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E-Debit Global Corp.
Form 10-Q
August 14, 2013

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commissions file number 0-32051

E-DEBIT GLOBAL CORPORATION
(Exact name of Registrant as specified in its charter)

COLORADO
(State or other jurisdiction
of incorporation or organization)

98-0233968
(IRS Employer Identification No.)

#12, 3620 – 29th Avenue NE
Calgary, Alberta Canada T1Y 5Z8
Telephone (403) 290-0264
(Issuer's telephone number)

(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 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 past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS

DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of July 30, 2013, there were 320,046,834 outstanding shares of the Registrant's Common Stock, no par value and 81,518,410 shares of Preferred Stock, no par value.

E-DEBIT GLOBAL CORPORATION

INDEX TO THE FORM 10-Q

For the quarterly period ended June 30, 2013

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PART I - FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

E-DEBIT GLOBAL CORPORATION
Condensed Consolidated Balance Sheet

| ASSETS | June 30, 2013 (Unaudited) | December 31, 2012 (Derived from audited financial statements) |
|--|---------------------------------|--|
| CURRENT ASSETS | | |
| Cash | \$ 13,035 | \$ 46,898 |
| Restricted cash | 561,235 | 188,236 |
| Accounts receivable net of allowance for doubtful accounts of \$21,866 and \$23,413 | 46,364 | 37,791 |
| Other receivable – related parties | 11,581 | 16,535 |
| Inventory | 70,835 | 68,628 |
| Prepaid expense and deposit | 3,426 | 9,022 |
| Total current assets | 706,476 | 367,110 |
| Property and equipment, net of depreciation | 154,410 | 225,190 |
| Investment, at cost | 40 | 20 |
| Intangible Assets, net of amortization | 20,469 | 43,926 |
| Other assets | 13,874 | — |
| Total assets | \$ 895,269 | \$ 636,246 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 969,271 | 396,988 |
| Accrued liabilities | 81,700 | 98,026 |
| Loans payable | 231,466 | 287,047 |
| Indebtedness to related parties | 1,284,013 | 1,517,601 |
| Shareholder loans | 276,984 | 292,741 |
| Total current liabilities | 2,843,434 | 2,592,403 |
| Total liabilities | 2,843,434 | 2,592,403 |
| COMMITMENTS AND CONTINGENCIES (Notes 1,4,9,10,11,12,15) | | |
| STOCKHOLDERS' DEFICIT | | |
| Preferred stock – authorized 200,000,000 shares, no par value, 81,518,410 shares issued and outstanding at June 30, 2013 and 81,518,410 at December 31, 2012 | 1,475,493 | 1,475,493 |

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Common stock - authorized 10,000,000,000 shares, no par value; 320,046,834 shares issued and outstanding at

| | | |
|--|--------------|--------------|
| June 30, 2013 and 320,046,834 at December 31, 2012 | 2,212,392 | 2,212,392 |
| Additional paid-in capital | 1,023,575 | 654,018 |
| Accumulated other comprehensive income | 208,199 | 86,207 |
| Accumulated deficit | (6,867,824) | (6,384,267) |
| Total stockholders' deficit | (1,948,165) | (1,956,157) |
| Total liabilities and stockholders' Deficit | \$895,269 | \$636,246 |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
Condensed Consolidated Statements of Operations
For the six Months Ended June 30,
(Unaudited)

| | 2013 | 2012 |
|---------------------------------------|--------------|--------------|
| Revenue - | | |
| Equipment and supplies | \$8,499 | \$55 |
| Residual and interchange income | 518,426 | 1,170,269 |
| Other | 21,973 | 47,524 |
| Total revenue | 548,898 | 1,217,848 |
| Cost of sales - | | |
| Equipment and supplies | 7,428 | 10,453 |
| Residual and interchange costs | 292,455 | 766,589 |
| Other | 244,535 | 308,273 |
| Total cost of sales | 544,418 | 1,085,315 |
| Gross profit | 4,480 | 132,533 |
| Operating expenses - | | |
| Depreciation and amortization | 57,062 | 53,702 |
| Consulting fees | 77,856 | 89,545 |
| Legal and accounting fees | 48,660 | 45,085 |
| Salaries and benefits | 232,715 | 253,541 |
| Travel, delivery and vehicle expenses | 3,753 | 13,385 |
| Other | 110,800 | 191,206 |
| Total operating expenses | 530,846 | 646,464 |
| (-Loss-) from operations | (526,366) | (513,931) |
| Other income (expense) - | | |
| Interest expense | (64,739) | (86,510) |
| Gain on sale | 107,548 | 263,418 |
| Net (-loss-) before income taxes | (483,557) | (337,023) |
| Provision for income taxes | — | — |
| Net (-loss-) | \$(483,557) | \$(337,023) |
| Basic net (-loss-) per common share | \$0.00 | \$(0.00) |
| Weighted number of shares outstanding | 320,046,834 | 95,249,344 |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
Condensed Consolidated Statements of Operations
For the three Months Ended June 30,
(Unaudited)

