

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

SEARCHHOUND COM INC
Form 10QSB/A
August 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB
REGISTRATION STATEMENT UNDER THE
SECURITIES ACT OF 1933

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

For the Quarter ended June 30, 2003

() 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: 0-19471

SEARCHHOUND.COM, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

91-1942841
(I.R.S. Employer Identification No.)

9600 W. Sample Road, Suite 505, Coral Springs, Florida 33065

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (305) 531-1174

12817 Woodson,
Overland Park, Kansas 66209

(Former name or former address, if changed since last report)

Copies of all communications, including all communications sent to the agent for
service, should be sent to:

Joseph I. Emas, Attorney at Law
1224 Washington Avenue
Miami Beach, Florida 33139
Telephone: 305.531.1174

SEARCHHOUND.COM, INC.

Index

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Consolidated Condensed balance sheets at June 30, 2003 and December 31, 2002

Consolidated Condensed statements of operations for the Three Months and Six Months ended June 30, 2003 and 2002

Consolidated Condensed statements of cash flows for the Six Months ended June 30, 2003 and 2002

Notes to consolidated condensed financial statements June 30, 2003

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

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities

Item 3. Defaults Upon Senior Securities

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

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

Signatures

SEARCHHOUND.com, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
June 30, 2003 (unaudited) and DECEMBER 31, 2002

	June 30, 2003 (unaudited)	Decemb 200
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3	\$ 1
Total current assets	3	1
ASSETS HELD FOR SALE	-	
TOTAL ASSETS	\$ 3	\$ 2
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accrued wages	\$ -	\$ 12
Accounts payable	398	
Accrued interest	-	3
Note payable-related parties	65,000	31
Notes payable	-	6
Total current liabilities	65,398	53
COMMITMENTS AND CONTINGENCIES		

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

STOCKHOLDERS' EQUITY (DEFICIT):

Common stock, \$.001 par value; 50,000,000 shares authorized; 1,088,159 and 681,946 issued, respectively	1,088	20,17
Additional paid-in-capital	20,333,254	(20,68
Accumulated deficit	(20,399,737)	(20,68
Treasury stock (0 and 243,158 shares, respectively)	-	-
	-----	-----
Total stockholders' equity (deficit)	(65,395)	(50
	-----	-----

TOTAL LIABILITIES AND

STOCKHOLDERS' EQUITY (DEFICIT)	\$ 3	\$ 2
	=====	=====

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

SEARCHHOUND.com, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2003 AND 2002
(unaudited)

	Three months ended June 30,		
	2003	2002	
	-----	-----	
Revenues	\$ -	\$ 15,632	\$
Operating expenses:			
Cost of services provided		27,025	
General and administrative	954	296,000	
Sales and marketing		316	
Depreciation and amortization		157,515	
Impairment charges		244,718	

Total operating expenses	954	725,574	
Operating loss	(954)	(709,942)	
Other expense-interest expense	-	(3,168)	
Impairment loss - marketable securities	-	(68,953)	
Gain on settlement of accounts and notes payable	700	-	

Income (Loss) from continuing operations before income taxes	(254)	(782,063)	
Income taxes	-	-	

Loss from continuing operations	(254)	(782,063)	
Discontinued operations:			
Income (Loss) from operations, net	-	404,763	
Gain from disposal, net	-	-	

		404,763	

Net loss	\$ (254)	\$ (377,300)	\$

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Basic and diluted net loss per share:		
Loss from continuing operations	\$ -	\$ (1\$71)
Gain (loss) from discontinued operations	-	0.89
Net earnings loss per share	\$ -	\$ (0.82)
Basic and diluted weighted average common shares outstanding	1,088,159	456,553

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

SEARCHHOUND.com, INC.
CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
June 30, 2003
(unaudited)

	Common Stock		Additional	
	Shares	Amount	Paid-in	A
	-----	-----	Capital	-----
Balance, January 1, 2003	681,946	\$ 682	\$ 20,179,029	\$
Issuance of treasury stock to settle notes and accounts payable			48,389	
Issuance of common stock to settle notes and accounts payable	156,213	156	31,086	
Issuance of common stock for services rendered	250,000	250	74,750	
Net income				
Balance, June 30, 2003	1,088,159	\$1,088	\$ 20,333,254	\$

The accompanying notes are an integral part of these financial statements

SEARCHHOUND.COM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002
(Unaudited)

	Six months en	
	2003	
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$	289,344

