

Edgar Filing: EASYWEB INC - Form 10KSB

EASYWEB INC
Form 10KSB
March 31, 2005

UNITED STATES
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended: December 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from: _____ to _____

Commission File Number: 0-32353

EASYWEB, INC.

(Name of small business issuer in its charter)

COLORADO

(State or Other Jurisdiction of Incorporation or Organization)

84-1475642

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

6025 S. Quebec Street, Suite 135, Englewood, Colorado

80111

(Address of Principal Executive Office)

(Zip Code)

Issuer's telephone number: (720) 493-0303

Securities registered under Section 12(b) of the Act: None
Securities registered under Section 12(g) of the Act:

Common Stock, No Par Value

Title of Class

Indicate whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 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 X No ___

Indicate if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

The registrant had no revenue for the most recent fiscal year.

As of December 31, 2004: (a) 5,746,200 common shares, no par value, of the registrant were outstanding; (b) approximately 1,445,867 common shares were held

Edgar Filing: EASYWEB INC - Form 10KSB

by non-affiliates; and (c) the aggregate market value of the common shares held by non-affiliates was \$144,587 based on the bid price of the Company's common stock at December 31, 2004.

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,176,200 common shares issued and outstanding as of February 25, 2005.

Transitional Small Business Disclosure Format: Yes No X
 --- ---
 2

EASYWEB, INC.

INDEX TO ANNUAL REPORT
ON FORM 10-KSB

	Page

PART I	
Item 1. DESCRIPTION OF BUSINESS.....	4
Item 2. DESCRIPTION OF PROPERTY.....	7
Item 3. LEGAL PROCEEDINGS.....	8
Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	8
PART II	
Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.....	8
Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION	9
Item 7. FINANCIAL STATEMENTS.....	10
Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.....	11
Item 8A. CONTROLS AND PROCEDURES.....	11
Item 8B. OTHER INFORMATION.....	11
PART III	
Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.....	11

Edgar Filing: EASYWEB INC - Form 10KSB

Item 10. EXECUTIVE COMPENSATION.....	12
Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.....	15
Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.....	17
Item 13. EXHIBITS.....	19
Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.....	20
SIGNATURES	20

ADDITIONAL INFORMATION

Descriptions in this Report are qualified by reference to the contents of any contract, agreement or other documents and are not necessarily complete. Reference is made to each such contract, agreement or document filed as an exhibit to this Report, or previously filed by the Company pursuant to regulations of the Securities and Exchange Commission (the "Commission"). (See "Item 13. Exhibits.")

Reference in this document to "us", "we", "our", "the Company", or "the Registrant" refer to EasyWeb, Inc.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained herein constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements include, without limitation, statements regarding the Company's plan of business operations and related expenditures, potential contractual arrangements, anticipated revenues and related expenditures. Investors are cautioned not to put undue reliance on forward-looking statements. Except as otherwise required by applicable securities statutes or regulations, the Company disclaims any intent or obligation to update publicly these forward looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. DESCRIPTION OF BUSINESS

(a) General Development of Business

We were organized under the laws of the State of Colorado under the name of "NetEscapes, Inc.," on September 24, 1998. We changed our name to "EasyWeb, Inc." on February 2, 1999. Our executive offices are presently located at 6025 South Quebec Street, Suite 135, Englewood, Colorado 80111, and our telephone and facsimile numbers are (720) 493-0303 and (720) 529-6749, respectively. On February 28, 2005, EasyWeb's shareholders approved reincorporating the Company in the State of Delaware and increasing our authorized common stock from 30,000,000 to 280,000,000 shares. As of the date of this report, the re-incorporation had not been finalized.

We are in business to design, market, sell and maintain customized and template, turnkey sites on the worldwide web, or the Internet, hosted by third parties. We refer to the template web sites as "turnkey" because the customer

Edgar Filing: EASYWEB INC - Form 10KSB

receives, for the purchase price paid, a fully-operational site on the Internet from which to advertise its business, products and/or services. Each of these template sites includes the basic features such as identifying information, business logo, photographs, graphics and/or text provided by the customer. The template is a simple, "fill-in-the-blank" form that can be completed by the customer with handwritten information about the business. There is no additional cost for technical assistance or infrastructure. Common web site options may be added to the template site on an as-needed basis.

We have not been subject to any bankruptcy, receivership or similar proceeding.

