

SITSEARCH CORP  
Form 10-Q  
December 15, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: October 31, 2009

Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 333-100137

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

Nevada  
(State or other jurisdiction of incorporation  
or organization)

20-5422795  
(I.R.S. Employer Identification No.)

2850 W. Horizon Ridge Parkway, Ste 200  
Henderson, NV  
(Address of principal executive offices)

89052  
(Zip Code)

(702) 799-9540  
(Issuer's telephone number)

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 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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 8,089,677 as of December 14, 2009.

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SITESHARCH CORPORATION

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PART I – FINANCIAL INFORMATION

Forward-Looking Information

The statements contained in this Quarterly Report on Form 10-Q that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), 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. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “intend,” “plan,” “could,” “is likely,” or “anticipates,” or the negative thereof or other thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements that are not historical facts are only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company’s projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

Item 1. Financial Statements.

SITESEARCH CORPORATION  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	October 31, 2009	July 31, 2009
<b>ASSETS</b>		
Cash and cash equivalents	\$100,316	\$257,853
Other current assets	26,269	28,699
<b>Total current assets</b>	<b>126,585</b>	<b>286,552</b>
Fixed assets (net of accumulated depreciation of \$25,665 and \$22,127)	28,249	31,311
Deposits	12,795	13,430
<b>TOTAL ASSETS</b>	<b>\$167,629</b>	<b>\$331,293</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$42,095	\$66,408
<b>TOTAL LIABILITIES</b>	<b>42,095</b>	<b>66,408</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.001 par value; 55,000,000 shares authorized; 8,089,677 shares issued and outstanding	8,090	8,090
Additional paid-in capital	2,656,018	2,653,991
Accumulated other comprehensive loss	(21,604 )	(16,621 )
Accumulated deficit	(2,516,970 )	(2,380,575 )
<b>Total stockholders' equity</b>	<b>125,534</b>	<b>264,885</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$167,629</b>	<b>\$331,293</b>

The Accompanying Notes are an Integral Part of These Unaudited Consolidated Financial Statements

SITESEARCH CORPORATION  
(DEVELOPMENT COMPANY)  
CONSOLIDATED STATEMENT OF EXPENSES AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 2009 AND OCTOBER 31, 2008  
AND AUGUST 21, 2006 (INCEPTION) TO OCTOBER 31, 2009  
(UNAUDITED)

	Three months ended October 31,		August 21, 2006 (Inception) through October 31, 2009
	2009	2008	
REVENUES	\$-	\$-	\$222
<b>OPERATING EXPENSES</b>			
Selling, general and administrative	143,492	286,006	2,509,736
Amortization and depreciation	3,287	2,761	27,248
Total costs and expenses	146,779	288,767	2,536,984
OPERATING (LOSS)	(146,779 )	(288,767 )	(2,536,762 )
<b>OTHER INCOME (EXPENSE)</b>			
Other income	10,603	-	11,903
Interest income (expense)	(219 )	(29 )	7,889
Total other (expenses)	10,384	(29 )	19,792
NET INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(136,395 )	(288,796 )	(2,516,970 )
Provision for income taxes	-	-	-
NET INCOME (LOSS) APPLICABLE TO COMMON SHARES	(136,395 )	(288,796 )	(2,516,970 )
Foreign currency translation adjustments	(4,983 )	(11,107 )	(21,604 )
COMPREHENSIVE LOSS	\$(141,378 )	\$(299,903 )	\$(2,538,574 )
NET LOSS PER COMMON SHARE - BASIC & DILUTED:	\$(0.02 )	\$(0.04 )	
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>			
BASIC & DILUTED	8,089,677	7,967,040	

The Accompanying Notes are an Integral Part of These Unaudited Consolidated Financial Statements



SITESEARCH CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 2009 AND OCTOBER 31, 2008  
AND AUGUST 21, 2006 (INCEPTION) TO OCTOBER 31, 2009  
(UNAUDITED)

	Three months ended October 31,		August 21, 2006 (Inception) Through October 31, 2009
	2009	2008	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$(136,395 )	(288,796 )	\$(2,516,970 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares and warrants issued to consultants and employees	-	41,004	403,287
Depreciation expense	3,287	2,761	27,248
Stock option expense	2,027	-	54,067
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	2,430	4,375	(30,715 )
Deposits	410	2,929	(12,879 )
Accounts payable and accrued expense	(24,313 )	(9,483 )	46,400
Net cash used in operating activities	(152,554 )	(247,210 )	(2,029,562 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchase of fixed assets	-	(4,396 )	(45,521 )
Net cash used in investing activities	-	(4,396 )	(45,521 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from sale of stock	-	230,000	2,172,749
Proceeds from contributed capital	-	-	24,254
Net cash flow by financing activities	-	230,000	2,197,003
Effect of exchange rate changes on cash and cash equivalents	(4,983 )	(11,107 )	(21,604 )
<b>NET INCREASE (DECREASE)</b>	<b>(157,537 )</b>	<b>(32,713 )</b>	<b>100,316</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>			
	257,853	1,025,558	-
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>			
	<b>\$100,316</b>	<b>\$992,845</b>	<b>\$100,316</b>
<b>SUPPLEMENTAL SCHEDULE OF CASH PAID FOR:</b>			
Interest	\$-	\$-	\$-
Income taxes	\$-	\$-	\$-
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>			



