

PAID INC
Form 10-Q
August 14, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

COMMISSION FILE NUMBER 0-28720

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

73-1479833

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

200 Friberg Parkway, Westborough, Massachusetts 01581

(Address of Principal Executive Offices) (Zip Code)

(617) 861-6050

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant 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 registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated Filer ☐
Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 8, 2015, the issuer had outstanding 343,774,049 shares of its Common Stock, par value \$0.001 per share.

PAID, INC.

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PART I – FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****PAID, INC.****CONDENSED BALANCE SHEETS**

ASSETS	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Current assets:		
Cash and cash equivalents	\$424,113	\$651,318
Accounts receivable, net	96,972	91,574
Other receivables, net	120,338	120,338
Inventories	1,305	1,305
Prepaid expenses and other current assets	25,646	42,567
Advanced royalties, net	82,905	82,905
Total current assets	751,279	990,007
Property and equipment, net	10,231	18,489
Intangible asset, net	3,772	4,242
Deposits and other assets	16,017	23,387
Total assets	\$781,299	\$1,036,125
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$115,489	\$215,707
Capital leases – current portion	10,566	15,223
Accrued expenses	642,917	674,019
Deferred revenues	7,736	7,102
Total current liabilities	776,708	912,051
Long-term liabilities:		
Capital leases – net of current portion	-	3,095
Total liabilities	776,708	915,146
Commitments and contingencies	-	-
Shareholders' equity:		
	343,774	339,374

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Common stock, \$0.001 par value, 550,000,000 shares authorized; 343,774,049 shares and 339,374,050 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively

Common stock subscribed but not issued	-	25,000
Additional paid-in capital	53,822,619	53,506,353
Accumulated deficit	(54,161,802)	(53,749,748)
Total shareholders' equity	4,591	120,979
 Total liabilities and shareholders' equity	 \$781,299	 \$ 1,036,125

See accompanying notes to condensed financial statements

PAID, INC.**CONDENSED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues	\$51,608	\$192,171	\$93,402	\$701,576
Cost of revenues	10,639	92,651	19,794	462,319
Gross profit	40,969	99,520	73,608	239,257
Operating expenses	223,855	281,057	514,685	579,712
Loss from operations	(182,886)	(181,537)	(441,077)	(340,455)
Other income (expense):				
Interest income (expense), net	(206)	(495)	(486)	1,843
Other income	-	84,815	-	86,617
Realized loss on investments in available-for-sale securities	-	(83,731)	-	(79,983)
Write down of other receivables	-	(171,910)	-	(227,528)
Gain on settlement of liabilities	-	-	-	34,759
Unrealized gain (loss) on stock price guarantee	(20,845)	(217,208)	30,465	(217,208)
Total other income (expense), net	(21,051)	(388,529)	29,979	(401,500)
Loss before provision for income taxes	(203,937)	(570,066)	(411,098)	(741,955)
Provision for income taxes	—	—	956	1,206
Net loss	\$(203,937)	\$(570,066)	\$(412,054)	\$(743,161)
Net loss per share – basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of common shares outstanding - basic and diluted	343,774,050	328,874,050	342,564,658	328,874,050

See accompanying notes to condensed financial statements

PAID, INC.**CONDENSED STATEMENTS OF CASH FLOWS****FOR THE SIX MONTHS ENDED JUNE 30,****(Unaudited)**

	2015	2014
Cash flows from operating activities:		
Net loss	\$(412,054)	\$(743,161)
Adjustments to reconcile net loss to cash and cash equivalents used in operating activities:		
Depreciation and amortization	8,728	15,174
Realized loss on investments in available-for-sale securities	-	79,983
Write down of other receivables	-	227,528
Gain on settlement of liabilities	-	(34,759)
Share-based compensation	100,666	25,336
Unrealized gain (loss) on stock price guarantee	(30,465)	217,208
Changes in assets and liabilities:		
Accounts receivable	(5,398)	207,522
Other receivables	-	214,759
Prepaid expenses and other current assets	16,921	(4,407)
Advanced royalties	-	(2,042)
Deposits and other assets	7,370	(20,757)
Accounts payable	(100,218)	(336,914)
Accrued expenses	(637)	69,356
Deferred revenues	634	(13,614)
Net cash and cash equivalents used in operating activities	(414,453)	(98,788)
Cash flows from investing activities:		
Proceeds from sale of investments in available-for-sale securities	-	157,650
Net cash and cash equivalents provided by investing activities	-	157,650
Cash flows from financing activities:		
Payments on capital leases	(7,752)	(13,997)
Proceeds from issuance of common stock	195,000	-
Net cash and cash equivalents provided by (used in) financing activities	187,248	(13,997)
Net change in cash and cash equivalents	(227,205)	44,865
Cash and cash equivalents, beginning of period	651,318	463,285
Cash and cash equivalents, end of period	\$424,113	\$508,150
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Income taxes paid	\$956	\$-
Interest paid	\$486	\$-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Issuance of previously subscribed common stock	\$25,000	\$-

See accompanying notes to condensed financial statements

PAID, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

June 30, 2015

Note 1. Organization and Significant Accounting Policies

PAID, Inc. (“PAID” the “Company”, “we”, “us”, “our”) has developed AuctionInc, which is a suite of online shipping tools assisting e-commerce businesses with shipping solutions, inventory management, and auction proces