We have not been subject to any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

(b) Narrative Description of the Business

4

General

Our business plan has been prepared based upon the popularity of the Internet and the growing number of businesses interested in advertising and marketing online. From our inception through December 31, 2004, we have sold less than ten web sites and realized only minimal revenue of \$9,547 from the design, sale and maintenance of Internet sites. Our operations were very limited during the year ended December 31, 2004. We did not perform any services or earn any revenue during 2004.

We are currently dependent upon an affiliate, Summit Financial Relations, Inc. ("Summit"), which has paid expenses on our behalf, in order to maintain our limited operations. We have also received working capital advances from our president, Mr. David C. Olson. There is no assurance that Summit or Mr. Olson will continue to pay our expenses and provide working capital in the future.

Our future success will be dependent upon our ability to locate and consummate a merger or acquisition with an operating company and, ultimately, to attain profitability. There is no assurance that we will be successful in consummating a merger or acquisition with an operating company or that we will attain profitability.

Research and Development

We are not engaged in any research and development activities.

Competition

The market for web site design and maintenance services is intensely competitive. Additional companies are expected to enter the competition in the future. We anticipate that we will be in competition with companies of all sizes located in the United States that offer Internet web site design, hosting and maintenance services to business customers. A number of these companies offer essentially the same products and services as EasyWeb and compete in the areas of price and service. We must make changes on a timely basis in the nature, price, quality and other aspects of our products and services in response to changes in the market. We expect to compete by marketing our products and

Edgar Filing: EASYWEB INC - Form 10KSB

services online and via radio, newspaper and indoor sign advertising. We intend, through the use of online marketing and independent contractors, to minimize our weaknesses, including, among others, our undercapitalization, cash shortage, limitations with respect to personnel, technological, financial and other resources and lack of a customer base and market recognition, and to eliminate the need for a sizeable retail facility and marketing staff. Many of the companies and other organizations with which we will be in competition are established and have far greater financial resources, substantially greater experience and larger staffs than EasyWeb. Additionally, many of these organizations have proven operating histories, which we lack. We expect to face strong competition from both well-established companies and small independent companies like us. In addition, in the future, AT&T, Qwest Communications and other "Baby Bell" and other telecommunications companies may offer customers assistance in establishing web sites at costs lower than those available from us. Additionally, our business may be subject to decline because of generally increasing costs and expenses of doing business, thus further increasing anticipated competition. Further, it is anticipated that there may be significant technological advances in the future and we may not have adequate creative management and resources to enable us to take advantage of these advances. The effects of any of these technological advances on EasyWeb, therefore, cannot be presently determined.

Employees and Consultants -----

As of the date hereof, we employ two individuals, including Mr. David C. Olson, our president, and Ms. Barbara Petrinsky, each on a part-time basis. No cash compensation has been awarded to, earned by or paid to either of the foregoing for services rendered in all capacities through December 31, 2004. We do not anticipate that any cash compensation will be awarded for the foreseeable future. Mr. Olson and Ms. Petrinsky devote approximately 25 percent of their time and effort to the business and affairs of EasyWeb.

5

During the year ended December 31, 2004, we issued Mr. David Floor, a director, 200,000 shares of our common stock in exchange for director's fees. The shares were valued based on contemporaneous sales to unrelated third party investors at \$5,000, or \$.025 per share. No cash compensation has been awarded to, earned by or paid to any directors for services rendered in all capacities through December 31, 2004. We do not anticipate that any cash compensation will be awarded for the foreseeable future. Mr. Floor devotes only such time as is necessary for him to perform his responsibilities as a director of EasyWeb.

Employment Agreements -----

On December 10, 2004, we entered into a management consulting services agreement with Mr. Floor. Under the terms of the agreement, the Company has agreed to pay Mr. Floor a one-time fee of \$10,000 plus expenses, upon the closing of any transaction leaving EasyWeb with a positive business directive and available finances, non-detrimental to the survival of EasyWeb.

On December 9, 2004, we entered into an employment agreement with Mr. Olson. Under the terms of the agreement, we have agreed to pay Mr. Olson a one-time fee of \$100,000 if and when EasyWeb completes a merger, acquisition, reverse merger, financing, or any other related transaction non-detrimental to the immediate future of EasyWeb, that leaves us in a position and direction better than we were prior to the transaction.