| | 2013 | 2012 |
|--|--------------|-------------|
| Revenue - | | |
| Residual and interchange income | \$249,847 | \$580,666 |
| Other | 8,868 | 28,359 |
| Total revenue | 258,715 | 609,025 |
| Cost of sales - | | |
| Equipment and supplies | 373 | 8,862 |
| Residual and interchange costs | 143,640 | 376,014 |
| Other | 112,601 | 152,781 |
| Total cost of sales | 256,614 | 537,657 |
| Gross profit | 2,101 | 71,368 |
| Operating expenses - | | |
| Depreciation and amortization | 26,954 | 23,832 |
| Consulting fees | 38,633 | 41,865 |
| Legal and accounting fees | 47,622 | 10,608 |
| Salaries and benefits | 114,193 | 128,253 |
| Travel, delivery and vehicle expenses | 642 | 6,033 |
| Other | 62,785 | 111,110 |
| Total operating expenses | 290,829 | 321,701 |
| (-Loss-) from operations | (288,728) | (250,333) |
| Other income (expense) - | | |
| Interest expense | (30,274) | (42,032) |
| Gain on sale | 107,548 | 263,418 |
| Net (-loss-) before income taxes | (211,454) | (28,947) |
| Provision for income taxes | — | — |
| Net (-loss-) | \$(211,454) | \$(28,947) |
| Basic net income (-loss-) per common share | \$0.00 | \$(0.00) |
| Weighted number of shares outstanding | 320,046,834 | 95,249,344 |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
 Condensed Consolidated Statements of Comprehensive Income
 (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-------------|---------------------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| Net (-loss-) | \$(211,454) | \$(28,947) | \$(483,557) | \$(337,023) |
| Other comprehensive income (-loss-), net of tax | | | | |
| Foreign currency translation adjustment | 77,300 | 25,981 | 121,992 | (1,312) |
| Other comprehensive income (-loss-), net of tax | 77,300 | 25,981 | 121,992 | (1,312) |
| Comprehensive (-loss-) | \$(134,154) | \$(2,966) | \$(361,565) | \$(338,335) |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
Condensed Consolidated Statements of Changes in Stockholders' Deficit
(Unaudited)

| | Preferred Stock | | Common Stock | | Additional | Accumulated | Other | Accumulated | Total |
|---|-----------------|-------------|--------------|-------------|-------------|--------------|-----------|---------------|---------------|
| | Shares | Amount | Shares | Amount | Paid-in | comprehensiv | Income | (Deficit) | Stockholders' |
| | | | | | Capital | | | | (Deficit) |
| Balance, December 31, 2012 | 81,518,410 | \$1,475,493 | 320,046,834 | \$2,212,392 | \$654,018 | | \$86,207 | \$(6,384,267) | \$(1,956,157) |
| Forgiveness of debt related parties | — | — | — | — | 369,557 | | — | — | 369,557 |
| Other comprehensive income, net of tax | — | — | — | — | — | | 121,992 | — | 121,992 |
| Net income for the six months ended June 30, 2013 | — | — | — | — | — | | — | (483,557) | (483,557) |
| Balance, June 30, 2013 | 81,518,410 | \$1,475,493 | 320,046,834 | \$2,212,392 | \$1,023,575 | | \$208,199 | \$(6,867,824) | \$(1,948,165) |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
Condensed Consolidated Statement of Cash Flows
For the six Months Ended June 30,
(Unaudited)

| | 2013 | 2012 |
|--|--------------|--------------|
| Cash flows from operating activities: | | |
| Net (loss) income from operations | \$(483,557) | \$(337,023) |
| Reconciling adjustments - | | |
| Depreciation and amortization | 57,062 | 53,702 |
| Bad debt | 10,521 | — |
| Changes in operating assets and liabilities | | |
| Restricted cash | (372,999) | (188,825) |
| Accounts receivable | (3,619) | 32,235 |
| Inventory | (8,456) | 11,685 |
| Prepaid expenses and other | 1,323 | 15,770 |
| Accounts payable and accrued liabilities | 555,957 | 123,280 |
| Net cash (used for) provided by operations | (243,768) | (289,176) |
| Cash flows from investing activities: | | |
| Purchase of equipment | (6,859) | — |
| Disposal of equipment | — | — |
| Net cash (used for) provided by investing activities | (6,859) | — |
| Cash flows from financing activities: | | |
| Indebtedness to related parties | 121,360 | 213,282 |
| Proceeds from related parties | 78,563 | 158,944 |
| Repayments to related parties | (49,570) | (118,270) |
| Repayments of loans | (55,581) | — |
| Net cash (used for) provided by financing activities | 94,772 | 253,956 |
| Foreign currency translation adjustment | 121,992 | (1,312) |
| Net change in cash and cash equivalents | (33,863) | (36,532) |
| Cash at beginning of year | 46,898 | 96,492 |
| Cash at end of year | \$ 13,035 | \$ 59,960 |
| Supplemental schedules: | | |
| Cash paid for interest | \$ 14,293 | \$ 19,817 |
| Cash paid for income taxes | \$— | \$— |
| Noncash investing and financing activities | | |
| Forgiveness of debt – related party | \$ 369,557 | \$— |
| Transfer fixed assets to inventory | \$ 21,184 | \$— |

