

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

Crown Equity Holdings, Inc.
Form 10-Q/A
December 14, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(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, 2010

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 registrant as specified in its charter)

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

544West Sahara Avenue, Suite 205, Las Vegas, NV 89146
(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 4, 2010, there were 73,267,616 shares of Common Stock of the issuer outstanding.

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Crown Equity Holdings Inc.
BALANCE SHEETS
(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 260,024	\$ 249,612
Accounts receivable	2,500	—
Marketable securities	72,600	—
Prepaid expense	2,400	8,102
Total current assets	337,524	257,714
Fixed assets		
Equipment and vehicles(net)	11,648	17,993
Restricted securities	56,125	204,500
Total Assets	\$ 405,297	\$ 480,207
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expense	\$ 16,060	\$ 14,332
Taxes payable	—	16,990
Deferred revenue	26,000	62,000
Accrued salaries	57,700	—
Total current liabilities	99,760	93,322
Long term liabilities		
Notes payable- related parties	97,209	87,209
Total liabilities	196,969	180,531
Stockholder's Equity		
Stockholders' equity:		
Preferred shares \$0.001 par value, 10,000,000 shares authorized None issued or outstanding	-	-
Common stock, \$.001 par value, 490,000,0000 shares authorized 73,237,616 and 72,880,632 shares issued and outstanding as of March 31, 2010 and December 31, 2009 respectively.	73,238	72,881
Additional-paid-in-capital	6,510,978	6,475,637
Accumulated deficit	(6,375,888)	(6,248,842)
Total stockholder's equity	208,328	299,676
Total Liabilities & Stockholders' Equity	\$ 405,297	\$ 480,207

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

Crown Equity Holdings Inc.
 STATEMENTS OF OPERATIONS
 Three month periods ended March 31, 2010 and 2009
 (Unaudited)

	2010	2009
Revenue	\$ 324,776	\$ 6,144
Cost of revenues	(85,000)	(1,364)
Gross margin	239,776	4,780
Expenses:		
General and administrative	241,994	253,985
Depreciation	6,345	6,345
Operating loss	(8,563)	(255,550)
Other Income (expense):		
Other income	17,039	—
Interest income	31	—
Realized gain/(loss) on securities	1,700	—
Unrealized gain/(loss) on securities	(134,025)	—
Gain on debt forgiveness	—	1,319
Other expense	(2,916)	—
Interest expense	(312)	(766)
Total other income(expense)	(118,483)	553
Net loss	\$ (127,046)	\$ (254,997)
Net loss per common share (basic and diluted):	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding (basic and diluted):	73,106,722	70,808,676

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

Crown Equity Holdings Inc.
STATEMENTS OF CASH FLOWS
 Three month periods ended March 31, 2010 and 2009
 (Unaudited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (127,046)	\$ (254,997)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation expense	6,345	6,345
Stock for services	35,698	225,100
Unrealized (gain)/loss on securities	134,025	—
Realized (gain)/loss on securities	(1,700)	—
Restricted securities received for revenue	(14,550)	—
Marketable securities received for revenue	(21,000)	—
Debt forgiveness income	—	(1,319)
Net Change in:		
Accounts receivable	(2,500)	—
Accounts payable and accrued expenses	1,728	(3,089)
Income tax payable	(16,990)	270
Prepaid expenses	5,702	—
Accrued salaries	57,700	5,325
Deferred revenue	(57,000)	—
TOTAL CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	412	(22,365)
CASH FLOWS USED IN INVESTING ACTIVITIES		
	—	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party, net	—	(5,613)
Proceeds from sale of stock	—	25,000
Proceeds from notes payable, net	—	2,000
Notes payable-related party	10,000	2,650
TOTAL CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	10,000	24,037
Net Increase in Cash	10,412	1,672
Cash, beginning of period	249,612	2,898
Cash, end of period	\$ 260,024	\$ 4,570
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non Cash Investing and Financing		
Common stock for accounts payable and accrued liabilities	\$ —	\$ 29,000
Securities reclassified from restricted	\$ 47,000	\$ -
Securities received for deferred revenues	\$ 21,000	\$ -

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

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Crown Equity Holdings Inc. ("Crown Equity") 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, 2009 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, 2009 as reported on Form 10-K, have been omitted.

NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of March 31, 2010. Unless profitability and increase in shareholders equity continues, these conditions 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.

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are classified as available-for-sale and are presented in the balance sheet at fair market value. Crown Equity classified certain securities as long-term due to restrictions on transfers.