Receipt of fixed assets as contributed capital	\$-	\$-	\$9,750
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The Accompanying Notes are an Integral Part of These Unaudited Consolidated Financial Statements

SITESHARCH CORPORATION  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1 – BACKGROUND AND BASIS OF PRESENTATION

Sitesearch Corporation (the “Sitesearch”) is a Nevada Corporation founded on August 21, 2006 with a focus on helping users find the most useful information and websites on the internet. Through the editorial process, Sitesearch encourages its users to identify the best websites as they relate to popular informational topics. Revenues are generated through online advertisements and agreements with third-parties on a “per-click” basis. The website was placed online during April of 2007. Sitesearch is headquartered in Henderson, Nevada, with a branch office in Phoenix, Arizona and technical operations in Sonora, Mexico.

Development Stage Company

The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7, “Accounting and Reporting by Development Stage Enterprises”. The Company has devoted substantially all of its efforts to business planning and development. Additionally, the Company has allocated a substantial portion of its time and investment to bringing its product to the market, and to raising capital.

Certain prior year amounts have been reclassified to conform with the current year presentation.

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flows.

NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming Sitesearch will continue as a going concern. Sitesearch has not received substantial revenue, and has incurred losses from continuing operations and operational cash outflows since inception. All losses accumulated since the inception of business have been considered part of development stage activities.

SiteSearch’s ability to fund working capital, capital expenditures and business development efforts will depend on its ability to generate cash from operating activities which is subject to, among other things, its future operating performance, as well as to general economic, financial, competitive, legislative, regulatory and other conditions, some of which may be beyond its control. If SiteSearch fails to generate sufficient cash from operations, it will need to raise additional equity or borrow additional funds to achieve its objectives. There can be no assurance that SiteSearch will generate sufficient revenues or that equity or borrowings will be available or, if available, will be at rates or prices acceptable to SiteSearch. These conditions raise substantial doubt about SiteSearch’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 - STOCKHOLDERS’ EQUITY

On February 1, 2008, the Company issued 120,000 stock options to its Chief Financial Officer. All options were issued with an exercise price of \$1.00 and expire in four years (or earlier in the event of termination). The stock options vest and become exercisable in tranches of 15,000 shares every 90 days over a two year period from the date of grant. The total fair value of this stock option grant was estimated to be \$54,721 on the date of grant using the Black-Scholes option pricing model with the following assumptions: Volatility – 73%; Expected life range of 2 to 3 years; Risk-free rate of return – 2.5%. Stock based compensation expense of \$2,027 and \$8,650 was recognized related

to these options in the three months ended October 31, 2009 and the three months ended October 31, 2008, respectively. At October 31, 2009, the Company had \$990 of unrecognized stock compensation expense related to these options that will be recognized over the vesting period.

During the fiscal quarter ended October 31, 2009 there were no stock issuances, expirations, or forfeitures.

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NOTE 4 – SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after October 31, 2009 up through December 15, 2009, the date the Company issued these financial statements.

On December 8, 2009, we entered into a promissory note agreement with Inter123 Corporation, a Nevada Corporation controlled by Sitesearch CEO Jeffrey Peterson. Pursuant to the agreement, Inter123 loaned \$100,000 to Sitesearch, with principal and interest payable on December 8, 2010. The note carries an annual interest rate of 9%.

On December 8, 2009, we entered into a promissory note agreement with Ms. Rocio Grijalva, an employee of Sitesearch. Pursuant to the agreement, Ms. Grijalva loaned \$150,000 to Sitesearch, with principal and interest payable December 8, 2010. The note carries an annual interest rate of 9%.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that management believes is relevant for an assessment and understanding of our results of operations and financial condition. The following selected financial information is derived from our historical financial statements and should be read in conjunction with such financial statements and notes thereto set forth elsewhere herein and the "Forward-Looking Statements" explanation included herein. This information should also be read in conjunction with our audited historical consolidated financial statements which are included in our Form S-1 filed with the Securities and Exchange Commission on November 4, 2008.

## Overview

We have launched and continue to develop a proprietary online community that combines various emerging Internet business models: Social bookmarking, social networking, original user generated content, and other services, all under our SiteSearch brand. SiteSearch users organize, share, and rank web links, interact with each other through online social networking and are able to create, post, and collaboratively edit online data and documents. Since our users are able to discover, dynamically organize and rank content using non-standard methods and technologies, we offer an alternative to standard search engines for organizing online information.