On December 10, 2004, the Company entered into a consulting services agreement

Edgar Filing: EASYWEB INC - Form 10KSB

whereby Summit will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;
- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and
- f. Conclude business and transactions necessary to keep the Company current in all public filings, a-float and in business until an aforementioned business transaction is closed, to include lending funds to the Company when absolutely necessary as has been done over the prior three years at no charge, allowing the Company to survive.

Under the terms of the agreement, the Company has agreed to pay Summit a one-time fee of \$120,000 on the date of closing of any transaction leaving the Company with a positive business directive and available finances, non-detrimental to the survival of the Company.

On October 1, 2004, the Company entered into a management consulting services agreement whereby the consultant, Matt Meister, will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;
- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and
- f. Structural recommendations to assist the Company's capability to finance.

6

Under the terms of the agreement, the Company has agreed to pay the consultant a one-time fee of \$120,000 on the date of closing of any of the above business transactions or any transaction giving the Company a valid financial direction.

(c) Organization

We are comprised of one corporation with no subsidiaries or parent entities.

(d) Operations

Our operations were very limited during the year ended December 31, 2004. We did not perform any services or earn any revenue during 2004.

(e) Proprietary Information

We have no proprietary information.

Edgar Filing: EASYWEB INC - Form 10KSB

(f) Government Regulation

We are not subject to any material governmental regulation or approvals.

(g) Environmental Compliance

At the present time, we are not subject to any material costs for compliance with any environmental laws.

Item 2. DESCRIPTION OF PROPERTY

We maintain our offices at the business offices located at 6025 South Quebec Street, Suite #135, Englewood, Colorado 80111, of Summit, an affiliated corporation of which Mr. David C. Olson, the President, the Treasurer, a director and a controlling shareholder of EasyWeb, is the President, a director and the sole shareholder. Summit leases its offices from an unaffiliated company and shares the offices with that company and a number of other affiliated companies.

Summit has contributed the use of office space and administrative support (including reception, secretarial and bookkeeping services) to us for the years ended December 31, 2004 and 2003.

The office space and administrative support contributed by Summit has a fair market value of approximately \$500 and \$1,000 per month, respectively. We have recognized expenses for rent and administrative support based on fair market value. Any period in which the amount paid to Summit for office space and administrative support was below the fair market value, the remaining balance was considered contributed by Summit and recorded as a credit to additional paid-in capital in our financial statements. During the years ended December 31, 2004 and 2003, we paid Summit \$-0- and \$-0- for office space, respectively, and we paid Summit \$173 and \$510 for administrative support, respectively. Accordingly, Summit contributed the remaining fair values for the use of the office space and administrative support. Contributed office space totaled \$6,000 and \$6,000, and contributed administrative support totaled \$11,827 and \$11,490 for the years ended December 31, 2004 and 2003, respectively.

The office space we currently occupy is expected to be adequate to meet our foreseeable future needs. We own no real property.

7

Item 3. LEGAL PROCEEDINGS

No legal proceedings of a material nature to which we are a party were pending during the reporting period, and we know of no legal proceedings of a material nature, pending or threatened, or judgments entered against any of our directors or officers in their capacity as such.

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

We did not submit any matter to a vote of security holders through solicitation of proxies or otherwise during the fourth quarter of the year covered by this report.

However, on February 28, 2005, the Company's shareholders approved the following proposals via proxy:

- a. Reincorporate the Company in the State of Delaware;

Edgar Filing: EASYWEB INC - Form 10KSB

- b. Authorize the Board of Directors to implement a reverse stock split at a ratio no greater than 40:1;
- c. Increase the Company's authorized capital by 250,000,000 shares (from 30,000,000 to 280,000,000); and,
- d. Amend the articles of incorporation according to the approved proposals.

As of the date of this report, the Company's re-incorporation in the State of Delaware had not yet been finalized and no reverse stock split had yet been implemented.

PART II

Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Principal Market or Markets -----

Our common stock is currently listed on the Over-The-Counter Bulletin Board ("OTC-BB") under the symbol ESYW.OB. Our stock had a bid price of \$.10 at December 31, 2004; however, no trades have yet been conducted on the OTC-BB.

(b) Approximate Number of Holders of Common Stock -----

The number of holders of record of our Common Stock at December 31, 2004, was approximately 65.

