

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

Crown Equity Holdings, Inc.
Form 10-Q
May 13, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2009

OR

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

From the transition period from _____ to _____.

Commission File Number 000-29935

CROWN EQUITY HOLDINGS INC.
(Exact name of small business issuer as specified in its charter)

Nevada 33-0677140
(State or other jurisdiction of incorporation or organization)(IRS Employer Identification No.)

9663 St Claude Avenue Las Vegas NV 89148
(Address of principal executive offices)

(702) 448-1543
(Issuer's telephone number)

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

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 file, non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filed
Non-accelerated filer Smaller reporting company

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 May 12, 2008, there were 71,990,632 shares of Common Stock of the issuer outstanding.

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Crown Equity Holdings Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | March 31, 2009 | December 31, 2008 |
|---|-------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 4,570 | \$ 2,898 |
| Fixed assets | | |
| Equipment (net) | 37,028 | 43,373 |
| Total Assets | \$ 41,598 | \$ 46,271 |
| Liabilities & Stockholder's Deficit | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 28,187 | \$ 40,393 |
| Accounts payable - related party | 74,886 | 74,718 |
| Advances from related parties | 80,302 | 85,915 |
| Accrued interest | 2,375 | -- |
| Salaries payable | 4,850 | 23,000 |
| Note payable - related party | 53,860 | 51,210 |
| Note payable | 15,700 | 13,700 |
| Total current liabilities | 260,160 | 288,936 |
| Stockholder's Deficit | | |
| Common stock, \$.001 par value, 500,000,000 shares authorized, 71,990,632 and 69,199,632 shares issued and outstanding | | |
| | 71,991 | 69,200 |
| Additional-paid-in-capital | 6,307,213 | 6,030,904 |
| Accumulated deficit | (6,597,766) | (6,342,769) |
| Total stockholder's deficit | (218,562) | (242,665) |
| Total Liabilities & Stockholders' Deficit | \$ 41,598 | \$ 46,271 |

The accompanying notes are an integral part of the financial statements

Crown Equity Holdings Inc.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 Three month periods ended March 31, 2009 and March 31, 2008
 (Unaudited)

| | 2009 | 2008 |
|--|--------------|-------------|
| Revenue | \$ 6,144 | \$ 572 |
| Cost of revenues | (1,364) | - |
| Gross profit | 4,780 | 572 |
| Expenses: | | |
| General and administrative | 253,985 | 44,816 |
| Depreciation | 6,345 | 6,345 |
| Operating loss | (255,550) | (50,589) |
| Other Income (expense) | | |
| Debt forgiveness income | 1,319 | -- |
| Interest expense | (766) | -- |
| Total other income | 553 | -- |
| Net loss | \$ (254,997) | \$ (50,589) |
| Net loss per share (basic and diluted): | \$ (0.00) | \$ (0.00) |
| Weighted average shares outstanding (basic and diluted): | 70,808,676 | 68,572,984 |

The accompanying notes are an integral part of the unaudited financial statements

Crown Equity Holdings Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
 Three month periods ended March 31, 2009 and March 31, 2008
 (Unaudited)

| | 2009 | 2008 |
|--|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (254,997) | \$ (50,589) |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Depreciation expense | 6,345 | 6,345 |
| Stock for services | 225,100 | -- |
| Debt forgiveness income | (1,319) | -- |
| Net Change in: | | |
| Accounts payable and accrued expenses | (3,089) | 442 |
| Accounts payable - related party | 270 | -- |
| Accrued salaries | 5,325 | -- |
| TOTAL CASH FLOWS USED IN OPERATING ACTIVITIES | (22,365) | (43,802) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advances from related party, net | (5,613) | 11,809 |
| Proceeds from sale of stock | 25,000 | -- |
| Proceeds from notes payable | 2,000 | -- |
| Proceeds (repayments) on notes payable-related party | 2,650 | (10,000) |
| TOTAL CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 24,037 | 1,809 |
| Net Increase (Decrease) in Cash | 1,672 | (41,993) |
| Cash, beginning of period | 2,898 | 48,952 |
| Cash, end of period | \$ 4,570 | \$ 6,959 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | - | - |
| Non Monetary transactions | | |
| Common stock issued for accounts payable and accrued liabilities | 29,000 | - |

The accompanying notes are an integral part of the unaudited financial statements

Crown Equity Holdings Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Crown Equity Holdings Inc. (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 (“SEC”), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company’s December 31, 2008 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, 2008 as reported on Form 10-K, have been omitted.

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

NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, we incurred a net loss during the three months ended March 31, 2009, have an accumulated deficit and a working capital deficit as of March 31, 2009. These conditions raise substantial doubt as to our ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

NOTE 3 – COMMON STOCK

During the quarter ended March 31, 2009 the Company issued 2,791,000 shares of common stock at \$0.10 per share. The shares were issued as follows:

- 250,000 issued for cash of \$25,000
- 60,000 issued for accounts payable of \$6,000
- 230,000 issued for accrued compensation payable of \$23,000
- 2,251,000 issued for compensation of \$225,100 of which 1,810,000 shares valued at \$181,000 were issued to four related parties

Note 4 - CONTINGENCIES

There is pending litigation in Arizona small claims court - Strojnik v. Crown Equity Holdings, Inc. and Crown Partners, Inc. The Company has assessed the outcome of a loss as remote and furthermore the maximum liability in small claims court is \$2,500. Crown has not accrued any amounts related to this contingency.