We were incorporated in August 2006 as a Nevada corporation. We are headquartered in Henderson, Nevada, with a branch office in Phoenix, Arizona and technical operations in Sonora, Mexico.

## Results of Operations

## General and Administrative

	General and Administrative Expenses			
	2009	2008	Change	Percent
Three months ended October 31,	\$ 143,492	\$ 286,006	\$ (142,514 )	(50 )%

Our general and administrative expenses decreased to \$143,492 for the three months ended October 31, 2009 as compared to \$286,006 for the three months ended October 31, 2008. This decrease is mainly attributable to a decrease in personnel expenses of \$83,441 in for the three months ended October 31, 2009 as compared to \$160,980 for the three months ended October 31, 2008, including executive and stock based compensation. Professional fee expenses, including legal and accounting, decreased to \$15,422 as compared to \$68,213 for the three months ended October 31, 2009 and 2008, respectively.

## Net Loss

	Net Loss			
	2009	2008	Change	Percent
Three months ended October 31,	\$ (136,395 )	\$ (288,767 )	\$ 152,372	(53 )%

Our net loss decreased for the three months ended October 31, 2009 as compared to the three months ended October 31, 2008, primarily due to the increase in operating expenses which is discussed above.

## Liquidity and Capital Resources

At October 31, 2009, we had working capital of \$84,490, comprised of \$126,585 of current assets and \$42,095 of current liabilities. We expect our working capital balance to fluctuate significantly as we develop our business.

All of our capital resources to date have been provided exclusively through the sale of equity securities. From our inception through October 31, 2009, we received cash proceeds of \$2,172,749 from the sale of our common stock.

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We expect to need additional funding to achieve our business development goals. Our ability to continue as a going concern is contingent upon our ability to obtain capital through the sale of equity or issuance of debt, and ultimately attaining profitable operations. There is no assurance that we will be able to successfully complete these activities.

The report of our registered independent public accountants on our financial statements at July 31, 2009 contains a qualification about our ability to continue as a going concern. This qualification is based on our lack of operating history and negative operating cash flows, among other things.

#### Sources and Uses of Cash

We require cash to fund our technical development activities, to build our operating infrastructure, to pay our personnel and management team and to finance continued growth.

We expect that the cash flows from our financing activities will permit us to finance our existing operating activities for the next twelve months.

#### Analysis of Cash Flows

Net cash used in operating activities was \$152,554 during the three months ended October 31, 2009. These cash flows consisted of payments for legal, professional and consulting expenses, executive compensation, salaries, rent and other expenditures necessary to develop our business infrastructure. No net cash was used or provided by investing activities for the three months ended October 31, 2009. No net cash was used or provided by financing activities for the three months ended October 31, 2009.

Net cash used in operating activities was \$247,210 during the three months ended October 31, 2008. These cash flows consisted of payments for legal, professional and consulting expenses, executive compensation, salaries, rent and other expenditures necessary to develop our business infrastructure. Net cash used in investing activities was \$4,396 for the three months ended October 31, 2008, consisting of acquisitions of fixed assets. Net cash provided by financing activities was \$230,000 during the three months ended October 31, 2008 consisting of proceeds from the issuance of common stock and warrants.

We do not currently have any off-balance sheet arrangements.

#### Recent Accounting Pronouncements

We do not believe the adoption of any recently issued accounting pronouncements to have a significant impact on our financial position or results of operations.

#### Inflation and Seasonality

We do not believe that our operations are significantly impacted by inflation. Our business is not seasonal in nature.

#### Item 4. Controls and Procedures.

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q, Sitesearch's management evaluated, with the participation of Sitesearch's principal executive officer and principal financial officer, the effectiveness of the design and operation of Sitesearch's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act). Based on their evaluation of these disclosure controls and procedures, Sitesearch's chief executive officer and chief financial officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

There has been no change in Sitesearch's internal control over financial reporting that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, Sitesearch's internal control over financial reporting.

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It should be noted that any system of controls, however well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless how remote.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this report, Sitesearch Corporation is not currently involved in any legal proceedings.

Item 1A. Risk Factors.

There have been no changes to the risk factors identified in our Form 10-K filed on November 20, 2009 and they are hereby incorporated by reference herein.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description	By Reference from Document
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934	*
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934	*
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*

\* Filed herewith



SIGNATURES

Pursuant to the requirements 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.

SITESEARCH CORPORATION  
(Registrant)

Signature	Title	Date
/s/ Jeffrey S. Peterson Jeffrey S. Peterson	Chief Executive Officer	December 15, 2009
/s Humberto Garcia Borbon Humberto Garcia Borbon	Chief Financial Officer	December 15, 2009