(c) Common Stock Sales -----

During January 2005, we sold 430,000 shares of our common stock to an unrelated third party for \$13,200, or \$.03 per share.

During March 2004, we sold 240,000 shares of our common stock to an unrelated third party for \$6,000, or \$.025 per share.

During March 2003, we sold 200,000 shares of our common stock to an unrelated third party for \$10,000, or \$.05 per share.

(c) Dividends -----

Holders of our common stock are entitled to receive such dividends as may be declared by our Board of Directors. No dividends on the common stock were paid during the periods reported herein nor do we anticipate paying dividends in the foreseeable future.

8

(e) The Securities Enforcement and Penny Stock Reform Act of 1990 -----

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure and documentation related to the market for penny stock and for trades in any stock defined as a penny stock. Unless we can acquire substantial assets and trade at over \$5.00 per share on the bid, it is more likely than not that our securities, for some period of time, would be defined under the Act as a "penny stock." As a result, those who trade in our securities may be required to provide additional information about their fitness to trade

Edgar Filing: EASYWEB INC - Form 10KSB

our shares. Also, there is the requirement of a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. Further, a broker-dealer must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. These requirements present a substantial burden on any person or brokerage firm who plans to trade out securities and would thereby make it unlikely that any liquid trading market would ever result in our securities while provisions of this Act might be applicable to those securities.

(f) Blue Sky Compliance

The trading of penny stock companies may be restricted by the securities laws ("Blue Sky" laws) of the several states. Management is aware that a number of states currently prohibit the unrestricted trading of penny stock companies absent the availability of exemptions, which are in the discretion of the states' securities administrators. The effect of these states' laws would be to limit the trading market, if any, for our shares and to make resale of shares acquired by investors more difficult.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward-Looking Statements

The following discussion contains forward-looking statements regarding our Company, its business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation; our ability to successfully develop new products for new markets; the impact of competition on our revenues; changes in law or regulatory requirements that adversely affect or preclude clients from using our products for certain applications; delays our introduction of new products or services; and our failure to keep pace with emerging technologies.

When used in this discussion, words such as "believes", "anticipates", "expects", "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Our Company undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempts to advise interested parties of the risks and factors that may affect our business.

General

EasyWeb's business plan is to design, market, sell and maintain customized and template, turnkey sites on the Internet, hosted by third parties. Our business plan is prepared based upon the popularity of the Internet and the growing number of businesses interested in advertising and marketing online. We have generated only \$9,547 in revenue and have a retained deficit of \$(285,483)

Edgar Filing: EASYWEB INC - Form 10KSB

through December 31, 2004. We did not perform any services or earn any revenue during 2004.

Plan of Operation

Our future success will depend upon (1) our ability to locate and consummate a merger or acquisition with an operating company, (2) to finance any potential Internet opportunities and, ultimately, (3) to attain profitability. There is no assurance that we will be successful in consummating a merger or acquisition with an operating company, financing Internet investments, or attaining profitability. As of the date of this filing, we have had no discussions and no agreements have been reached with any third parties regarding such a business combination.

We are experiencing capital shortages and are currently dependent upon an affiliate, Summit Financial Relations, Inc. ("Summit"), which has paid expenses on our behalf, in order to maintain our limited operations. In addition, we have received working capital advances from Mr. Olson. There is no assurance that Summit or Mr. Olson will continue to pay our expenses and fund our operations in the future. As of December 31, 2004, we owed Summit and Mr. Olson \$12,298 and \$1,300, respectively.

As a result of our inability to generate significant revenue to date together with sizeable continuing operating expenses, access to capital may be unavailable in the future except from affiliated persons. If we are able to obtain access to outside capital in the future, it is expected to be costly because of high rates of interest and fees. Through December 31, 2004, in addition to the expenses paid by Summit and advances from Mr. Olson, we have been funded through the sale of our common stock for gross proceeds in the amount of \$136,050 including proceeds of \$6,000 through the sale of 240,000 shares of our common stock (\$.025 per share) during March 2004. In addition, during January 2005, we sold 430,000 shares to unrelated investors for \$13,200 and we sold, for \$1,800, an option to purchase 1% of our outstanding common shares pursuant to an option agreement. Under terms of the option agreement, the holder may purchase, for an additional \$1,000, 1% of the Company's outstanding common stock as of the exercise date. The option expires on June 7, 2005.

