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800AMERICA COM INC
Form 10QSB
August 14, 2001

UNITED STATES
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 June 30, 2001

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

For the transition period from _____ to _____

Commission file number 000-28547

800America.com, Inc.

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

Nevada

87-0567884

(State or other jurisdiction of
incorporation or jurisdiction)

(IRS Employer
Identification No.)

1929 S. 21st Avenue
Nashville, TN 37212

(Address of principal executive offices)

(800) 999-5048

(Issuer's telephone number)

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
 --- ---

There were 16,911,627 shares of common stock \$0.001 par value per share to be
issued, issued and outstanding as of August 13, 2001.

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

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

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800America . com, Inc.
 Consolidated Balance Sheet
 Unaudited
 June 30, 2001 and December 31, 2000

Assets	June 30 2001	December 31 2000
Current Assets		
Cash in Bank	5,370,914	2,117,746
Accounts Receivable	1,022,310	995,634
Allowance for Doubtful Accounts	-154,000	-139,000
Deferred Tax Asset	52,360	47,260
Prepaid Advertising		75,000
Advances to Affiliates		47,749
	-----	-----
Total Current Assets	6,291,584	3,144,389
	-----	-----
Property and Equipment		
Equipment	842,562	743,831
Software	887,150	887,150
Auto	20,738	20,738
	-----	-----
	1,750,450	1,651,719
Accumulated Depreciation	988,133	567,832
	-----	-----
Net Property and Equipment	762,317	1,083,887
	-----	-----
Other Assets		
Intangibles (Net)	186,676	193,333
Advances to Subsidiary	1,068,065	
Investment in Subsidiary	1,500,000	
	-----	-----
Total Other Assets	2,754,741	193,333
	-----	-----
Total Assets	9,808,642	4,421,609
	=====	=====
Liabilities and Stockholders Equity		
Current Liabilities		
Accounts Payable - Trade	154,241	24,946
Accrued Expenses	53,748	
Income Tax Payable	1,288,906	386,872
	-----	-----
Total Current Liabilities	1,496,895	411,818
	-----	-----
Stockholders Equity		
Preferred Stock \$0.001 Par Value		
5,000,000 Shrs Authorized 0 Issued		
Common Stock \$0.001 Par Value		
50,000,000 Shrs Authorized, 13,412,000		
Shares issued December 31, 2000		
15,429,493 Shrs Issued June 30, 2001	15,429	13,412
Additional Paid In Capital	1,943,134	1,943,134

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Retained Earnings	6,353,184	2,053,245
	-----	-----
Total Stockholders Equity	8,311,747	4,009,791
	-----	-----
Total Liabilities and Stockholders' Equity	9,808,642	4,421,609
	=====	=====

The Accompanying "Notes to Financial Statements"
Are An Integral Part of These Financial Statements

800America . com, Inc.
Consolidated Statement of Income
Unaudited
Three and Six Months Periods Ended June 30, 2001 and June 30, 2000

	2001 Three Months	2001 Six Months	2000 Three Months
Revenues	5,001,972	9,302,749	3,188,6
	-----	-----	-----
Cost and Expenses			
Rebates			2,209,4
Advertising	719,759	1,147,119	323,6
Depreciation Amortization	290,013	426,968	26,1
Bad Debts	15,000	15,000	98,0
General and Administration	822,479	1,692,329	237,9
	-----	-----	-----
Total Cost and Expenses	1,847,251	3,281,416	2,895,2
	-----	-----	-----
Net Income from Operations	3,154,721	6,021,333	293,4
	-----	-----	-----
Other Income			
Interest	24,698	43,506	3,0
Sale of Assets	500,000	500,000	
	-----	-----	-----
Total Other Income	524,698	543,506	3,0
	-----	-----	-----
Income Tax Expense	1,234,806	2,264,900	53,0
	-----	-----	-----
Net Income	\$2,444,613	\$4,299,939	\$ 243,4
	-----	-----	-----
Basic Earnings Per Share Common Stock	\$0.16	\$0.28	\$0.
Diluted Earnings Per Share Common Stock	\$0.14	\$0.25	\$0.