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization			-
Goodwill impairment charge			-
Impairment loss on marketable securities			-
Gain on sale of assets			-
Issuance of common stock for services rendered		75,000	
Bad debt write off			
Gain on settlement of accounts and notes payable		(239,082)	
Gain from disposal of discontinued operations		(135,100)	
Changes in operating assets and liabilities (exclusive of effects of acquisitions):			
Accounts receivable			-
Accounts payable		1,098	
Related party accounts receivable			-
Other current liabilities		(6,047)	

Net cash and cash equivalents used in operating activities		(14,787)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
			-

CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on notes payable			-
			-

Cash used in financing activities			-
			-

Net increase (decrease) in cash and cash equivalents		(14,787)	
Cash and cash equivalents at beginning of period		14,790	

Cash and cash equivalents at end of period		\$ 3	\$
		=====	
		=====	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest		\$ -	\$
		=====	
Income taxes		\$ -	\$
		=====	
Non-cash investing and financing activities:			
Issuance of related party notes payable in payment of accrued expenses		\$ -	\$
		=====	
Issuance of treasury stock to settle notes and accounts payable		\$ 48,632	\$
		=====	
Transfer of assets and liabilities related to business disposition			
Accounts receivable		\$ -	\$
		=====	
Fixed assets, net		\$ -	\$
		=====	
Notes payable and accrued expenses		\$ -	\$
		=====	

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Issuance of common stock to settle notes and accounts payable	\$	31,242	\$
Note payable-related party issued for wages payable	\$	-	\$

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

SEARCHHOUND.com, Inc.
 NOTES TO FINANCIAL STATEMENTS
 SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(Unaudited)

1. Basis of presentation

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the Company's annual financial statements, notes and accounting policies included in the Company's annual report on Form 10-KSB for the year ended December 31, 2002 as filed with the SEC. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of financial position as of June 30, 2003 and the related operating results and cash flows for the interim period presented have been made. The results of operations for the period presented are not necessarily indicative of the results to be expected for the year.

The Company has operated as a holding company for internet-based assets/businesses, primarily through the acquisitions of operating assets/businesses through the issuance of common stock. The Company acquired multiple businesses during 2000 and 2001 in this manner. During 2002, the Company's Board of Directors changed its strategy due to poor operating conditions and results in its primary businesses coupled with difficulties in raising capital through debt and equity sources. The Board of Directors adopted the new strategy during 2002, which committed to the disposal of all of its current assets/businesses and to seek a merger/acquisition transaction with a Company having better financial resources. As of June 30, 2003, the Company has disposed of all of its operating assets/businesses and ceased all operating activities. The accompanying financial statements reflect the businesses sold as discontinued operations.

The Company's Board of Directors approved a one for sixty-seven share reverse stock split. The split is for shareholders of record on December 27, 2002 and was effective on December 30, 2002. The accompanying financial statements reflect this reverse stock split on a retroactive basis.

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

2. Use of estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Notes payable:

Related parties:	June 30, 2003 (Unaudited)	December 31, 2002
Note payable	\$ 10,000	\$ 30,000
Note payable	40,000	179,359
Consideration due related to SoloSearch acquisition	15,000	15,000
Note payable		91,870
Total notes payable to related parties	\$ 65,000	\$ 316,229
Note payable trade creditor	\$ -	\$ 63,539
	=====	=====

The \$10,000 note payable-related party represents unsecured loans incurred for working capital purposes and bears interest at 11.5%. The original maturity date of the note was September 30, 2001 and is now due on demand. During January 2003, the Company partially settled this note whereby it issued 14,621 shares of common stock in consideration for a \$20,000 reduction in the principal balance (and related accrued interest). The settlement of this note payable resulted in a gain of \$17,076 based upon the market value of the common stock at the date issued and was classified as a gain on settlement of notes and accounts payable in the Statement of Operations.

The \$40,000 note payable represents loans incurred for unpaid wages and cash advances to the Company. During January 2003, the Company partially settled this note whereby it issued 181,292 shares of common stock in consideration for a \$173,564 reduction in the principal balance (and related accrued interest) and the transfer of certain Company assets with a carrying value of \$8,000. The settlement of this note payable resulted in a gain of \$135,100 based upon the market value of the common stock at the date issued and was classified as gain on disposal of discontinued operations. The \$40,000 note is due on August 15, 2003. If this note is not paid by this date the note will bear interest at 10% per annum.

Concurrent with this transaction, the Company's president also agreed to accept the issuance of 42,589 shares held in treasury and 47,411 shares of common stock to settle \$72,795 of other wages payable to him. The settlement of wages payable resulted in a gain of \$54,795 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations.