While our independent auditor has presented our financial statements on the basis that we are a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time, they have noted that our significant operating losses and net capital deficit raise a substantial doubt about our ability to continue as a going concern.

Inflation

We believe that inflation has not had a material impact on our business.

Seasonality

We do not believe that our business is seasonal.

Item 7. FINANCIAL STATEMENTS

The report of the independent auditors on the financial statements appears at Page F-2 and the financial statements and accompanying footnotes appear at Pages F-3 through F-12 hereof. These financial statements and related financial

Edgar Filing: EASYWEB INC - Form 10KSB

information required to be filed hereunder commence on Page F-1 of this Form and are incorporated herein by this reference.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements between the Company and its independent accountants on any matter of accounting principles or financial statement disclosure.

Item 8A. CONTROLS AND PROCEDURES

We maintain a system of controls and procedures designed to provide reasonable assurance as to the reliability of the financial statements and other disclosures included in this report. As of December 31, 2004, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective in timely alerting them to required information to be included in our periodic filings with the Securities and Exchange Commission. No significant changes were made to internal controls or other factors that could significantly affect those controls subsequent to the date of their evaluation.

CHANGES IN INTERNAL CONTROLS

There have been no changes in internal controls or in other factors that could significantly affect those controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 8B. OTHER INFORMATION

No required disclosures.

PART III

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

(a) Directors and Executive Officers

The names and ages of our directors and executive officers are as follows:

Name ----	Age ---	Position -----
David C. Olson *	44	President, Treasurer and Director
David Floor	50	Director

* May be deemed a "promoter" and "parent" of our Company, as those terms are defined under the General Rules and Regulations promulgated under the Securities Act of 1933, as amended.

Directors hold office until our next annual shareholder meeting and until their respective successors have been elected and qualify. Officers serve at the

Edgar Filing: EASYWEB INC - Form 10KSB

pleasure of the Board of Directors. Mr. Olson devotes up to 25 percent of his time and effort to our business affairs and Mr. Floor devotes only such time as is necessary for him to perform his responsibilities as a director of our Company.

We currently have no committees, which is why we do not have an Audit Committee Financial Expert.

No family relationship exists between or among our executive officers and directors.

(b) Business Experience

David C. Olson has served as the President, the Treasurer and a director of EasyWeb since March 11, 1999. Since May 1997, Mr. Olson has been President of

11

Summit Financial Relations, Inc., a business consulting and investor relations firm located in Englewood, Colorado. From January 1993 until May 1997, Mr. Olson held various positions including national sales manager at Cohig and Associates, Inc. (now part of EastBrokers International, Inc.), a securities broker-dealer firm in Englewood, Colorado with 265 brokers and offices in 23 states which specialize in small cap and growth stocks. Mr. Olson has not been associated with any brokerage firm since May 1997.

David Floor has served as a director of EasyWeb since May 2004. From 2002 to present, Mr. Floor has been an independent consultant to private corporations as well as public companies. From 1970 to 2002, Mr. Floor was a stockbroker and securities trader in Salt Lake City, Utah. During those years his securities licenses included NASD Series 7, NASD Series 55, and a Series 63 from the State of Utah.

SECTION 16(A) BENEFICIAL REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on its review of the copies of such reports furnished to the Company and written representations that no other reports were required during the year ended December 31, 2004, we believe that there was compliance with all filing requirements of Section 16(a) applicable to our officers, directors and 10% stockholders during fiscal 2004.

CODE OF ETHICS

The Company has always encouraged its employees, including officers and directors to conduct business in an honest and ethical manner. Additionally, it has always been the Company's policy to comply with all applicable laws and provide accurate and timely disclosure. Despite the foregoing, we currently do not have a formal written code of ethics for either our directors or employees. We do not have a formal written code of ethics because we currently only have two employees, both of whom are only employed on a part-time basis. Both employees are held to the highest degree of ethical standards. Once we locate a suitable merger candidate, we will adopt a written code of ethics for all of our

Edgar Filing: EASYWEB INC - Form 10KSB

directors, executive officers and employees.

Item 10. EXECUTIVE COMPENSATION

No cash compensation has been awarded to, earned by or paid to Messrs. David C. Olson and David Floor, President/Treasurer/director and a director of EasyWeb, respectively, for all services rendered in all capacities to EasyWeb since our inception on September 24, 1998. It is anticipated that, for the foreseeable future, none of our officers or directors will receive cash compensation for services to EasyWeb in their capacities of executive officer and/or director.

