

Crown Equity Holdings, Inc.
Form 10-Q
November 09, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2017**

OR

“ TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number **000-29935**

CROWN EQUITY HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation
or organization)

33-0677140
(IRS Employer Identification No.)

Edgar Filing: Crown Equity Holdings, Inc. - Form 10-Q

11226 Pentland Downs Street, Las Vegas, NV 89141

(Address of principal executive offices)

(702) 683-8946

(Issuer's telephone number)

Indicate by check mark whether the Company (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 Company 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 Company is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of November 9, 2018, there were 11,799,389 shares of Common Stock of the issuer outstanding.

TABLE OF CONTENTS

	Page
PART I: FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	
<u>Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016 (Unaudited)</u>	3
<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2017 and 2016 (Unaudited)</u>	4
<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2017 and 2016 (Unaudited)</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
Item 2. Management’s Discussion and Analysis and Plan of Operation	9
Item 3. Quantitative and Qualitative Disclosures About Market Risk	10
Item 4T. Controls and Procedures	10
PART II: OTHER INFORMATION	
Item 1. Legal Proceedings	11
Item 1A. Risk Factors	11
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	11
Item 3. Defaults upon Senior Securities	11
Item 4. Mine Safety Information	11
Item 5. Other Information	11
Item 6. Exhibits	12
Signatures	13

Table of Contents

Crown Equity Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current Assets		
Cash	\$ 228	\$ 10,563
Total Current Assets	228	10,563
Total Assets	\$ 228	\$ 10,563
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 194,853	\$ 168,721
Accounts payable to related parties	10,583	10,583
Notes payable	9,500	9,500
Notes payable to related parties, net of debt discount	6,328	6,116
Total Current Liabilities	221,264	194,920
Stockholders' Deficit		
Preferred Stock, 20,000,000 shares authorized, \$.001 par value, none issued or outstanding	-	-
Series A Convertible Preferred Stock, \$.001 par value, 1,000 shares authorized, 1,000 issued and outstanding	1	1
Common Stock, 450,000,000 authorized at \$.001 par value; 11,362,325 and 11,341,831 shares issued and outstanding, respectively	11,362	11,342
Additional paid-in capital	10,924,751	10,877,369
Accumulated deficit	(11,157,150)	(11,073,069)
Total Stockholders' Deficit	(221,036)	(184,357)
Total Liabilities and Stockholders' Deficit	\$ 228	\$ 10,563

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

Table of Contents**Crown Equity Holdings, Inc.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 309	\$ 441	\$ 963	\$ 1,375
Operating expenses				
General and Administrative	25,096	41,243	83,839	83,437
Total Operating Expenses	25,096	41,243	83,839	83,437
Net Operating Loss	(24,787)	(40,802)	(82,876)	(82,062)
Other expense				
Interest expense	(686)	(1,287)	(1,205)	(46,517)
Loss on debt settlement	-	(16,443)	-	(19,443)
Total other expense	(686)	(17,730)	(1,205)	(65,960)
Net loss	\$ (25,473)	\$ (58,532)	\$ (84,081)	\$ (148,022)
Net loss per common share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	11,360,841	11,187,352	11,354,496	11,081,639

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

Table of Contents**Crown Equity Holdings, Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities		
Net loss	\$ (84,081)	\$ (148,022)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	212	-
Common stock issued for services	45,432	-
Loss on debt settlement	-	19,443
Amortization of beneficial conversion feature	-	44,000
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	26,132	(7,261)
Net cash used in operating activities	(12,305)	(91,840)
Cash flows from financing activities		
Proceeds from sale of common stock	1,000	93,767
Payments on related party notes payable	-	(9,230)
Borrowings on third-party convertible notes payable	-	17,000
Borrowings on related party convertible notes payable	970	40,000
Net cash provided by financing activities	1,970	141,537
Net increase (decrease) in cash	(10,335)	49,697
Cash, beginning of period	10,563	2,448
Cash, end of period	\$ 228	\$ 52,145
Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Noncash investing and financing activities		
Common stock issued for settlement of debt and interest	\$ -	\$ 2,707
Common stock issued for conversion of debt and interest	-	57,000
Beneficial conversion feature discount on convertible notes	970	44,000

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

Table of Contents

CROWN EQUITY HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Crown Equity Holdings Inc. ("Crown Equity", the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Crown Equity's December 31, 2016 Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year end December 31, 2016 as reported on Form 10-K, have been omitted. Certain prior period amounts have been reclassified to conform to current period presentation.

NOTE 2 – GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of \$11,157,150 and a working capital deficit of \$221,036 as of June 30, 2017. Unless profitability and increase in shareholders' equity continues, these conditions raise substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

Crown Equity continues to review its expense structure reviewing costs and their reduction to move towards profitability. The Company's expenses are planned to decrease as a percent of revenue resulting in profitability and increased shareholders' equity.