Amounts due to related party in the amount of \$15,000 as of December 31,

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

2002 represents payments due to the previous owners of SoloSearch relating to the cash consideration portion of the acquisition of SoloSearch. Due to Searchhound's current working capital deficiencies, the cash consideration was not paid at closing (July 11, 2000) and the previous owners have informally agreed to not demand payment or charge interest until cash is available through the sale of assets or a merger occurs.

The \$91,870 note payable is secured by substantially all assets of the Company, bears a variable interest rate equivalent to prime (6.5% at December 31, 2002) and was due on demand. During January 2003, the Company settled this note whereby it issued 80,619 shares of common stock in consideration for the full and complete settlement of the outstanding principal balance (and related accrued interest aggregating \$33,795). The settlement of this note payable resulted in a gain of \$109,541 based upon the market value of the common stock at the date issued and was classified as a gain on settlement of notes and accounts payable in the Statement of Operations.

The note payable-trade creditor bears interest at a variable rate equivalent mid-term applicable Federal rate (4.49% at December 31, 2002), and was due on demand. During January 2003, the Company settled this note whereby it issued 19,278 shares of common stock held in treasury and 13,562 shares of common stock in consideration for the full and complete settlement of the outstanding note balance (and related accrued interest). The settlement of this note payable resulted in a gain of \$56,970 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations.

4. Stockholders' equity

For the six months ended June 30, 2003 the Company issued 406,213 shares (excluding 243,158 treasury shares issued) of its common stock as follows:

156,213 shares were issued to settle notes and accounts payable of the Company.

250,000 shares were issued to consultants to the Company in lieu of cash compensation.

243,158 shares of common stock held in treasury were issued to settle outstanding notes and accounts payable.

The Company's Board of Directors approved a one for sixty-seven share reverse stock split. The split is for shareholders of record on December 27, 2002 and was effective on December 30, 2002. The accompanying financial statements reflect this reverse stock split on a retroactive basis.

On March 3, 2003, the Company filed Amendment No. 3 to its Registration Statement on Form S-8, which increased the shares available to be issued by 250,000. The Form S-8 Registration Statement provides the Company common stock for issuance to employees, consultants and Board Members for services rendered to the Company. The Form S-8 authorizes the issuance of common stock for services, provides for a grant of incentive stock options, non-qualified stock options, restricted stock, performance grants and other types of awards to officers, key employees, board members, consultants and independent contractors of the Company. During March 2003, the Company issued 250,000 shares to consultants for administrative, accounting and public relations services in lieu of cash compensation. The Company charged

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

\$75,000 to operations as a result of the issuance of these shares.

5. Related party transactions:

On January 3, 2003 the Company entered into an asset sale agreement, which sold the following assets of the Company to Solutions.com, LLC, an entity controlled by David L. Mullikin:

- a. Certain domains including: www.searchhound.com, www.solosearch.com, www.godado.co.uk, www.freeairmiles.com, and www.moneymessage.com;
- b. Customer lists, email names and addresses (for each domain);
- c. Software, programming code, intellectual property (for each domain);
- d. Certain computer and office equipment.

Mr. Mullikin is a director of SearchHound.com, Inc. and is its acting Chief Executive Officer. The net book value of the net assets sold to Mr. Mullikin approximated \$8,000 as of the date of sale. Pursuant to the asset sale agreement the Company agreed to transfer such assets to Mr. Mullikin in settlement of a portion of the remaining outstanding principal balance of \$179,359 together with all accrued but unpaid interest (as described in Note 3). The settlement of this note payable resulted in a gain of \$135,100 based upon the market value of the common stock at the date issued and was classified as gain on disposal of discontinued operations in the Statement of Operations.

Concurrent with this transaction, the Company's president also agreed to accept the issuance of 42,589 shares held in treasury and 47,411 shares of common stock to settle wages payable resulted in a gain of \$54,795 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations.

In addition, Mr. Mullikin agreed to cancel the rental payments owed to him by the Company for its use of web hosting and office space.

6. Going Concern:

In recent years the Company has incurred substantial operating losses, a working capital deficit and experienced negative cash flows from operations. Current cash balances and available credit are insufficient to fund the Company's cash flow needs for the next year. The Company has ceased all operations and has disposed of all of its operating assets/businesses at March 31, 2003. Management is currently seeking a merger and/or acquisition partner that has greater financial resources in order for the Company to continue operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. Management believes that it has reduced ongoing operating expenses to a level that can be sustained until such time as a suitable merger/acquisition partner is identified and a transaction is consummated. However, no assurance can be given that the Company will be successful in consummating a merger/acquisition transaction or that it will be able to fund its ongoing operations until a merger/acquisition transaction can be accomplished. Should management be unsuccessful in consummating a merger transaction, the Company will likely cease as a going concern. The financial statements do not include an adjustments that might result from the outcome of this uncertainty.

