ----- | ----- | ----- | ----- |
| Total Expenses | 1,684,837 | 816,042 | 9,947,916 | 2, |
| Net Loss from Operations | (1,489,398) | (429,542) | (9,190,076) | (1, |
| Other Income/Expenses | | | | |
| Interest Income | 1 | 1,860 | 1 | |
| Interest Expense | (435,768) | (119,425) | (938,292) | (|
| | ----- | ----- | ----- | ----- |
| Total Other Income/Expense | (435,767) | (117,565) | (938,291) | (|
| Net Income (Loss) | \$ (1,925,165) | \$ (547,107) | \$ (10,128,367) | \$ (1, |
| | ===== | ===== | ===== | ===== |
| Basic and Diluted Loss per Common Share | \$ (0.11) | \$ (0.02) | \$ (0.49) | \$ |
| | ===== | ===== | ===== | ===== |
| Basic and diluted weighted average | | | | |
| shares outstanding | 17,764,338 | 23,168,012 | 20,606,252 | 18, |