Per Accounting Standards Codification ("ASC") 820 "Fair Value Measurement", fair value is defined, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements.

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Crown Equity has classified these marketable securities as level 1 with a fair value of \$72,600 as of March 31, 2010.

Per Accounting Standards Codification 825 “The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115”, an entity is permitted to irrevocably elect fair value on a contract-by-contract basis for new assets or liabilities within the scope of ASC 825 as the initial and subsequent measurement attribute for those financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option are required to (i) recognize changes in fair value in earnings and (ii) expense any up-front costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which it has elected the fair value option, and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this either by reporting the fair value and non-fair-value carrying amounts as separate line items or by aggregating those amounts and disclosing parenthetically the amount of fair value included in the aggregate amount.

Crown Equity adopted ASC 825 this quarter and elected the fair value option for their marketable securities. The related gain/loss based on valuation on the mark to market each balance sheet date is reflected in the income statement.

NOTE 4 – REVENUE RECOGNITION

The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. Crown Equity’s revenue is recognized pursuant to ASC 605 “Revenue Recognition.” The Company recognizes its revenue from services as those services are performed. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Contract revenues include royalties under license and collaboration agreements. Contract revenue related to technology licenses is fully recognized only after the license period has commenced, the technology has been delivered and no further involvement of Crown Equity is required.

Crown Equity receives payment for its services in both cash and equity instruments issued by the customer. The equity instruments are accounted for in accordance with the provisions of ASC 718 “Compensation – Stock Compensation” and is based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the equity instruments are received or the date on which the contract is issued for the services to be performed related to the payments received by Crown Equity.

Amounts received for revenue not earned as of period end are accounted for as deferred revenues.

NOTE 5 - RELATED PARTY TRANSACTIONS

On December 2, 2009, the Company signed a one year lease for 2,400 square feet of office space. The rent for the space is \$2,400 per month. The landlord is related to one of the officers of the Company.

On November 20, 2009, the Company converted accounts payable and advances from Montse Zaman, a related party, of \$71,185 to a three year unsecured note maturing on November 19, 2012. As of March 31, 2010 the balance increased by \$10,000 to \$81,185. Interest is incurred at 12% per annum unless the principal and interest are not paid by maturity at which time the interest rate accelerates to 18% per annum.

During the quarter ended March 31, 2007, the Company borrowed \$12,700 from Phoenix Consulting Services Inc. controlled by a related party. The loan is unsecured and matured on April 1, 2008 and accrued interest at 12% per annum. The note may be converted into common shares of the company at the holder's option at a to be determined in the future conversion price. Amounts outstanding under this agreement subsequent to April 1, 2008 accrued interest at 18% per annum. On November 20, 2009, the note including principal and interest totaling \$16,024 was converted to a long term note due November 19, 2012 with principal and interest due at maturity. If the principal and interest are not paid by maturity, the interest rate accelerates to 18% per annum.

NOTE 6 – EQUITY

On March 25, 2010, the Company filed Amended and Restated Articles of Incorporation authorizing 10,000,000 shares of preferred shares with par value of \$0.001 and reducing the authorized shares of common stock from 500,000,000 shares to 490,000,000 shares.

During the three months ended March 31, 2010, Crown Equity issued 356,984 shares of common stock at \$0.10 per share for a value of \$35,698 for accrued compensation.

NOTE 7 - CONTINGENCIES

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

NOTE 8- RESTRICTED SECURITIES

Crown Equity has classified the marketable securities they hold as of yearend as long-term in accordance with rule 144 due to restrictions on sale & transfers of unregistered shares. As of March 31, 2010 \$56,125 of the marketable securities which are non controlling shares received from customers as consulting income has been classified as restricted securities in accordance with Accounting Standards Codification 825 and 718. The related gain/loss based on valuation on the mark to market each balance sheet date is reflected in the income statement.

NOTE 9 – SUBSEQUENT EVENTS

On April 1, 2010 the Company issued 30,000 shares of common stock at \$0.10 per share valued at \$3,000 for services. Crown Equity evaluated events up through May 5, 2010. During this period, the Company did not have any other material recognizable subsequent events.

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.

In 2007, the Company, through a 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. CTS is able to run 16 monitors off one CPU. In late 2007, CTS began to attend trade shows and starting selling these systems. In 2009, Crown Trading Systems was dissolved as a corporation and its business was absorbed into the Company. At the present time, due to the downturn in the US economy, the Company is not selling any products from this website although it may begin to offer products from this website in the future if the market rebounds.

At the present time, the Company is offering its services to domestic and global 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.