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Forward-Looking Statements

The following discussion contains, in addition to historical information, forward-looking statements regarding SearchHound.com, Inc. (the "Company" or "NIMS"), that involve risks and uncertainties. The Company's actual results could differ materially. For this purpose, any statements contained in this Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Factors that could cause or contribute to such difference include, but not limited to, history of operating losses and accumulated deficit; possible need for additional financing; competition; dependence on management; risks related to proprietary rights; government regulation; and other factors discussed in this report and the Company's other filings with the Securities and Exchange Commission.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Summary Overview and Overall Business Strategy

SearchHound.com, Inc. is the result of the June 1, 2000 merger of Pan International Gaming, Inc. ("Pan International") and Searchhound.com 2000 Ltd. This transaction was treated as a "reverse merger" for financial accounting and reporting purposes. Specifically, SearchHound.com 2000, Ltd. was treated as the acquirer of Pan International due to the fact that the shareholders of Searchhound.com 2000, Ltd. received 70.3% of the total shares outstanding upon consummation of the merger.

Prior to the reverse merger, the Registrant (PAN International Gaming) spent considerable effort and specifically during the period January 1, 2000 through May 31, 2000 pursuing a reverse merger transaction with Searchhound.com 2000 Ltd., and the acquisition of SoloSearch.com, Inc.

The "reverse merger" with Searchhound.com 2000 Ltd. was consummated on June 1, 2000. In fiscal 2000 and prior to June 1, 2000, Pan International was not engaged in operating activities and there were no revenues or business operations. Immediately following the reverse merger with PAN International Gaming the Company changed its name to SearchHound.com, Inc. effective June 6, 2000.

Searchhound.com 2000, Ltd. was formed on April 11, 2000 to affect the purchase of the intellectual property and website assets representing the Searchhound.com backbone architecture. The shareholders of Searchhound.com 2000, Ltd. completed the purchase of these intangible assets on June 1, 2000 for total cash consideration of \$3,000,000 and simultaneously contributed the assets to SearchHound.com 2000, Ltd. in exchange for 70.3% of Searchhound.com 2000, Ltd., common stock.

Effective July 11, 2000, pursuant to a Stock Purchase Agreement dated as of May 4, 2000, SearchHound purchased all of the issued and outstanding capital stock of SoloSearch.com, Inc., a Missouri corporation ("SoloSearch"), from Cohen Capital Technologies, L.L.C., Kirk C. Reivich, and October Capital, L.L.C., for an aggregate of 72,388 shares of restricted common stock and \$300,000 cash. Total consideration paid was \$14,699,650 based on the market price of SearchHound (closing price on May 3, 2000) and the \$300,000 cash consideration.

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Subsequent to the transaction, SoloSearch became a wholly owned subsidiary of SearchHound. Founded in 1999, Kansas City-based SoloSearch.com is an intelligent Internet search and content management tool.

The new management team devoted significant resources to building the management team, integrating the two businesses, and developing revenue streams during the periods of July 2000 through September 2000. Operating revenues began in September 2000. SearchHound.com, Inc. (the "Company" or "SearchHound") operated an online technology based enterprise business that is a destination for Webmasters and small business owners who want to make their Website more accessible to Internet users. SearchHound has its principal offices located in Overland Park, Kansas and serves as a holding company for various internet-based businesses.

During 2001, management devoted substantial attention to growing revenues through acquisitions and in that respect, completed six separate acquisitions during the year ended December 31, 2001.

During 2002, the Company's Board of Directors changed its strategy due to poor operating conditions and operating results in its primary businesses coupled with difficulties in raising capital through debt and equity sources. The Board of Directors adopted the new strategy during 2002, which committed to the disposal of all of its current assets/businesses and to seek a merger/acquisition transaction with a Company having better financial resources.

As of March 31, 2003, the Company has disposed of all of its operating assets/businesses and ceased all operating activities. The financial statements reflect the businesses sold as discontinued operations.

The Company consummated the following transactions in order to implement the Board of Director's committed plan to restructure the Company and seek a merger candidate:

On May 31, 2002 the Company entered into an asset sale agreement, which sold certain assets related directly with two of the Company's subsidiary operations (Mesia.com and SpeakGlobally.com) to Brad Cohen. Mr. Cohen was an officer and director of SearchHound.com, Inc. prior to the sale. The net book value of the net assets sold to Mr. Cohen approximated \$52,750 as of the date of sale. Pursuant to the asset sale agreement the Company agreed to transfer such assets to Mr. Cohen in settlement of the following: 1) an employment agreement with Mr. Cohen dated September 1, 2000, 2) all accrued but unpaid compensation owed to Mr. Cohen (approximately \$161,430), and 3) a promissory note payable to Cohen Capital Technologies, LLC in the amount of \$285,000 as of the date of sale.

