JPAL INC
Form 10QSB
August 14, 2001

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

FORM 10-QSB

(X)QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

( )TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ________________ to ________________

Commission File Number: 000-32319

JPAL, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	33-0851302
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

17620 Oak Street, Fountain Valley, California, 92708
(Address of principal executive offices)

(714) 785.2095
(Issuer's Telephone Number)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date. As of August 13, 2001, there were 8,645,260 shares of the issuer's $.001 par value common stock issued and outstanding.

INDEX TO QUARTERLY REPORT ON
FORM 10-QSB
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

JPAL, INC.

CONDENSED BALANCE SHEET

June 30, 2001

(unaudited)

ASSETS

CURRENT ASSET	
Cash and cash equivalents	$ 333
Total current asset	333
PROPERTY AND EQUIPMENT, net	1,779
Total assets	$ 2,112

LIABILITY AND STOCKHOLDERS' EQUITY

CURRENT LIABILITY	$ ---
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY	
Preferred stock, $.001 par value 5,000,000 shares authorized No shares issued or outstanding	
Common stock, $.001 par value; 50,000,000 shares authorized, 8,645,260 shares issued and outstanding	1,729
Additional paid-in capital	53,872
Accumulated deficit	(53,489)
Total stockholders' equity	2,112
Total liability and stockholders' equity	$ 2,112

See the accompanying notes to these condensed financial statements

JPAL, INC.

CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended June 30,		Six
	2001	2000	200
REVENUES			
Rental commissions	$ 640	$ ---	$ 1
Listing fees	---	---	
	640	---	1
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	4,444	3,624	18
OTHER EXPENSE			
Depreciation	149	153	
	4,593	3,777	19
LOSS BEFORE PROVISION FOR INCOME TAXES	(3,953)	(3,777)	(17
PROVISION FOR INCOME TAXES	---	---	
NET LOSS	$ (3,953)	$ (3,777)	$ (17,
BASIC AND DILUTIVE LOSS PER SHARE	$ (.00)	$ (.00)	$ (
BASIC AND DILUTIVE WEIGHTED AVERAGE OF COMMON SHARES OUTSTANDING	8,645,260	15,000,000	8,645

See the accompanying notes to these condensed financial statements

JPAL, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(unaudited)

	Six Months En
	2001
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (17,991)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	295
Goods and services and rent provided in exchange for additional paid-in capital	17,104
Changes in operating assets and liabilities	
Decrease in prepaid expenses	609
Decrease in accounts payable	(97)
Net cash used in operating activities	(80)
CASH FLOWS FROM FINANCING ACTIVITIES	
Additional paid-in capital	2,068
Proceeds from issuance of common stock	---
Redemption of common stock	(2,068)
Net cash provided by financing activities	---
NET DECREASE IN CASH AND CASH EQUIVALENTS	(80)
CASH AND CASH EQUIVALENTS, beginning of period	413
CASH AND CASH EQUIVALENTS, end of period	$ 333

See the accompanying notes to these condensed financial statements

JPAL, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(unaudited)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

	Six Months En
	2001
Cash paid during the period for interest	$ ---
Cash paid during the period for income taxes	$ ---

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

During the period ended June 30, 2001, the Company recorded rent and computer services of $1,500 and $4,625, respectively, and additional paid-in capital of $6,125 for rent and services provided by a stockholder.

During the period ended June 30, 2001, the Company recorded $10,979 for legal, accounting and other administrative expenses and additional paid-in-capital of $10,979 for services paid directly by a stockholder.

See the accompanying notes to these condensed financial statements

JPAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001 AND 2000

NOTE 1 - BASIS OF PRESENTATION

The management of JPAL, Inc. (the "Company") without audit has prepared the financial statements included herein. The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Certain information and note disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. In the opinion of the management of the Company, all adjustments considered necessary for fair presentation of the financial statements have been included and were of a normal recurring nature, and the accompanying financial statements present fairly the financial position as of June 30, 2001, and the results of operations for the three and six months ended June 30, 2001 and June 30, 2000 and its cash flows for the six months ended June 30, 2001 and June 30, 2000.

The Company was incorporated in the state of Nevada on March 31, 1999 to operate as an Internet based provider of vacation rental properties and services with an elected December 31st fiscal year end. A majority of the services are to properties located in Nevada.

The Company has experienced net losses since its inception over the past two years and had an accumulated deficit of approximately $53,500 at June 30, 2001. Such losses are attributable to cash losses resulting from costs incurred in the development of the Company's services and infrastructure. The Company expects operating losses to continue for the foreseeable future as it continues to develop and promote its services.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2001:

Computer	$ 1,791
Computer equipment	1,057
Furniture	205
	3,053
Less: accumulated depreciation	(1,274)
	$ 1,779

NOTE 3 - INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109 ("SFAS 109"). This statement mandates the liability method of accounting for deferred income taxes and permits the recognition of deferred tax assets subject to an ongoing assessment of realizability.