In 2009, the Company re-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. The Company is paid in cash and/or stock of the customer companies. The Company has numerous consulting and service customers and is therefore not dependent on any particular customer for a majority of its revenue.

In July, 2009, the Company granted a non-exclusive license to Velvet International, Inc. allowing Velvet to use the Company's system and method of rendering public financial relations over the Internet. The Company was paid a one-time licensing fee of \$250,000 for the license but will not receive any future royalty or license payments from Velvet. Revenue from this sale allowed the Company to expand its efforts in developing its normal course of business as describe above.

On September, 30, 2009 Crown Marketing, Inc. acquired controlling interest of the Company from Crown Partners, Inc.

Crown Equity's office is located at 5440 West Sahara, Suite 205, Las Vegas, Nevada 89146.

As of March 31, 2010, Crown Equity had no employees but was utilizing the services of independent contractors and consultants.

RESULTS OF OPERATIONS

For the three months period ending September 2010 and 2009, revenues were \$ 324,776 and \$ 6,144 with net loss of \$127,046 and a net loss of \$254,997, respectively. During the period ending March 31, 2010, Crown Equity incurred deferred revenues of \$ 26,000. General and administrative expense increased to \$241,994 for the three months ended March 31, 2009 as compared to \$253,985 for the three months ended March 31, 2010. Interest expense incurred during the three month period ending March 31, 2010 was \$312 compared \$766 for the same period in 2009. Depreciation for the three months period ending March 31, 2010 was \$6,345 and \$6,345 for the same periods in 2009. The revenue increases in 2010 were from consulting services of approximately \$258,550 and net deferred revenue pickup of \$36,000. The net loss for the three month period ending March 31, 2010 consisted of an operating loss of \$8,563 and other expenses of \$118,483 of which \$ 134,025 was an unrealized loss on securities.

Crown Equity will attempt to carry out its business plan as discussed above; however, it cannot predict to what extent its capital resources could hinder its business plan.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2010, Crown Equity had current assets of \$337,524 and current liabilities of \$99,760, resulting in working capital of \$ 237,764. Shareholders' equity as of March 31, 2010 was \$208,328. Further, there exist no agreements or understandings with regard to future loan agreements by or with the Officers, Directors, principals, affiliates or shareholders of Crown Equity. The Company is presently indebted to an officer and director, Montse Zaman, in the amount of \$97,209,

Cash flow from operations for the period ending March 31, 2010 was \$412 compared to (\$22,365) for the same period in 2009 a positive increase of \$21,953. Cash flow from financing activities during the period ended March 31, 2010 was \$10,000 compared to \$24,037 in 2009, a decrease of \$14,037. The increase in sales was the significant factor in positive cash flow during the period ending March 31, 2010 compared to 2009 when the sale of stock contributed \$25,000 to the financing activity.

Our revenues for the quarter totaled \$324,776 compared to \$6,144 for the same period last year. The increase is due to the Company's change in direction from becoming an online computer and components reseller to providing advertising and marketing via the Internet for small companies. Our general and administrative expenses totaled \$241,994, a decrease over the same period last year. The Company intends to continue offering its advertising and marketing services but cannot predict whether or not its efforts will continue to generate revenues. It is a new entry into this competitive field. The continuing economic downturn in the US and globally may affect the Company's chance for continued growth and/or success in this endeavor. As the Company hires employees, its operating costs and expenses are increasing. If we cannot generate sufficient revenues to cover these expenses, the Company may have to terminate employees, making it difficult to continue to provide services in a timely manner to customers and affecting its ability to generate and service new and existing customers.

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.

EMPLOYEES

As of March 31, 2010, Crown Equity had no employees.

ITEM 3. CONTROLS AND PROCEDURES

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

ITEM 4T: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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 a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates 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 do not possess accounting expertise and our company does not have an audit committee. This weakness is 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 first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There is pending litigation in Arizona small claims court - Strojnik v. Crown Equity Holdings, Inc. Crown Equity 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 Crown Equity's risk factors as previously disclosed in our most recent 10-K filing for the year ending December 31, 2009.

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

During the three months ended March 31, 2010 Crown Equity issued 356,984 shares of common stock at \$0.10 per share for a value of \$35,698 for accrued compensation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

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

None

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS

EXHIBIT 31.1 Certification of Principal Executive Officer and Principal Financial Officer

EXHIBIT 32 Certification of Compliance to Sarbanes-Oxley

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/ Lowell Holden
Lowell Holden, CFO

Date: May 4, 2010