In addition, SearchHound.com, Inc., agreed to pay Mr. Cohen \$7,500 in cash, in exchange for, and in sole consideration and settlement of any other liabilities of SearchHound.com, Inc. to Mr. Cohen that may exist as of May 31, 2002, including the liabilities that accrue pursuant to a Promissory Note to Mr. Cohen with a principle amount of \$147,030.41, dated March 20, 2002, and any liability that may exist pursuant to the Employment Agreement between SearchHound.com, Inc. and Mr. Cohen dated September 1, 2000. The net effect of the sale of these assets to Mr. Cohen was a gain of \$446,430. Concurrent with the asset sale agreement with Mr. Cohen, Mr. Cohen tendered his resignation from SearchHound.com, Inc. and as a member of the Board of Directors.

During 2002, the Board terminated the employment contract of Dave L. Mullikin. Under the settlement Mr. Mullikin's salary ceased accruing on August 15, 2002 and the severance provision was forgiven. It was replaced with a consulting agreement between the Company and Mr. Mullikin whereby Mullikin will continue in his position as acting chief executive officer of the Company. The agreement

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

calls for Mr. Mullikin to 1) contract outsourced services to maintain selected ongoing operations of the Company, 2) attempt to sell the assets of the Company and 3) focus on a merger opportunity for SearchHound. The terms of the Consulting agreement include the following provisions: Mr. Mullikin agreed to remain on the Board and Mr. Mullikin would receive a monthly compensation of \$1.00 and health benefits.

As of November 14, 2002, Mr. Mullikin agreed to amend his Consulting Agreement and extend its term indefinitely, retaining the monthly compensation of \$1.00, but discontinuing the health benefit provision.

On January 3, 2003 the Company entered into an asset sale agreement, which sold the following assets of the Company to Solutions.com, LLC, an entity controlled by David L. Mullikin : certain domains, customer lists, email names and addresses (for each domain) software, programming code, intellectual property (for each domain) and certain computer and office equipment. At the time of the asset sale agreement, Mr. Mullikin was a director of SearchHound.com, Inc. and was its acting Chief Executive Officer. The net book value of the net assets sold to Mr. Mullikin approximated \$8,000 as of the date of sale. Pursuant to the asset sale agreement the Company agreed to transfer such assets to Mr. Mullikin in settlement of a portion of the remaining outstanding principal balance owed by the company to Mr. Mullikin pursuant to a certain Promissory Note dated July 11, 2000 with a principle balance of \$179,359 together with all accrued but unpaid interest. The settlement of this note payable resulted in a gain of \$135,100 based upon the market value of the common stock at the date issued and was classified as gain on disposal of discontinued operations in the Statement of Operations during the three months ended March 31, 2003. Concurrent with this transaction, the Company's president also agreed accept the issuance of 42,589 of shares held in treasury and 47,411 shares of common stock to settle \$72,795 of other wages payable to him. The settlement of wages payable resulted in a gain of \$54,795 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations. In addition, Mr. Mullikin agreed to cancel the rental payments owed to him by the Company for its use of webhosting and office space.

On January 3, 2003 the Company also entered into an asset sale agreement, which sold the following assets of the Company to Summit Ridge Technologies Group, LLC (an unaffiliated entity): earlyBirdDomain.com domain, database for EarlyBirdDomain.com including all subscribers (active, inactive, and unsubscribed), and EarlyBirdDomain clients and customers lists. The net book value of the net assets sold approximated \$0 as of the date of sale. Pursuant to the asset sale agreement the Company agreed to transfer such assets in exchange for nominal cash consideration.

The Company's Board of Directors approved a one for sixty-seven share reverse stock split. The split is for shareholders of record on December 27, 2002 and was effective on December 30, 2002. The financial statements reflect this reverse stock split on retroactive basis.

During January 2003, the Company partially settled a note payable to a related party whereby it issued 14,621 shares of common stock in consideration for a \$20,000 reduction in the principal balance (and related accrued interest). The settlement of this note payable resulted in a gain of \$17,076 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable during the three months ended March 31, 2003.

During January 2003, the Company settled a note payable to a related party whereby it issued 80,619 shares of common stock in consideration for the full

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

and complete settlement of the outstanding principal balance (and related accrued interest aggregating \$33,795). The settlement of this note payable resulted in a gain of \$109,541 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations during the three months ended March 31, 2003.