NOTE 3 – RELATED PARTY TRANSACTIONS

Edgar Filing: Crown Equity Holdings, Inc. - Form 10-Q

The Company is provided office space by one of the officers and directors at no charge. The Company believes that this office space is sufficient for its needs for the foreseeable future.

As of June 30, 2017 and December 31, 2016, the Company had a payable of \$10,583 and \$10,583, respectively, to Montse Zaman, director. The payable is unsecured, bears no interest and due on demand.

As of June 30, 2017, the Company had outstanding notes payable to related parties of \$6,328, net of unamortized debt discount of \$758. During the six months ended June 30, 2017 the Company issued a convertible note of \$970 with conversion price at \$0.50. As of June 30, 2017 the aggregate outstanding principal balance under these related party notes payable was \$7,086. These notes payables are with various officers and directors of the Company and with entities controlled by officers or directors of the Company including Mike Zaman, Montse Zaman and etc.

The Company evaluated embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" and determine the embedded conversion feature(s) should not be bifurcated from the host instrument and not accounted for as a derivative. The Company further evaluated the instrument under ASC 470-20 "Debt with Conversion and Other Options" and determine the conversion option is a beneficial conversion feature (BCF). The intrinsic value of the BCF is determined to be \$970, and is recognized as debt discount with a corresponding credit to additional paid in capital. The discount is amortized over the life of the loan.

Table of Contents

NOTE 4 – NOTES PAYABLE

As of June 30, 2017 and December 31, 2016, the aggregate unpaid principal balance under notes payable was \$9,500 and \$9,500 respectively. At June 30, 2017, the total outstanding short-term notes payable due to non-related third parties was \$9,500. The notes were unsecured subject to annual interest of 0% and due on demand.

NOTE 5 – EQUITY

During the six months ended June 30, 2017, the Company issued the following shares of common stock:

- 2,000 shares for total \$1,000 cash
- 18,494 shares of common stock were issued for services valued at \$45,432

NOTE 6 – SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the Company issued total common shares of 437,064 which are broken down as follows:

- 82,000 shares were issued for cash proceeds of \$41,000 and

Promissory notes the Company entered subsequent to 06/30/17

During 2017, the following promissory notes were entered into subsequent to 06/30/2017: all notes have the following terms: 12% annual interest, due within one year and are convertible upon request from the holder.

1.) One notes with Arnulfo Saucedo-Bardan for \$1,240; 2.) Four notes from Mike Zaman for \$350, 500, 460, and \$1,000; 3.) Three notes from Chris Knudsen for \$631, 200, and 200; 4.) one note from Kevin Wiltz for \$1,500; 5.) One note from Richard W. LeAndro for \$3,000; 6.) Four notes from Montse Zaman for \$50, 710, 40, and 1,500;

During 2018, the following promissory notes were entered into subsequent to 03/31/2017: all notes have the following terms: 12% annual interest, due within one year and are convertible upon request from the holder.

1.) One note from Richard W. LeAndro for \$3,000; 2.) Seven notes from Montse Zaman for \$20, 400, 25, 40, 1300, 700, and 760; 3.) One note from Mike Zaman for \$450.

Table of Contents

On November 20, 2017 and December 19, 2017 the following two leases occurred respectively:

The company leased equipment and devices from Dell in reference to servers to manage programs and network resources. Terms:

11/20/17 • Dell Financial Services • Equipment lease - Dell server products • Monthly rent payment: \$1,186.02 • Lease term: 60 months • End of lease purchase option of \$1.

12/19/17 • Lessor - Dell Financial Services • Equipment lease - Dell server products • Equipment total: \$1504.9 • Monthly rent payment: \$53.99 • Lease term: 36 months • End of lease purchase option of \$1.

On February 20, 2018

The company sold its “Doing Business As” company known as (iB2BGlobal.com) to American Video Teleconferencing, Corp. (AVOT), which included maintenance and maintaining the “iB2BGlobal.com” online site within the Crown Equity Holdings server in exchange for 40,000,000 restricted shares of “AVOT” stock.

On June 26, 2018 the following director changes occurred:

Appointed Steve Cantor as a Director and Chairman of Board. Mike Zaman resigned as Chairman of Board.

On July 2, 2018, the Company received \$50,000 on an advertising and marketing contract with a company related to our new Chairman. The contract is for nine months of advertising, reviewing, publishing and disseminating press releases.

In August, 2018 the following occurred:

August 21, 2018, OCHC LLC, a Company with common minor shareholder paid \$632 of expenses on behalf of the Company, as well as on August 27, 2018 depositing \$10,000 towards a future stock purchase of which no shares have

been currently issued.

On October 2, 2018

The company received a \$35,000 convertible note from a related party, MUNTI CONSULTING, LLC (Steven Cantor). Terms: 10% annual interest, due within one year and is convertible at \$0.50 per share upon request from the holder.

