

ENVIRONMENTAL MONITORING & TESTING CORP
Form 10QSB
May 24, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended: March 31, 2004

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

For the transition period from _____ to _____

Commission file number: 0-18296

Environmental Monitoring and Testing Corporation
(Exact name of small business issuer as specified in its charter)

Delaware 62-1265486
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

6767 West Tropicana Avenue, Suite 203, Las Vegas, Nevada 89103
(Address of principal executive offices)

(702) 248-1061
(Issuer's telephone number)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check 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: 3,785,183 shares Outstanding at March 31, 2004

Transitional Small Business Disclosure Format (Check one): Yes No

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

Unaudited financial statements for the quarter ended March 31, 2004 are provided on the following pages.

**UNAUDITED FINANCIAL STATEMENTS
ENVIRONMENTAL MONITORING & TESTING CORPORATION
MARCH 31, 2004 AND MARCH 31, 2003**

**ENVIRONMENTAL MONITORING & TESTING CORPORATION
BALANCE SHEETS (UNAUDITED)**

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
ASSETS		
Cash	\$ 0	\$ 125,408
Note receivable	<u>0</u>	<u>25,000</u>
Total assets	\$ 0	\$ 150,408
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts Payable	<u>\$ 0</u>	<u>\$ 1,875</u>
Total liabilities	0	1,875
STOCKHOLDERS' EQUITY:		
Preferred stock, authorized 1,000,000 shares at \$.01 par value, none issued	0	0
Common stock, authorized 30,000,000 at .01 par value, 6,184,000 issued	61,840	61,840
Additional paid-in capital	1,978,483	1,978,483
Deficit accumulated during the development stage	<u>(1,819,018)</u>	<u>(1,670,485)</u>

Edgar Filing: ENVIRONMENTAL MONITORING & TESTING CORP - Form 10QSB

Subtotal	221,305	369,838
Less: Treasury stock, 2,398,817 shares at cost	<u>(221,305)</u>	<u>(221,305)</u>
Total stockholders' equity	0	148,533
Total Liabilities and Stockholders' Equity	\$ 0	\$ 150,408
	=====	=====

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL MONITORING & TESTING CORPORATION
STATEMENTS OF OPERATIONS (UNAUDITED)

	Six months ending <u>March 31, 2004</u>	Six months ending <u>March 31, 2003</u>
Interest Income	\$ 0	\$ 504
Expenses		
General and administrative expenses	<u>26,407</u>	<u>47,326</u>
Total expenses	26,407	47,326
Net loss	(26,407)	(46,822)
Retained earnings, beginning of period	<u>(1,792,611)</u>	<u>(1,623,663)</u>
Deficit accumulated during the development stage	\$ (1,819,018)	\$ (1,670,485)
	=====	=====
Earnings (loss) per share, assuming dilution:		
Net loss	\$ (0.01)	\$ (0.01)
	=====	=====
Weighted average shares outstanding	<u>3,785,183</u>	<u>3,785,183</u>
	=====	=====

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL MONITORING & TESTING CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM MARCH 31, 2003 TO MARCH 31, 2004 (UNAUDITED)

	Common Stock			Deficit accumulated during the development stage	Treasury Stock at cost, 2,398,817 shares	Total stockholders' equity
	<u>Shares Issued</u>	<u>Amount</u>	<u>Additional Paid-In Capital</u>			<u>equity</u>
Balance, December 31, 2002	6,184,000	\$ 61,840	\$ 1,978,483	\$ (1,670,485)	\$ (221,305)	\$ 148,533
Net loss January 1, 2003 through September 30, 2003 FYE	0	0	0	(122,126)	0	(122,126)
Net loss October 1, 2003, through March 31, 2004	<u>0</u>	<u>0</u>	<u>0</u>	<u>(26,407)</u>	<u>0</u>	<u>(26,407)</u>

Edgar Filing: ENVIRONMENTAL MONITORING & TESTING CORP - Form 10QSB

Balance, March 31, 2004 6,184,000 \$ 61,840 \$ 1,978,483 \$ (1,819,018) \$ (221,305) \$ 0

The accompanying notes are an integral part of these financial statements

**ENVIRONMENTAL MONITORING & TESTING CORPORATION
STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Six months ended March 31, 2004	Six months ended March 31, 2003
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net Loss	\$ (26,407)	\$ (46,822)
Adjustments to reconcile net loss to cash used by operating activity		
Increase in note receivable	0	(25,000)
Decrease in other current assets	918	0
Accounts payable decrease	<u>(5,600)</u>	<u>(14,572)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(31,089)	(86,394)
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH USED BY INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Sale of common stock	0	0
Paid-in Capital	<u>0</u>	<u>0</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
NET INCREASE IN CASH	(31,089)	(86,394)
CASH AT BEGINNING OF PERIOD	<u>31,089</u>	<u>211,802</u>
CASH AT END OF PERIOD	<u>\$ 0</u>	<u>\$ 125,408</u>

The accompanying notes are an integral part of these financial statements.