During January 2003, the Company settled a note payable to a trade creditor whereby it issued 19,278 shares of common stock held in treasury and 13,562 shares of common stock in consideration for the full and complete settlement of the outstanding note balance (and related accrued interest). The settlement of this note payable resulted in a gain of \$56,970 based upon the market value of the common stock at the date issued and was classified as gain on settlement of notes and accounts payable in the Statement of Operations.

On March 3, 2003, the Company filed Amendment No. 3 to its Registration Statement on Form S-8, which increased the shares available to be issued by 250,000. The Form S-8 Registration Statement provides the Company common stock for issuance to employees, consultants and Board Members for services rendered to the Company. During March 2003, the Company issued 250,000 shares to consultants for administrative, corporate accounting and public relations services in lieu of cash compensation totaling \$75,000. The Company is attempting to conserve cash resources by issuing stock for these services.

The Company is currently seeking a merger partner and has had discussions with several candidates but currently has no formal agreements or understandings with respect to a potential merger transaction. After completing the January 2003 disposal and share issuance transactions, management believes that it has reduced outstanding debt and ongoing operating costs to a level that will provide the Company adequate time to pursue and complete a merger transaction although, there is no assurance that the Company will be able to complete these plans. Should Management be unsuccessful in consummating a merger transaction, the Company will likely cease as a going concern.

On July 10, 2003, the Company's sole officer and director, Dave L. Mullikin, resigned his positions as President, Secretary, Treasurer and sole Director and appointed Francis O'Donnell as the sole director. Francis O'Donnell, as the sole member of the Board of Directors of the Company, has approved the change of the address of the corporate office of the Company from Overland Park, Kansas to Coral Springs, Florida. Specifically, the address of the Company's principal executive office changed from 12817 Woodson, Overland Park, Kansas 66209 to 9600 W. Sample Road, Suite 505, Coral Springs, Florida 33065.

The Board of Directors has approved resolutions for the Company's Annual Meeting of Shareholders, to be held on Friday August 22, 2003, to elect directors of the Company, ratify the appointment of Jewett, Schwartz & Associates, as the Company's independent certified public accountants for the fiscal year ending December 31, 2003, effect a 1-for-4 reverse stock split (pro-rata reduction of outstanding shares) of the Company's issued and outstanding shares of common stock and amend the Company's Articles of Incorporation to change the name of the Company to Coach Industries Group, Inc. (or other such name as may be available). There is no assurance that the shareholders of the Company will vote in favor of these resolutions.

SIX MONTHS ENDED JUNE 30, 2003
COMPARED TO SIX MONTHS ENDED JUNE 30, 2002

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Gross Revenues and Costs of Operations

Gross revenues. Gross revenues decreased from \$171,846 for the six month period ended June 30, 2002 to \$-0- for the six month period ended June 30, 2003, a decrease of \$171,846, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Costs of services provided. Costs of services provided decreased from \$141,180 for the six months ended June 30, 2002 to \$-0- for the six months ended June 30, 2003, a decrease of \$141,180, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

General and administrative expenses. General and administrative expenses decreased from \$445,010 for the six months ended June 30, 2002 to \$81,679 for the six months ended June 30, 2003, a decrease of \$363,331, primarily due to decrease in general and administrative expenses as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities and expenditures related to the Company's business plan of restructuring the Company and seeking a merger candidate.

Sales and marketing costs. Sales and marketing costs decreased from \$491. for the six months ended June 30, 2002 to \$-0- for the six months ended June 30, 2003, a decrease of \$491., primarily due to the elimination of sales and marketing costs primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Depreciation and amortization. Recorded depreciation and amortization expense decreased from \$313,696 for the six months ended June 30, 2002 to \$-0- for the six months ended June 30, 2003, a decrease of \$313,696, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Impairment charges. Impairment charges decreased from \$1,048,038 for the six months ended June 30, 2002 to \$-0- for the six months ended June 30, 2003, a decrease of \$1,048,038, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Gain on settlement of accounts and notes payable. Gain on settlement of accounts and notes payable as a consequence of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities was \$239,082 for the six months ended June 30, 2003.

Gain from disposal of assets. Gain on disposal of assets as a consequence of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities was \$135,100 for the six months ended June 30, 2003.

Net Income (Loss). Net loss decreased from a net loss of (\$1,498,903) for the six months ended June 30, 2002 to net income of \$289,344 for the six months ended June 30, 2003, primarily due to the Company reducing its expenses as a consequence of disposing of all of its operating assets/businesses and discontinuing all operating activities and realizing a gain on settlement of accounts and notes payable and a gain on disposal of assets.