On December 9, 2004, we entered into an employment agreement with Mr. Olson. Under the terms of the agreement, we have agreed to pay Mr. Olson a one-time fee of \$100,000 if and when EasyWeb completes a merger, acquisition, reverse merger, financing, or any other related transaction non-detrimental to the immediate future of EasyWeb, that leaves us in a position and direction better than we were prior to the transaction.

See Part I, Item 2. "Description of Property," for a description of the administrative support transactions between EasyWeb and Summit Financial Relations, Inc., an affiliated company of which Mr. Olson is the President, a

12

director and the sole shareholder. We paid Summit \$173 and \$510 during the years ended December 31, 2004 and 2003, respectively, for use of administrative support services at Summit's offices.

On May 13, 2004, the Company issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share, as a repayment for expenses paid on behalf of EasyWeb. The shares were valued based on contemporaneous sales to unrelated third party investors. As the sole shareholder of Summit, Mr. Olson benefited indirectly from the above payments to Summit.

Under Colorado law and pursuant to our Articles of Incorporation, the officers and directors of EasyWeb may be indemnified for various expenses and damages resulting from their acting in such capacity. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our officers or directors pursuant to those provisions, EasyWeb has been informed by our counsel that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

Incentive Stock Option Plan

Effective as of March 11, 1999, Mr. David C. Olson, our then sole director and shareholder, approved the Incentive Stock Option Plan (the "Plan") reserving an aggregate of 175,000 shares of common stock for issuance upon the exercise of stock options granted to our employees, consultants and non-employee members of the Board of Directors under the Plan. The purpose of the Plan is to promote the growth and general prosperity of EasyWeb by permitting us to grant options exercisable to purchase shares of common stock to our employees, consultants and non-employee members of the Board of Directors.

Pursuant to the Plan, we may grant incentive stock options within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended, to employees as well as non-qualified stock options to employees, officers, directors and consultants. The Plan provides for administration by our Board of

Edgar Filing: EASYWEB INC - Form 10KSB

Directors or by a committee that comprises disinterested members of the Board of Directors. The Board or the committee selects the optionees, authorizes the grant of options and determines the number of underlying shares of common stock, the exercise price, the term (not to exceed ten years) and any other terms and conditions of the options. The Board of Directors administers the plan.

The exercise price of each stock option under the Plan must be at least 100 percent of the fair market value of the shares of common stock on the date of grant as determined by the Board of Directors. Each incentive stock option may be exercisable for a period, as determined by the Board of Directors, but not in excess of ten years from the date of grant. The exercise price of all incentive stock options granted under the Plan to shareholders possessing more than 10 percent of the total combined voting power of all classes of our stock must be less than 110 percent of the fair market value of the shares of common stock on the date of grant and those options may be exercisable for a period not in excess of five years from the date of grant. All options granted under the Plan are non-transferable and may be exercised only by the optionee or the optionee's estate.

There is no limit on the number of shares with respect to which options may be granted under the Plan to any participating employee. However, the aggregate fair market value of shares of common stock (determined on the date the option is granted) with respect to which incentive stock options become exercisable for the first time by an individual option holder during any calendar year (under all such plans maintained by EasyWeb) may not exceed \$100,000.

Options granted under the Plan may be exercised within twelve months after the date of an optionee's termination of employment by reason of his death or disability, or within three months after the date of termination by reason of retirement or voluntary termination approved by the Board of Directors, but only to the extent the option was otherwise exercisable on the date of termination. In the event an optionee's employment is terminated for any reason other than

13

death, disability, retirement or voluntary termination approved by the Board of Directors, the optionee's option terminates thirty days after the date of such termination.

The Plan will terminate on February 24, 2009. The Plan may be amended by the Board of Directors without shareholder approval, except that no amendment that increases the maximum aggregate number of shares that may be issued under the Plan or changes the class of employees who are eligible to participate in the Plan, can be made without the approval of our shareholders. As of December 31, 2004, 100,000 options were outstanding and exercisable. These options were granted on December 20, 2001 to Terry Romero, a consultant. Options granted under the Plan, and shares of common stock issued upon the exercise of any those options, will not be registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933. These securities will be offered pursuant to the exemption from registration provided by Regulation D promulgated under Sections 3(b) and 4(2) of, or other available exemption under, the Securities Act of 1933. Accordingly, resales of the securities will be subject to the registration requirements of Section 5 of, and Rule 144 of the General Rules and Regulations promulgated under, the Securities Act of 1933.