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800America . com, Inc.
Consolidated Statement of Cash Flows
Unaudited
Six Months Ended June 30

	2001	2000
Cash Flows from Operating Activities		
Net Income from Operations	\$4,299,939	\$522,647
Adjustments to Reconcile Net Income to Cash Flows from Operations		
Depreciation and Amortization	426,965	79,302
Bad Allowance - Increase	15,000	73,000
Account Receivable (Increase)	-26,676	-743,711
Prepaid Advertising - Decrease	75,000	121,600
Advances to Affiliates - Decrease	47,749	
Deferred Tax Asset (Increase)	-5,100	
Account Payable - Increase	129,295	39,047
Rebates - Increase		296,909
Accrued Expenses - Increase	53,738	1,947
Deposit on Equipment - Decrease		94,000
Income Tax Payable - Increase	902,034	241,000
	-----	-----
Net Cash Provided by Operating Activity	5,917,944	725,741
	-----	-----
Cash Flows from Investing Activities		
Equipment Purchase	-98,731	-445,817
Software Purchase		-464,953
Investments and Advances to Subsidiaries	-2,568,065	
	-----	-----
Net Cash Used in Investing Activities	-2,666,796	-910,770
	-----	-----
Cash Flows from Financing activities		
Additional Paid in Capital		250,000
Common stock Issued for Acquisition of New Operating Divisions	2,017	
	-----	-----
Net Cash Provided by Financing Activities	2,017	250,000
	-----	-----
Net Increase in Cash	3,253,166	64,971
Beginning Balance	2,117,746	392,564
	-----	-----
Ending Balance	\$5,370,912	\$457,535
	-----	-----

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800America . com, Inc.
Changes in Consolidated Stockholders Equity
Unaudited
Six Months Ended June 30, 2001

	Common Stock Shares		Common Stock Amount	Additional Paid In Capital	
Balance December 31, 2000	13,412,000		\$ 13,412	\$1,943,134	\$
Common Stock Issued to Acquire Affiliates	2,017,493		2,017		
Net Income					
Balance June 30, 2001	15,429,493		15,429	1,943,134	
Balance December 31, 1999	12,250,000		12,250	952,312	
Additional Paid in Capital January 18,2000				250,000	
Common Stock Issued for Rothman Closeouts.com	200,000		200	199,800	
Net Income					
Balance June 30, 2000	12,450,000		\$ 12,450	\$1,402,112	\$

The Accompanying "Notes to Financial Statements"
Are An Integral Part of These Financial Statements

800America . com, Inc.
Selected Notes to Reviewed financial Statements

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Note 1 - Financial Statement Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information. In the opinion of management, all adjustments, which are necessary for a fair presentation, have been included. The results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the fully year. For further information, refer to the December 31, 2000 consolidated financial statements and notes thereto included in 800America . com, Inc. 10KSB.

Note 2 - Related Party Transactions

Compensation paid Chief Executive Officer \$160,000 for six months ended June 30, 2001 and \$55,000 for the six months ended June 30, 2000.

Note 3 - Supplemental Cash Flow Information

Six months ended	6/30/01	6/30/00
Interest paid	0	0
Income Tax Paid	\$1,476,966	0

Note 4 - Non Cash Transactions

1,817,493 Shares Common Stock for operating activity Inshop. Com	1,817
200,000 Shares Common Stock eBiz4Biz . com	200

Note 5 - Purchase of Subsidiary

The Company purchased eBiz4Biz . com which was not operational but had succeeded in developing some advance computer software. The agreement was dated January 20, 2001 but the purchase was not completed until May 16, 2001.

The agreement contemplated the purchase method of accounting.

The period for which the results of operations of the acquisition are included in the income statement for the five months ending June 30, 2001. Goodwill was not recognized.

The Company purchased Fileshooter . com . Fileshooter . com was dormant since its inception until purchased by 800America . com, Inc. on June 30, 2001. The Company like eBiz4Biz . com was fully integrated into 800America . com, Inc. operations. Method of accounting will be the purchase method. No goodwill is recognized. The only asset of Fileshooter . com is advanced technology software.

The above purchases were completed for a combination of stock and cash of approximately \$1,500,000.

Note 6 - Sale of Operating Divisions

The Company sold the following operating divisions for cash:

Steeplehouse . com	\$250,000
21 Avenue Productions . com	100,000
Inde4u. com	150,000

Total	\$500,000

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The Company has no recorded cost on any of these three divisions.

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

General

The Company operates several Internet web sites in three segments: Business to Business; Business to Consumers and Technology. The Company's goal is to bring buyers and sellers together in an efficient and easy format and generate income based on the transactions. This approach to customer acquisition and retention has provided the Company with a strong following of users. The Company is an innovator in developing proprietary technologies needed for easy navigation for business-to-business-and business-to-consumer environments. The Company's technologies coupled with its unique customer approach continue to strengthen relationships with its customers. These technologies are providing the foundation needed to scale and grow the e-commerce businesses profitably across geographic regions and multiple product lines.

The Company is the home of many Internet shoppers. It offers shoppers a convenient way to navigate easily among hundreds of stores. The portal offers incentives to visit continuously the site through promotions and giveaways. The Company funds TV advertising in over 50 cities around the world.

Sites operated by the Company include a shopping portal, RothmanCloseouts.com, InternetWebGuide.com, FileShooter.com, InShop.com and eBiz4biz.com.