THREE MONTHS ENDED JUNE 30, 2003
COMPARED TO THREE MONTHS ENDED JUNE 30, 2002

Gross revenues. Gross revenues decreased from \$15,632 for the three month period

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

ended June 30, 2002 to \$-0- for the three month period ended June 30, 2003, a decrease of \$171,846, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Costs of services provided. Costs of services provided decreased from \$27,025 for the three months ended June 30, 2002 to \$-0- for the three months ended June 30, 2003, a decrease of \$27,025, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

General and administrative expenses. General and administrative expenses decreased from \$296,000 for the three months ended June 30, 2002 to \$954. for the three months ended June 30, 2003, a decrease of \$295,046, primarily due to decrease in general and administrative expenses as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities and expenditures related to the Company's business plan of restructuring the Company and seeking a merger candidate.

Sales and marketing costs. Sales and marketing costs decreased from \$316. for the three months ended June 30, 2002 to \$-0- for the three months ended June 30, 2003, a decrease of \$316., primarily due to the elimination of sales and marketing costs primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Depreciation and amortization. Recorded depreciation and amortization expense decreased from \$157,515 for the three months ended June 30, 2002 to \$-0- for the three months ended June 30, 2003, a decrease of \$157,515, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Impairment charges. Impairment changes decreased from \$244,718 for the three months ended June 30, 2002 to \$-0- for the three months ended June 30, 2003, a decrease of \$244,718, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Gain on settlement of accounts and notes payable. Gain on settlement of accounts and notes payable as a consequence of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities was \$700. for the three months ended June 30, 2003.

Net Loss. Net loss decreased from a net loss of (\$377,300) for the three months ended June 30, 2002 to net loss of (\$254) for the three months ended June 30, 2003, primarily due to the Company reducing its expenses as a consequence of disposing of all of its operating assets/businesses and discontinuing all operating activities and realizing a gain on settlement of accounts and notes payable.

Liquidity and Capital Resources

Liquidity and Capital Resources. We have historically satisfied our cash requirements primarily through private placements of restricted stock and the issuance of debt securities.

Current Assets

Cash and cash equivalents. Cash and cash equivalents decreased from \$14,790 at December 31, 2002 to \$3.00 at June 30, 2003, a decrease of \$14,787, primarily as a result of the Company disposing of all of its operating assets/businesses and

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

discontinuing all operating activities.

Total current assets. Total current assets decreased from \$22,790 at December 31, 2002 to \$3.00 at June 30, 2003, a decrease of \$22,787, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities.

Liabilities

Accrued wages. Accrued wages decreased from \$122,000 at December 31, 2002 to \$-0- at June 30, 2003, a decrease of \$122,000, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities as of and settling all outstanding employment agreement obligations.

Accounts Payable. Accounts payable increased from -0- at December 31, 2002 to \$398. at June 30, 2003, an increase of \$398, primarily as a result of remaining costs incurred in connection with the ceassation of operating activities.

Accrued interest. Accrued interest decreased from \$30,635 at December 31, 2002 to \$-0- at June 30, 2003, a decrease of \$30,635, primarily as a result of the Company disposing of all of its operating assets/businesses and discontinuing all operating activities as of March 31, 2003 and settling all outstanding employment agreement obligations.

Notes payable-related parties. Notes payable-related parties decreased from \$316,229 at December 31, 2002 to \$65,000 at June 30, 2003, a decrease of \$251,229, primarily as a result of restructuring the remaining liabilities due to certain related parties.

Notes payable. Notes payable decreased from \$63,539 at December 31, 2002 to \$-0- at June 30, 2003, a decrease of \$63,539, primarily as a result of reaching various settlements with certain note holders.

Total Current Liabilities. Total current liabilities decreased from \$532,403 at December 31, 2002 to \$65,398 at June 30, 2003, a decrease of \$466,645, primarily as a result of the company disposing of all of its operating assets/businesses and discontinuing all operating activities and settling all outstanding employment agreement obligations and reducing its notes payable-related parties and notes payable.

