

FONECASH INC
Form 10QSB
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2005

OR

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: 000-30536

TotalMed, Inc.

(Exact name of registrant as specified in its charter)

Delaware

22-3530573

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

162 M Homestead Street, Manchester, CT

06040

(Address of principal executive offices)

(Zip-Code)

Registrant's telephone number, including area code: (860) 805-0701

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 filed all documents and reports required to be filed by Sections 12,13,or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

The number of outstanding shares of the registrant's Common Stock, par value \$.0001 per share, was 5,202,890 on June 30, 2005.

SEC 2334 (8-03)

Potential persons who are to respond to the collection of information contained in this form are not required to

respond unless the form displays a currently valid OMB control number.

TotalMed, Inc.

Quarterly Report on Form 10-QSB

For the Quarter Ended on June 30, 2005

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements**

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)
(A Development Stage Company)
Consolidated Balance Sheets

ASSETS

| | June 30, 2005 | December 31, 2004 |
|----------------------|------------------|----------------------|
| Current assets: | | |
| Cash | \$ 54 | \$ 1,192 |
| Loan receivable | -- | 1,200 |
| Total Current Assets | 54 | 2,392 |
| Total Assets | \$ 54 | \$ 2,392 |

LIABILITIES AND STOCKHOLDERS' DEFICIT

| | | |
|----------------------------|------------|------------|
| Current liabilities: | | |
| Accounts payable | \$ 480,155 | \$ 456,166 |
| Due to officer/stockholder | 636,743 | 636,743 |
| Notes payable | 291,381 | 295,881 |
| Total Current Liabilities | 1,408,279 | 1,388,790 |

Contingencies

Stockholders' deficit :

| | | |
|--|----|----|
| Preferred stock; \$.0001 par value; authorized | - | - |
| 10,000,000 shares; issued none | -- | -- |
| Common stock; \$.0001 par value; authorized | | |

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| | | | |
|---|--|-------------|-------------|
| - | | | |
| | 500,000,000 shares; issued and outstanding | | |
| - | | | |
| | 5,202,890 shares in 2005 and 5,553,704 in 2004 | 520 | 555 |
| | Additional paid-in capital | 4,431,990 | 4,420,905 |
| | Treasury stock, 500 shares at cost | (1,500) | (1,500) |
| | Deficit accumulated during the development stage | (5,839,235) | (5,806,358) |
| | Total Stockholders' (Deficit) | (1,408,225) | (1,386,398) |
| | Total Liabilities and Stockholders' (Deficit) | \$ 54 | \$ 2,392 |

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

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)

(A Development Stage Company)

Consolidated Statements of Operations

| | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 | Aug. 7, 1997 (Inception) to June 30, 2005 |
|--|--|--|--|
| Revenue: | | | |
| Sales | \$ -- | \$ -- | \$ 10,840 |
| Cost of sales | -- | -- | 5,662 |
| Gross profit | -- | -- | 5,178 |
| Interest income | -- | -- | 5,257 |
| Total revenue | -- | -- | 10,435 |
| Costs and expenses: | | | |
| Depreciation | -- | -- | 210,426 |
| Amortization | -- | -- | 4,118 |
| Research and development, related party | -- | -- | 432,256 |
| Officer's compensation | 1,250 | 52,500 | 1,138,320 |
| Impairment of investment in related party | -- | -- | 50,000 |
| Impairment of investment in subsidiaries | -- | -- | 450,000 |
| Loss on disposition of assets | -- | -- | 11,449 |
| SEC litigation settlement | -- | -- | 110,977 |
| General and administrative | 31,627 | 7,204 | 3,442,124 |
| | 32,877 | 59,704 | 5,849,670 |
| Net loss | \$ (32,877) | \$ (59,704) | \$ (5,839,235) |
| Basic and diluted loss per common share | \$ (0.01) | \$ (0.01) | |

| | | |
|---|-----------|-----------|
| Weighted average common shares outstanding | 4,934,244 | 4,928,704 |
|---|-----------|-----------|