The components of the Company's income tax provision consist of:

	Six Months En
	2001
Federal taxes (deferred) net operating loss benefit	$ (2,700)
Change in valuation account	2,700
	$ ---

Deferred income taxes are provided for timing differences in the recognition of certain income and expense items for tax and financial statement purposes. The tax effect of the temporary differences giving rise to the Company's deferred tax assets and liabilities as of June 30, 2001 are as follows:

Deferred income taxes	
Net operating loss benefit	$ 8,000
Valuation allowance	(8,000)
	$ ---

The Company has federal net operating loss carryforwards of approximately $53,000 that will expire through 2020.

The Company's tax reporting year end is December 31st. If the Company has a net operating loss carryforward from operations for the year ended December 31, 2001, it will expire in 2021.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company is currently utilizing office space provided by the Company's president (a stockholder). During the period ended June 30, 2001, the Company has recorded rent expense of $1,500 which represents the Company's pro rata share of the office space being provided by the Company's president. The Company has also recorded computer consulting services of $4,625 which were provided by the Company's president. The services were valued using hourly rates at estimated fair market value of similar services. The Company has recorded $10,979 for legal, accounting and other administrative expenses that were paid for by the Company's president. The president has waived reimbursement of the allocated rent, computer consulting services, legal, accounting and other administrative services provided and has considered them as additional paid-in capital.

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NOTE 5 - COMMON STOCK

On June 14, 2001 the Company redeemed 2,068,417 shares of its common stock for $2,068.

On July 2, 2001, the Company approved a 5 for 1 forward stock split of its common stock. Accordingly, all share and per share amounts have been retroactively restated in the consolidated financial statements to reflect this split.

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Item 2. Plan of Operation

This following information specifies certain forward-looking statements of management of the company. Forward-looking statements are statements that estimate the happening of future events and are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may", "shall", "will", "could", "expect", "estimate", "anticipate", "predict", "probable", "possible", "should", "continue", or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. We cannot guaranty that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

We are an Internet based provider of vacation rental properties and services. We are currently redesigning our website to provide a wide range of services to both vacationers and property owners. Our primary source of revenue has been property rental fees, which are charged to the property owners as a percentage of the vacationers' total rental price, and we anticipate that those fees will continue to be our primary source of revenue, although we intend to attempt to generate additional revenue sources such as Internet advertising. In order to effectuate our business plan during the next three to six months, we need to complete the redevelopment of our website.

Liquidity and Capital Resources. We had cash of $333 as of June 30, 2001. Our total assets were approximately $2,112 and our total liabilities were approximately $0 as of June 30, 2001. Our president, secretary, director and principal shareholder, Frank Drechsler, has also agreed to pay our expenses in the event that we do not generate revenues or obtain additional working capital.

Results of Operations.

Revenue. For the three months ended June 30, 2001, we generated revenues of approximately $640 with 100% of those revenues being generated from operations relating to our vacation rental properties and services in Las Vegas. Our revenues have decreased significantly because we are currently redeveloping our website and we have not conducted any marketing activities. Therefore, we do not expect that we will generate any significant revenues until such time as our website redevelopment is complete.

Operating Expenses. For the three months ended June 30, 2001, operating expenses totaled $4,593, of which a majority of those expenses relate to general and administrative expenses. We anticipate that we will continue to incur significant general and administrative expenses. During the six months ended June 30, 2001, we incurred operating expenses relating to rent and computer services of $1,500 and $4,625 respectively, and paid-in capital of $6,125 for rent and services provided by Ryan A. Neely, our former officer and director. For the six-month period ended June 30, 2001, we also incurred $10,979 for legal, accounting, and other administrative expenses and additional paid-in-capital of $10,979 for services paid directly by Ryan A. Neely, our former officer and director.

Our Plan of Operation for the Next Twelve Months. Our plan of operation is materially dependent on our ability to complete the redevelopment of our website so that we can generate more revenues. If we are able to complete the redevelopment of our website and generate significant revenues, we anticipate that those revenues will be used to market our website and provide us with working capital and pay our legal and accounting fees for the next twelve months.

In the opinion of management, available funds will satisfy our working capital requirements through November 2001. Our forecast for the period for which our financial resources will be adequate to support our operations involves risks and uncertainties and actual results could fail as a result of a number of factors. We anticipate that we may need to raise additional capital to develop and conduct our operations. Such additional capital may be raised through public or private financing as well as borrowings and other sources. We cannot guaranty that additional funding will be available on favorable terms, if at all. If adequate funds are not available, we believe that our officers and directors will contribute funds to pay for our expenses. Therefore, we have not contemplated any plan of liquidation in the event that we do not generate revenues.

We are not currently conducting any research and development activities, other than the redevelopment of our website. We do not anticipate conducting any other such activities in the next twelve months. We do not anticipate that we will purchase or sell any significant equipment in the next six to twelve months unless we generate significant revenues.

We do not anticipate that we will hire any employees in the next six to twelve months, unless we generate significant revenues. We believe our future success depends in large part upon the continued service of our key personnel.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JPAL, Inc.,
a Nevada corporation

August 13, 2001 By: /s/ Frank Drechsler

Frank Drechsler
Its: President, Secretary, Director