In recent years the Company has incurred substantial operating losses, a working capital deficit and experienced negative cash flows from operations. Current cash balances and available credit are insufficient to fund the Company's cash flow needs for the next year. The Company has ceased all operations and has disposed of all of its operating assets/businesses and has not commenced any new operations at June 30, 2003. Management is currently seeking a merger and/or acquisition partner that has greater financial resources in order for the Company to continue operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. Management believes that it has reduced ongoing operating expenses to a level that can be sustained until such time as a suitable merger/acquisition partner is identified and a transaction is consummated. However, no assurance can be given that the Company will be successful in consummating a merger/acquisition transaction or that it will be able to fund its ongoing operations until a merger/acquisition transaction can be accomplished. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is currently seeking a merger partner and has had discussions with

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

several candidates but has reached no formal agreement or understandings with respect to a potential merger transaction. After completing the January 2003 disposal and share issuance transactions, management believes that it has reduced outstanding debt and ongoing operating costs to a level that will provide the Company adequate time to pursue and complete a merger transaction although, there is no assurance that the Company will be able to complete these plans. Should management be unsuccessful in consummating a merger transaction, the Company will likely cease as a going concern.

The Company has historically issued stock in lieu of cash compensation, which has helped reduce the Company's cash needs. Management will try to maintain the Company in its current operating form through the issuance of common stock to consultants for the Company's ongoing administrative and reporting duties.

ACCOUNTING POLICIES SUBJECT TO ESTIMATION AND JUDGMENT

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. When preparing our financial statements, we make estimates and judgments that affect the reported amounts on our balance sheets and income statements, and our related disclosure about contingent assets and liabilities. We continually evaluate our estimates, including those related to revenue, allowance for doubtful accounts, reserves for income taxes, and litigation. We base our estimates on historical experience and on various other assumptions, which we believe to be reasonable in order to form the basis for making judgments about the carrying values of assets and liabilities that are not readily ascertained from other sources. Actual results may deviate from these estimates if alternative assumptions or condition are used.

ITEM 3. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer have concluded, based on an evaluation conducted within 90 days prior to the filing date of this Quarterly Report on Form 10-QSB, that the Company's disclosure controls and procedures have functioned effectively so as to provide those officers the information necessary whether:

(i) this Quarterly Report on Form 10-QSB contains any untrue statement of a material fact or omits 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 on Form 10-QSB, and

(ii) the financial statements, and other financial information included in this Quarterly Report on Form 10-QSB, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Quarterly Report on Form 10-QSB.

There have been no significant changes in the Company's internal controls or in other factors since the date of the Chief Executive Officer's evaluation that could significantly affect these internal controls, including any corrective actions with regards to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Not applicable

Item 2. Changes in Securities
Not applicable

Item 3. Defaults upon Senior Securities
Not applicable

Item 4. Submission of Matters to a Vote of Security Holders
None.

Item 5. Other Information
Not applicable

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

99.1 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14 under the Securities Exchange Act of 1934

99.2 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14 under the Securities Exchange Act of 1934

B. Reports on Form 8-K

On May 19, 2003, the Board of Directors of SearchHound.com, Inc. (the "Company"), was notified by Pickett, Chaney & McMullen LLP, the Company's independent auditor, that it would decline to stand for reelection as the Company's independent auditor for the year ending December 31, 2003.

On July 10, 2003, the Company's sole officer and director, Dave L. Mullikin, resigned his positions as President, Secretary, Treasurer and sole Director and appointed Francis O'Donnell as the sole director.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SEARCHHOUND.com, INC.

August 14, 2003

/s/ Francis O'Donnell
Francis O'Donnell,
Acting President and Chairman of the Board of
Directors
(PRINCIPAL EXECUTIVE OFFICER)

August 14, 2003

/s/ Francis O'Donnell
Francis O'Donnell,
Acting Chief Financial Officer
(PRINCIPAL ACCOUNTING OFFICER)

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

Annex A

CERTIFICATIONS*

I, Francis O'Donnell, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB for the period ended June 30, 2003, of SearchHound.com, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a 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 quarterly 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. 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 me by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the Registrants 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 my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. I have disclosed, based on our most recent evaluation, to the Registrants auditors and the audit committee of Registrants board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrants ability to record, process, summarize and report financial data and have identified for the registrants 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 registrants internal controls; and

6. I have indicated in this quarterly report whether there were significant changes in internal controls or in 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.

/s/ Francis O'Donnell
Francis O'Donnell
Chief Executive Officer
Date: August 14, 2003

Edgar Filing: SEARCHHOUND COM INC - Form 10QSB/A

CERTIFICATIONS*

I, Francis O'Donnell, Acting Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB for the period ended June 30, 2003, of SearchHound.com, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a 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 quarterly 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. 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 me by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the Registrants 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 my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. I have disclosed, based on our most recent evaluation, to the Registrants auditors and the audit committee of Registrants board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrants ability to record, process, summarize and report financial data and have identified for the registrants 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 registrants internal controls; and

6. I have indicated in this quarterly report whether there were significant changes in internal controls or in 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.

/s/ Francis O'Donnell
Francis O'Donnell
Acting Chief Financial Officer
Date: August 14, 2003