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

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TOTALMED, INC. AND SUBSIDIARIES**(FORMERLY FONECASH, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Equity**For the Period August 7, 1997 (Inception) to June 30, 2005**

| | Common Stock | | Additional | Treasury Stock | | Deficit |
|---|--------------|--------|------------|----------------|--------|-------------|
| | Shares | Amount | Paid-in | Shares | Amount | Accumulated |
| | | | Capital | | | During the |
| | | | | | | Development |
| | | | | | | Stage |
| Balances, August 7, 1997 (inception) - | | \$ - | \$ - | - | \$ - | \$ - |
| Common stock issued for services and costs advanced, valued at \$0.0001 per share | 2,000,000 | 200 | - | - | - | - |
| Common stock issued for services, valued at \$.15 per share | 200,000 | 20 | 29,980 | - | - | - |
| Net loss for the period | | | | | | (61,404) |
| Balances, December 31, 1997 | 2,200,000 | 220 | 29,980 | - | - | (61,404) |
| Sale of common stock (\$.4156 per share) | 204,500 | 20 | 84,965 | - | - | - |
| Net loss | | | | | | (95,211) |
| Balances, December 31, 1998 | 2,404,500 | 240 | 114,945 | - | - | (156,615) |
| Sale of common stock (\$.7622 per share) | 1,098,505 | 110 | 837,160 | - | - | - |

| | | | | | | |
|--|-----------|-----|-----------|-----|---------|-------------|
| Services contributed by the president of the Company | - | - | 60,000 | - | - | - |
| Common stock issued for services, valued at \$.81 per share | 333,333 | 33 | 269,967 | - | - | - |
| Net loss | | | | | | (785,366) |
| Balances, December 31, 1999 | 3,836,338 | 383 | 1,282,072 | - | - | (941,981) |
| Sale of common stock (\$1.25 per share) | 25,000 | 3 | 31,247 | - | - | - |
| Common stock issued for services, valued at \$.11 per share | 1,466,667 | 147 | 157,353 | - | - | - |
| Common stock issued for services, valued at \$.5312 per share | 623,367 | 62 | 331,071 | - | - | - |
| Purchase of treasury stock | - | - | - | 500 | (1,500) | - |
| Net loss | | | | | | (897,368) |
| Balances, December 31, 2000 | 5,951,372 | 595 | 1,801,743 | 500 | (1,500) | (1,839,349) |

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

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)
(A Development Stage Company)
Consolidated Statements of Changes in Stockholders' Equity
For the Period August 7, 1997 (Inception) to June 30, 2005

| | Common Stock | | Additional | Treasury Stock | | Deficit |
|---|--------------|--------|--------------------|----------------|---------|---|
| | Shares | Amount | Paid-in Capital | Shares | Amount | Accumulated During the Development Stage |
| Common stock issued for services, valued at \$.12 per share | 6,959,708 | 696 | 858,080 | - | - | - |
| Sale of common stock (\$.017 per share) | 1,087,976 | 109 | 17,891 | - | - | - |
| Common stock issued in acquisition of subsidiaries, valued at \$.50 per share | 900,000 | 90 | 449,910 | - | - | - |
| Net loss | | | | | | (1,878,498) |
| Balances, December 31, 2001 | 14,899,056 | 1,490 | 3,127,624 | 500 | (1,500) | (3,717,847) |
| Sale of common stock (\$.012 per share) | 10,746,826 | 1,074 | 122,878 | - | - | - |
| Common stock issued for services, valued at \$.03 per share | 32,928,174 | 3,293 | 1,123,851 | - | - | - |
| Net loss | | | | | | (1,857,167) |