Results of Operations

Quarter Ended June 30, 2001 Compared to Quarter Ended June 30, 2000.

The Company had revenues of \$5,001,972 for the quarter ended June 30, 2001 compared to revenues of \$3,188,641 for the quarter ended June 30, 2000. Net income for the quarter ended June 30, 2001 was \$2,444,613 compared to net income of \$243,465 for the quarter ended June 30, 2000. Total operating expenses for the quarter ended June 30, 2001 were \$1,847,251 resulting in operating income for the quarter of \$3,154,721. This compares to total operating expenses of \$2,895,208 for the quarter ended June 30, 2000, resulting in operating income of \$293,433. The Company has instituted a policy of not paying rebates as of January 1, 2001 and hence represented none of the total operating expenses. This compared to customer rebates of \$2,209,441 for the quarter ended June 30, 2000 that represented approximately 76% of total operating expenses. Because of the Company's limited operating history with its various web sites, management cannot predict, based upon past performance, whether the above listed cost and expense categories are relatively stable or subject to a substantial degree of volatility. Management continues to expect that advertising costs will be a significant part of its operating structure. With the addition of an office in Beijing China the revenues of RothmansCloseouts, one of the Company's most profitable web sites, have been greatly enhanced. Management expects that revenues from Business to Consumers divisions will slightly decrease in the

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third quarter. This is in line with the national trend. Management expects that all other divisions will have increased revenues and profits.

Liquidity And Capital Resources

Net cash provided by operating activities was \$4,217,920 for the quarter ended June 30, 2001 compared to net cash provided by operating activities of \$363,145 for the quarter ended June 30, 2000. Net cash used in investing activities was \$2,078,161 for the quarter ended June 30, 2001 compared to \$367,363 for the quarter ended June 30, 2000.

The Company's cash and cash equivalents as of June 30, 2001 were \$5,370,912. At June 30, 2001, the Company had current assets of \$6,291,584 and current liabilities of \$1,496,895 resulting in working capital at June 30, 2001 (current assets less current liabilities) of \$5,794,689.

During the quarter the Company completed the purchase of Ebiz4biz.com and acquired the remaining interest in Filehooter, Inc. it did not already own. The Company paid a total of approximately \$1,500,000 in cash and common stock in connection with these transactions. The Company expects that these operations will add revenues to the Company's operations.

The Company believes that its current capital resources and liquidity are adequate for at least the next twelve months. Other than costs in connection with the further development of its web sites, the Company does not have any plans for significant capital or operating expenditures above its current level unless it determines to develop additional web sites that could result in additional development costs. The Company may also make additional acquisitions which might be financed at least in part with Company funds.

Six Months Ended June 30, 2001 Compared With June 30, 2000

Results of Operations

The Company had revenues of \$9,302,749 for the six months ended June 30, 2001 compared with revenues of \$5,579,463 for the six months ended June 30, 2000. This represents a 67% increase. The increase was primarily the result of increased sales and the elimination of the Company's rebate program, beginning in January of 2001. Net income was \$4,299,939 for the six months ended June 30, 2001 compared with net income of \$522,647 for the six months ended June 30, 2000. Total operating expenses were \$3,281,416 for the six months ended June 30, 2001 compared with \$4,821,005 for the six months ended June 30, 2000. This is a decrease of 32% and is primarily a result of the discontinuance of the rebate program.

Liquidity And Capital Resources

Net cash provided for operating activities was \$5,917,944 for the six months ended June 30, 2001 compared with net cash of \$725,741 for the six months ended June 30, 2000. The increase in net cash was primarily attributable to an increase in revenues and a decrease in operating costs as a result of ending the rebate program. During the six month period ended June 30, 2001, the Company sold assets for \$500,000 and purchased two companies for approximately \$1,500,000 in cash and common stock. During the six months ended June 30, 2000, the Company obtained \$250,000 through the sale of equity securities in a private placement.

Events Subsequent to June 30, 2001

In July 2001, the Company completed a private placement of its equity

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securities. The Company received approximately \$2,700,000 in gross proceeds.

Forward Looking Statements

This report on Form 10-QSB contains certain forward-looking statements that are based on what the Company believes are reasonable beliefs and assumptions of management. Often, these statements can be recognized because of the use of words such as "believe", "anticipate", "intend", "estimate" and "expect" in the statements. Such forward-looking statements obviously involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a party to litigation incurred in connection with the ordinary operation of its business. The Company does not believe that any adverse result in the various litigation matters would have a material effect on the Company's operations or financial condition.

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.

800America.com, Inc.

Date: August 14, 2001

By: /s/ Elie Rabi

Elie Rabi
President (Principal
Executive Officer, Chief
Financial Officer and Chief
Accounting Officer)