8

Table of Contents

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements 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. Crown Equity's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in Crown Equity's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

OVERVIEW

Crown Equity Holdings Inc. ("Crown Equity") was incorporated in August 1995 in Nevada. The Company is offering its services to companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. The Company also provides public relations and news dissemination for publicly and privately held companies.

The Company has focused its primary vision to using its network of websites to provide advertising and marketing services, as a worldwide online media advertising publisher, dedicated to the distribution of quality branding information. The Company offers Internet media-driven advertising services, which cover and connect a wide range of marketing specialties, as well as search engine optimization for clients interested in online media awareness. As part of its operations, the Company has utilized the services of software and hardware technicians in developing its websites and adding additional websites. This allows the Company to disseminate news and press releases for its customers as well as general news and financial information on a much bigger scale than it did previously. The Company markets its services to companies seeking market awareness of them and the services or goods that they offer. The Company then publishes information concerning these companies on its many websites

Crown Equity's office is located at 11226 Pentland Down Street, Las Vegas, NV 89141.

As of June 30, 2017, Crown Equity had no paid employees and was utilizing the services of one independent contractor and consultant.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2017 Compared to the Three Months Ended June 30, 2016

For the three month period ended June 30, 2017, revenues were \$309 and \$441 for the same period in 2016. Net losses were \$25,473 for the three month period ended June 30, 2017 and \$58,532 were recorded for the three months ended June 30, 2016. Operating expenses were \$25,096 for the three months ended June 30, 2017 and \$41,243 for the same period in 2016. Other income and expenses for the three month period ended June 30, 2017 were other expenses of \$686 and other expenses of \$17,730 for the same quarter in 2016.

Interest for the three months ended June 30, 2017 and 2016 was \$686 and \$1,287, respectively.

Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016

For the six month period ended June 30, 2017, revenues were \$963 and \$1,375 for the same period in 2016. Net losses were \$84,081 for the six month period ended June 30, 2017 and \$148,022 were recorded for the six month period ended June 30, 2016. Operating expenses were \$83,839 for the six months ended June 30, 2017 and \$83,437 for the same period in 2016. Other income and expenses for the six month period ended June 30, 2017 were \$1,205 and \$65,960 for the same period in 2016.

The Company incurred losses on debt conversion of \$0 for the six months ended June 30, 2017 of \$19,443 in the same period ended June 30, 2016.

Interest for the six months ended June 30, 2017 and 2016 was \$1,205 and \$46,517, respectively.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2017, Crown Equity had current assets of \$228 and current liabilities of \$221,264 resulting in working capital deficit of \$221,036. Stockholders' deficit as of June 30, 2017 was \$221,036.

Net cash used by operating activities for the six months ended June 30, 2017 was \$12,305 compared to net cash used of \$91,840 for the same period in 2016.

Net cash used in investing activities was zero for the six months ended June 30, 2017 and 2016.

Net cash provided by financing activities during the six months ended June 30, 2017 was \$1,970 compared to net cash provided of \$141,537 in 2016.

Our existing capital may not be sufficient to meet Crown Equity's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. This condition raises substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company” as defined by Item 12b-2 of the securities exchange act of 1934 (the "exchange act") and are not requires to provide information required under this Item.

ITEM 4: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Edgar Filing: Crown Equity Holdings, Inc. - Form 10-Q

Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this quarterly report on Form 10-Q such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of material weaknesses in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weaknesses relate to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO and CFO also do not possess accounting expertise and our company does not have an audit committee. These material weaknesses are due to the company's lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our second quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

The Company was subject to the following judgment:

Lowell Holden vs. Kenneth Bosket, Crown Equity Holdings Inc.

On March 3, 2016, Lowell Holden received a judgment for \$39,965 in the Hennepin County District Court in Minneapolis, MN in reference to monies owed for prior services rendered. The judgment was settled with the plaintiff for \$10,000. The Company accrued the \$10,000 as settlement expense at June 30, 2016. The amount was paid in first quarter of 2016 and accrued 2015.

ITEM 1A: RISK FACTORS.

There have been no material changes to Crown Equity's risk factors as previously disclosed in our most recent 10-K filing for the year ended December 31, 2016.

ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the six months ended June 30, 2017, the Company issued the following shares of common stock:

- 2,000 shares for total \$1,000 cash
- 18,494 shares of common stock were issued for services valued at \$45,432

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION.

None

ITEM 5: OTHER INFORMATION.

None

11

Table of Contents

ITEM 6: EXHIBITS

EXHIBIT
31.1 Certification of Principal Executive Officer

EXHIBIT
31.2 Certification of Principal Financial Officer

EXHIBIT
32.1 Certification of Compliance to Sarbanes-Oxley

EXHIBIT
32.2 Certification of Compliance to Sarbanes-Oxley

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Schema Document

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Table of Contents

SIGNATURES

In accordance with 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.

CROWN EQUITY HOLDINGS INC.

Date November 9, 2018

By: */s/ Mike Zaman*
Mike Zaman, CEO

By: */s/ Kenneth Bosket*
Kenneth Bosket, CFO