**RESTATED
FROM THIS
POINT**

FORWARD

| | | | | | | |
|---|-------------|--------|--------------|-----|------------|----------------|
| Balances, December 31, 2002 | 2,928,704 | 293 | 4,379,917 | 500 | (1,500) | (5,575,014) |
| Common stock issued for services, valued at \$.001 per share | 850,000 | 85 | 16,915 | - | - | - |
| Common stock issued as repayment of related party debt valued at \$.001 per share | 1,150,000 | 115 | 22,885 | - | - | - |
| Net loss | | | | | | (126,307) |
| Balances, December 31, 2003 | 4,928,704 | 493 | 4,419,717 | 500 | (1,500) | (5,701,321) |
| Common stock issued for services, valued at \$.0001 per share | 625,000 | 63 | 1,188 | - | - | - |
| Net loss | | | | | | (105,037) |
| Balances, December 31, 2004 | 5,553,704 | 555 | 4,420,905 | 500 | (1,500) | (5,806,358) |
| Common stock issued for services, valued at \$.0001 per share | 625,000 | 63 | 1,188 | - | - | - |
| Common stock issued as repayment of debt, valued at \$.003 per share | 1,500,000 | 150 | 9,650 | - | - | - |
| Common stock retired | (2,475,819) | (248) | 247 | - | - | - |
| Additional shares due to stock split | 6 | | | - | - | - |
| Net loss for the period | | | | | | (32,877) |
| Balances, June 30, 2005 | 5,202,890 | \$ 520 | \$ 4,431,990 | 500 | \$ (1,500) | \$ (5,839,235) |

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

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)

(A Development Stage Company)

Consolidated Statements of Cash Flows

| | Six Months Ended June 30, 2005 | Six Months Ended June 30, 2004 | Aug. 7, 1997 (Inception) to June 30, 2005 |
|---|--|--|--|
| Cash flows from operating activities: | | | |
| Net loss | \$ (32,877) | \$ (59,704) | \$ (5,839,235) |
| Adjustments to reconcile net loss to net | | | |
| cash used in operating activities | | | |
| Depreciation | -- | -- | 210,426 |
| Amortization | -- | -- | 4,118 |
| Common stock issued for services | 1,250 | -- | 2,854,253 |
| Common stock issued in acquisition of subsidiaries | -- | -- | 450,000 |
| Common stock issued to an officer in payment of debt | -- | -- | 23,000 |
| Notes issued for payment of expenses | -- | -- | 41,280 |
| Write-down of lost inventory | -- | -- | 204,338 |
| Write off uncollectible accounts | -- | -- | 10,840 |
| Loss on disposition of assets | -- | -- | 11,449 |
| Changes in assets and liabilities | | | |
| Increase in accounts receivable | -- | -- | (10,840) |
| (Increase) decrease in inventory | -- | -- | (204,338) |
| (Increase) decrease in prepaid expenses | -- | -- | -- |
| Increase in accounts payable | 23,989 | 7,204 | 480,155 |
| Net cash used in operating activities | (7,638) | (52,500) | (1,764,554) |
| Cash flows from investing activities: | | | |
| Payments on notes receivable | -- | -- | (1,200) |

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| | | | |
|---|---------|--------|-----------|
| Repayments on notes receivable | 1,200 | -- | 1,200 |
| Organization costs | -- | -- | (368) |
| Purchases of property and equipment | -- | -- | (220,625) |
| Acquisition of patent rights | -- | -- | (5,000) |
| Net cash provided by (used in) investing activities | 1,200 | -- | (225,993) |
| Cash flows from financing activities: | | | |
| Proceeds from short-term debt | 5,300 | -- | 323,249 |
| Repayment of short-term debt | -- | -- | (63,348) |
| Increase in amounts due to an officer/stockholder | -- | 52,500 | 636,743 |
| Purchase of treasury stock | -- | -- | (1,500) |
| Proceeds from sale of common stock | -- | -- | 1,095,457 |
| Net cash provided by financing activities | 5,300 | 52,500 | 1,990,601 |
| Net increase (decrease) in cash | (1,138) | -- | 54 |
| Cash at beginning of period | 1,192 | -- | -- |
| Cash at end of period | \$ 54 | \$ -- | \$ 54 |
| Supplemental Cash Flow Information: | | | |
| Taxes paid | -- | -- | |
| Interest paid | -- | -- | |
| Short-term debt converted to common stock | 9,800 | -- | |

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

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)

(A Development Stage Company)

Form 10QSB

Quarter Ended June 30, 2005

Notes to Consolidated Financial Statements

Note 1 Condensed Consolidated Financial Statements

Basis of Presentation

The accompanying interim unaudited consolidated financial statements include the accounts of TotalMed, Inc. and its subsidiaries which are hereafter referred to as (the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, such interim statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for these interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2005. These financial statements should be read in conjunction with the audited financial statements and footnotes included in the Company's report on Form 10-KSB for the year ended December 31, 2004.