**ENVIRONMENTAL MONITORING & TESTING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004 AND MARCH 31, 2003 (UNAUDITED)**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated on May 10, 1998, under the laws of the State of Delaware. The business purpose of the Company was originally to engage in environmental monitoring and testing. However, on December 31, 2001, the Company liquidated its operating assets and currently has no operations. The Company has adopted a fiscal year ending September 30.

NOTE B EARNINGS (LOSS) PER SHARE

Basic EPS is determined using net income divided by the weighted average shares outstanding during the period. Diluted EPS is computed by dividing net income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued. Since the Company has no common shares that are potentially issuable, such as stock options, convertible securities, or warrants, basic and diluted EPS are the same.

NOTE C USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the US and applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has not generated revenues from any planned principal operations from October 1, 2003, through March 31, 2004. Without realization of additional capital it would be unlikely for the Company to continue as a going concern.

Item 2. Management's Discussion and Analysis or Plan of Operation

Results of operations for the six months ended March 31, 2004 vs.2003. In the six months ending March 31, 2004 there was no income. In the six months ending March 31, 2003 there was \$504 of interest income. In the six months ending March 31, 2004 there was \$26,407 of general and administrative expenses as opposed to \$47,326 in the six months ending March 31, 2003.

In the quarter ended December 31, 2001 contract revenues decreased \$103,207 or 71% over the same period ended December 31, 2000. The significant decrease was caused by a severe softening in the requirement for drilling services from other customers and the expiration of a multi-year drilling contract at the Savannah River Plant. The Company submitted proposals for future work at the Savannah River Plant, but was not successful and was not awarded any contracts. On December 31, 2001 the Company sold all of its real estate, office equipment, and drilling assets and ceased operations. This sale of assets generated \$265,946 of cash and a gain on the sale of fixed assets in the amount of \$57,367.

The Company has not generated any revenues since January 1, 2002.

Other income and expenses for the quarter ended December 31, 2001 included a settlement with the Estate of George J. Georges (former president and majority shareholder) whereby the estate paid \$15,000 to the Company to settle litigation. In conjunction with this settlement and for the benefit of the Company, the officers of the Company relinquished accrued, but not paid, deferred compensation totaling \$12,682.

The Company has adopted FASB 109 Accounting for Income Taxes, and consequently is not required to record any tax expense due to its utilization of its net operating loss carry forwards. The Company has taken what it deems to be a conservative approach and has not recorded any deferred tax benefits associated with its net operating loss carry forwards. There currently are net operating carry-overs for federal income tax purposes of approximately \$1,005,000.

Management continues to search for business opportunities, joint ventures, acquisitions or other business combinations that can contribute to the growth of the Company while benefiting from the Company's expertise, and which can also provide diversification and a stable revenue flow. The Company has previously been hindered in these efforts because of on-going litigation. However, all outstanding litigation has been settled, with prejudice. No assurances can be given that any such acquisitions or ventures will be undertaken or completed. The Company is also seeking to diversify by evaluating other sources of income, including business opportunities and joint ventures.

Liquidity and Capital Resources

At March 31, 2004 the Company had net working capital of \$84,656 and a current ratio of 14 to 1; its total indebtedness aggregated \$6,547; its shareholders' equity was \$84,656; and its debt to equity ratio was .08 to 1.

At March 31, 2004 the Company had sufficient working capital to meet its working capital requirements for the fiscal year which began October 1, 2002. The Company met its working capital and capital expenditure requirements during the year ended September 30, 2002 through operating activities and the liquidation of real property and drilling assets.

Forward-looking Statements

This Report on Form 10-QSB contains certain forward-looking statements. These forward-looking statements include statements regarding (i) marketing plans, capital and operations expenditures, and results of operations; (ii) potential financing arrangements; (iii) potential utility and acceptance of the Company's existing and proposed services; and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations and involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding the business of the Company which involve judgments with respect to, among other things, future economic and competitive conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information contained herein, the inclusion of such information should not be regarded as any representation by the Company or any other person that the objectives or plans of the Company will be achieved.

Item 3. Controls and Procedures

Within 90 days prior to the date of filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are none.

Item 2. Changes in Securities

There are none.

Item 3. Defaults Upon Senior Securities

There are none.

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

There are none.

Item 5. Other Information

There is none.

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

There are 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.

**Environmental Monitoring
& Testing Corporation**
(Registrant)

Date: May 24, 2004

By: /s/ Dan Lee
Dan Lee, President

EXHIBIT 32.1

I, Dan Lee, certify that:

1. I have reviewed this quarterly report on Form 10Q-SB of Environmental Monitoring & Testing Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of 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;
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 quarterly report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and 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 person performing the equivalent functions):

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 are significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 24, 2004

By: /s/ Dan Lee
Dan Lee, President

**Statement of Chief Executive Officer Regarding
Facts and Circumstances Relating to Exchange Act Filings**

I, Dan Lee, state and certify as follows:

The financial statements filed with the report on Form 10-QSB for the period ended March 31, 2004 fully comply with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 and that the information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Environmental Monitoring & Testing Corporation.

This Statement is submitted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Dated: May 24, 2004

By: /s/ Dan Lee
Dan Lee, President