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. The Company's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in the Company'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. (the "Company") was incorporated on August 31, 1995 as "Visioneering Corporation" under the laws of the State of Nevada, to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions.

In 2007, the Company, through its wholly-owned subsidiary, Crown Trading Systems, Inc. ("CTS"), a Nevada corporation, began to develop, sell, and produce computer systems which are capable of running multiple monitors from one computer. At present, CTS is able to run 16 monitors off one CPU. In late, 2007, CTS began to attend trade shows and started selling these systems. For the three months ended March 31, 2009, CTS had gross revenues of approximately \$6,144.

Additionally, CTS has entered into reseller and distribution agreements with over 30 wholesale and retail computer components to sell their products on CTS's website, www.crowntradingsystems.com.

The Company is offering its services to companies or individuals looking to go public in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields.

The Company's office is located at 9663 St Claude, Las Vegas, Nevada 89148.

As of March 31, 2009, the Company had no employees but was utilizing the services of independent contractors and consultants.

RESULTS OF OPERATIONS

For the three months ended March 31, 2009 and 2008, we had revenues of \$6,144 and \$572, respectively, for a net loss of \$254,997 and \$50,589, respectively. General and administrative expense increased to \$253,985 for the three months ended March 31, 2009 as compared to \$44,816 for the same period in 2008. Interest expense incurred during the period ending March 31, 2009 was \$766 compared zero for the same period for 2008. Depreciation for both March 31, 2009 and 2008 was \$6,345. The increase in general and administrative expense was primarily attributable to the Company's growing operations and stock issued for services during the period ending March 31, 2009.

The Company will attempt to carry out its business plan as discussed above; however, it cannot predict to what extent its lack of liquidity and capital resources will hinder its business plan prior to the consummation of a business combination.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2009, the Company had current assets of \$4,570 and current liabilities of approximately \$260,160, resulting in a working capital deficit of \$255,590. Accumulated deficit as of March 31, 2009 was approximately \$6,597,766. Further, there exist no agreements or understandings with regard to loan agreements by or with the Officers, Directors, principals, affiliates or shareholders of the Company.

Our existing capital is not sufficient to meet the Company's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. As shown in the accompanying consolidated financial statements, Crown Equity incurred a net loss of \$254,997 for the three months ended March 31, 2009, has an accumulated deficit of \$6,597,766 and a working capital deficit of \$255,590 as of March 31, 2009. These conditions raise substantial doubt as to Crown Equity's ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

EMPLOYEES

As of March 31, 2009, the Company had no employees.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required under this Item.

ITEM 4T: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, will be or have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, and/or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, and/or the degree of compliance with the policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective internal control system, misstatements due to error or fraud may occur and not be detected.

The Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (“Exchange Act”). This evaluation was done under the supervision and with the participation of the Company’s president. Based upon that evaluation, he concluded that the Company’s disclosure controls and procedures are not effective in gathering, analyzing and disclosing information needed to satisfy the Company’s disclosure obligations under the Exchange Act.

Changes in Disclosure Controls and Procedures.

There were no significant changes in the Company’s disclosure controls and procedures, or in factors that could significantly affect those controls and procedures, since their most recent evaluation.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There is pending litigation in Arizona small claims court - Strojnik v. Crown Equity Holdings, Inc. and Crown Partners, Inc. The Company has assessed the outcome of a loss as remote and furthermore the maximum liability in small claims court is \$2,500. Crown has not accrued any amounts related to this contingency.

ITEM 1A. RISK FACTORS.

There have been no material changes to the Company’s risk factors as previously disclosed in our most recent 10-K filing for the year ending December 31, 2008.

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

During the quarter ended March 31, 2009 the Company issued 2,791,000 shares of restricted common stock as follows:

- 250,000 shares of common stock with a value of \$ 25,000 (\$0.10 per share) for cash
- 60,000 shares of common stock with a value of \$ 6,000 (\$0.10 per share) for accounts payable

- 230,000 shares of common stock with a value of \$ 23,000 (\$0.10 per share) for accrued compensation payable
 - 2,251,000 shares of common stock with a value of \$225,100 (\$0.10 per share) for compensation

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 5. OTHER INFORMATION.

There were no reports on Form 8-K filed during the quarter ended March 31, 2009.

ITEM 6. EXHIBITS

EXHIBIT 31.1 Certification of Principal Executive Officer and Principal Financial Officer

EXHIBIT 32 Certification of Compliance to Sarbanes-Oxley

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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.

By: /s/ Kenneth Bosket
Kenneth Bosket, CEO

By: /s/ Montse Zaman
Montse Zaman, CFO

Date: May 12, 2009