See accompanying notes to consolidated financial statements

E-DEBIT GLOBAL CORPORATION
Notes to Condensed Consolidated Financial Statements
June 30, 2013 and 2012
(Unaudited)

Note 1 – Basis of Presentation and Nature of Operations

The accompanying consolidated balance sheet as of December 31, 2012 has been derived from audited financial statements and the accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the interim reporting requirements of Regulation S-X. The accompanying interim consolidated financial statements included herein have been prepared by E-Debit Global Corporation (the “Corporation”) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. In management's opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and E-Debit Global Corporation believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the December 31, 2012 audited financial statements and the accompanying notes thereto contained in the Annual Report on Form 10-K filed with the Securities and Exchange Commission. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by E-Debit Global Corporation later in the year. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. In management's opinion all adjustments necessary for a fair presentation of the Corporation's financial statements are reflected in the interim periods included.

Westspere Asset Corporation, Inc. (Corporation) was incorporated in Colorado on July 21, 1998 as Newlink Networks TDS, Inc. and changed its name to Westspere Asset Corporation Inc. on April 29, 1999. On April 2, 2010, the Corporation officially changed its name to E-Debit Global Corporation.

On September 18, 2012, the Corporation amended its articles of incorporation to increase its authorized capital to Ten Billion (10,000,000,000) shares of no par value common stock and Two Hundred Million (200,000,000) of no par value preferred stock.

The Corporation's primary business is the sale and operation of cash vending (ATM) and point of sale (POS) machines in Canada.

Note 2 – Recent Accounting Pronouncements

In March 2013, the Financial Accounting Standards Board ("FASB") issued new accounting guidance clarifying the accounting for the release of cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a non-profit activity or a business within a foreign entity. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2013. We do not anticipate that this adoption will have a significant impact on our financial position, results of operations or cash flows.

In February 2013, FASB issued new accounting guidance clarifying the accounting for obligations resulting from joint and several liability arrangements for which the total amount under the arrangement is fixed at the reporting date. The

new standard is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2013. We do not anticipate that this adoption will have a significant impact on our financial position, results of operations or cash flows.

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations and various regulatory agencies. Due to the tentative and preliminary nature of those proposed standards, management has not determined whether implementation of such proposed standards would be material to our consolidated financial statements.

Note 3 – Fair Value Measurements

The carrying amounts of current assets and current liabilities approximate fair value because of the short-term nature or the current rates at which the Corporation could borrow funds with similar remaining maturities. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Corporation does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments.

The FASB ASC clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability.
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Note 4 - Restricted cash

The Corporation relies on a contractual agreement with Moneris Solution Corporation to settle daily ATM vault cash disbursements throughout our ATM Network into our bank account. The ATM vault cash will be settled to the cash owners within 24 hours turn around.

Note 5 - Accounts Receivable

Accounts receivable consists of amounts due from customers. The nature of the receivables consists of equipment sales, parts and accessories, and service provided. The Corporation considers accounts more than 180 days old to be past due, since the Corporation can withhold the transactions revenue owed to the customers should their receivables become past due. The account is deemed uncollectible and written off when the site locations are out of business and or in receivership. The Corporation uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is written off against the allowance.

| | June 30, 2013 | December 31, 2012 |
|---------------------------------------|---------------|----------------------|
| Accounts Receivable | | |
| Equipment | - | \$ 597 |
| Services | - | - |
| Other | 68,230 | 60,607 |
| | 68,230 | \$ 61,204 |
| Less: Allowance for doubtful accounts | (21,866) | (23,413) |
| | \$ 46,364 | \$ 37,791 |

The bad debt expense for the six months ended June 30, 2013 and June 30, 2012 totaled \$15,367 and \$12,221, respectively. The bad debt is reflected in the accompanying consolidated Statements of Operations as Other operating expenses.

Note 6 – Inventory