Description of Business

The financial statements presented are those of TotalMed, Inc. and its subsidiaries, a development stage company (the Company). The Company was incorporated under the laws of the State of Delaware on August 7, 1997. The Company's activities during the six months ended June 30, 2005 have been primarily directed towards the raising of capital. The Company's initial business activity was to acquire the rights to market a patented electronic terminal that was to be used by retail merchants and in-home salespersons when payment was made with a credit or debit card. Currently the Company is seeking a merger candidate.

The Company has limited operations and in accordance with Statement of Financial Accounting Standards No. 7 (SFAS #7), the Company is considered a development stage company.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Loss Per Common Share

Loss per common share is computed by dividing the net loss by the weighted average shares outstanding during the period. The 2004 weighted average shares outstanding were restated to reflect the reverse stock split.

TOTALMED, INC. AND SUBSIDIARIES
(FORMERLY FONECASH, INC. AND SUBSIDIARIES)

(A Development Stage Company)

Form 10QSB

Quarter Ended June 30, 2005

Notes to Consolidated Financial Statements

Notes Payable

The Company received an additional \$1,800 proceeds for a note during the quarter ended March 31, 2005. That note was then converted into 30,000,000 shares of common stock. The Company also received an additional \$3,500 proceeds for a 6% demand note during the quarter ended June 30, 2005.

Common Stock

Two former directors of the company returned 49,516,387 shares of stock to the Company. On May 11, 2005 there was a reverse stock split of the common stock of the Company on the basis of one share for each 20 shares outstanding with shareholders of record as of March 1, 2005. The number of common shares outstanding as a result of the reverse stock split was 5,202,890. The December 31, 2004 Common Stock and Additional Paid in Capital balances were restated to reflect the reverse stock split.

Item 2. Management's Discussion and Analysis

This Quarterly Report on Form 10-QSB, including the information incorporated by reference herein, includes "forward looking statement" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Securities Act of 1934, as amended ("Act of 34"). All of the statements contained in this Quarterly Report on Form 10-QSB, other than statements of historical fact, should be considered forward looking statements, including, but not limited to, those concerning the Company's strategies, objectives and plans for expansion of its operation, products and services and growth in demand for its products and services. There can be no assurances that these expectations will prove to have been correct. Certain important factors that could cause actual results to differ materially from the Company's expectations (the "Cautionary Statements") are disclosed in this Quarterly report on Form 10-QSB. All subsequent written and oral forward looking statements by or attributable to the Company or persons acting on behalf are expressly qualified in their entirety by such Cautionary Statements. Investors are cautioned not to place undue reliance on these forward looking statements which speak only as of the date hereof and are not intended to give any assurance as to future results. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or reflect the occurrence of unanticipated events.

TotalMed, Inc., f/k/a Fonecash, Inc. (the "Company") was incorporated under the laws of the State of Delaware on August 7, 1997 and is in its development stage. On May 11, 2005, the Company changed its name from FoneCash, Inc. to TotalMed, Inc. The Company currently has no ongoing business operation and is actively seeking a potential merger or acquisition candidate. The Company has not yet found such a candidate and as of this date no negotiations have been conducted with any potential candidate.

The Company incurred operating losses of \$(5,839,235) from Inception to June 30, 2005. The Company expects its accumulated deficit to grow for the foreseeable future as total costs and expenses continue without any revenue or business activity. There can be no assurances that the Company will locate a potential merger or acquisition candidate or that if such a candidate is located that management can successfully negotiate and consummate a business combination with any such entity.

General

TotalMed, Inc. f/k/a Fonecash, Inc. (the "Company") was incorporated under the laws of the State of Delaware on August 7, 1997. During the fourth quarter of December 2002, the Company began to wind down its operations. This occurred because of management's inability to raise sufficient funds to finance the continued development of the Company's business plan.

Until that point, the Company had been engaged in the payment processing of transactions for banks and their merchants through its terminals and proprietary system. As part of that operation, the Company was developing a wired and wireless gateway to convert consumers' credit and debit card information collected by mobile merchants into a format that can be processed by banks. The Company intended to act as a payment system service provider between banks, mobile merchants and their customers. The Company intended to charge merchants a fixed transaction fee to process their payments.

Currently, the Company remains in development stage and it has no operating profits to date. With the cessation of its pursuit of the credit card processing business, the Company currently has no business operations. The Company is actively seeking a possible merger candidate in an effort to provide shareholders value.

The Company incurred an operating loss of \$ 32,877 during the period ended June 30, 2005 compared to a loss of \$59,704 during the same period in 2004. This decrease in the Company's operating loss of \$26,827 was attributable to a reduction of Officer's compensation expenses. The Company spent a total of \$432,256 on Research and Development from Inception to June 30, 2005. The Company expects its accumulated deficit to grow for the foreseeable future.

The Company's Operations to Date

The Company was developing a system of processing credit cards for an under served community of low volume merchants and in-home salespersons consisting of a fixed wire or wireless terminal and a system of computers, utilizing established communications networks, both wired and wireless, for processing the data from credit and debit cards. The Company ceased this operation during the fourth quarter of 2002.

The Company has never operated under any other name, nor has it ever been involved with any bankruptcy, receivership or similar proceeding or engaged in any material reclassification, merger, consolidation, or purchase or sale of assets.

Results of Operation

General and administrative expenses during the period ending June 30, 2005 were \$31,627 as compared to \$7,204 for the same period in 2004, representing an increase of \$24,423. This increase was caused by the costs associated with maintaining the Company's reporting status.

Balance Sheet Data

The Company's combined cash and cash equivalents totaled \$ 54 for the period ending June 30, 2005 compared to \$ - 0 - the same period in 2004.

The Company does not expect to generate a positive internal cash flow for at least the next six months due to it having no current revenue generating activities.

Property and equipment was valued at \$ 0- the period ending June 30, 2005 which is the same amount as in 2004 for the same period.

Item 3. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the principal executive officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings. As such no changes were made in controls and procedures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company was served with a summons and complaint for failure to pay the monthly payments on its line of credit with Fleet National Bank. Pursuant to the lawsuit, the Company would be liable to Fleet National Bank for the outstanding principal balance of \$107,645 plus attorney's fees. Management has indicated its intentions to defend the action and will repay the principal balance in monthly installments upon receipt of capital contributions from investors.

On April 8, 2002 the Securities and Exchange Commission filed a complaint alleging that a registration statement and amendments, filed with the Commission by the Company in December 2001, January 2002 and March 2002, and signed by the former president of the Company, Daniel E. Charboneau, contained material misrepresentations and omissions. On January 6, 2004, a United States District Judge from the District of Columbia entered a default judgment against the Company restraining the Company from further violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13a-13 of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder. As part of this order the Court also ordered penalties and interest in the amount of \$110,977.

Item 2. Changes in Securities

On May 11, 2005 the Company conducted a reverse split of its common stock at a rate of 1 share of post split stock for 20 shares of pre split stock.

Items 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.

(a) Exhibits.

Exhibit 31.1 Certification required by Rule 13a-14(a) or Rule 15d-14(a),

Exhibit 32.1 Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

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Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned who is duly authorized to sign as an officer and as the principal officer of the Company.

TotalMed, Inc

By: /s/ Abraham Pierce

Abraham Pierce, Chairman/CEO

Date: August 22, 2005