The Plan provides that the number of shares of common stock underlying each option and the exercise price of the option shall be proportionately adjusted in the event of a stock split, reverse stock split, stock dividend or similar capital adjustment that is effected without receipt of additional consideration by EasyWeb.

Edgar Filing: EASYWEB INC - Form 10KSB

Compensation of Directors

Directors of EasyWeb receive no compensation pursuant to any standard arrangement for their services as directors. However, directors who are not officers may be paid an annual fee or a fee per meeting of the Board of Directors in an amount to be determined in the future by the Board of Directors. During the year ended December 31, 2004, we issued Mr. David Floor 200,000 shares of our common stock in exchange for director's fees. The shares were valued based on contemporaneous sales to unrelated third party investors at \$5,000, or \$.025 per share.

Employment Agreements

On December 10, 2004, we entered into a management consulting services agreement with Mr. Floor. Under the terms of the agreement, the Company has agreed to pay Mr. Floor a one-time fee of \$10,000 plus expenses, upon the closing of any transaction leaving EasyWeb with a positive business directive and available finances, non-detrimental to the survival of EasyWeb.

On December 9, 2004, we entered into an employment agreement with Mr. Olson. Under the terms of the agreement, we have agreed to pay Mr. Olson a one-time fee of \$100,000 if and when EasyWeb completes a merger, acquisition, reverse merger, financing, or any other related transaction non-detrimental to the immediate future of EasyWeb, that leaves us in a position and direction better than we were prior to the transaction.

On December 10, 2004, the Company entered into a consulting services agreement whereby Summit will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;
- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and

14

- f. Conclude business and transactions necessary to keep the Company current in all public filings, a-float and in business until an aforementioned business transaction is closed, to include lending funds to the Company when absolutely necessary as has been done over the prior three years at no charge, allowing the Company to survive.

Under the terms of the agreement, the Company has agreed to pay Summit a one-time fee of \$120,000 on the date of closing of any transaction leaving the Company with a positive business directive and available finances, non-detrimental to the survival of the Company.

Long-Term Incentive Plans

None.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND

Edgar Filing: EASYWEB INC - Form 10KSB

RELATED STOCKHOLDER MATTERS

Beneficial Owners

The following table sets forth information regarding beneficial ownership as of February 25, 2005, of our common stock by any person who is known by us to be the beneficial owner of more than five (5%) percent of our voting securities, by each Director of the Registrant, and by officers and Directors of the Registrant as a group. Under the General Rules and Regulations of the Commission, a person is deemed to be the beneficial owner of a security if the person has or shares the power to vote or direct the voting, or dispose or direct the disposition, of the security. As of February 25, 2005, there were 6,176,200 common shares issued and outstanding.

All ownership is beneficial and on record and all beneficial owners listed below have sole voting and investment power with respect to the shares shown, unless otherwise indicated.

15

Beneficial Owner -----	Shares Beneficially Owned (1) -----	Percentage of Class (1) -----
David C. Olson (2) (3) 6025 South Quebec Street, Suite 135 Englewood, Colorado 80111	2,160,333	34.98%
David Floor (3) 5820 South Tolcate Woods Lane Salt Lake City, Utah 84121	200,000	3.24%
Thomas M. Vickers 6025 South Quebec Street, Suite 135 Englewood, Colorado 80111	410,000	6.64%
Brent Henshaw 6610 E. Colorado Drive Denver, CO 80224	548,333	8.88%
Robert J. Zappa 15129 E. Cholla Crest Trail Fountain Hills, AZ 85268	964,000	15.61%
All executive officers and directors as a group	2,360,333	38.22%

(1) Represents the number of shares of common stock owned of record and beneficially by each named person or group, expressed as a percentage of 6,176,200 shares of our common stock issued and outstanding as of February 25, 2005.

(2) Executive officer of the Company.

(3) Member of the Board of Directors of the Company.

The following table provides information related to equity compensation plans as of December 31, 2004:

Edgar Filing: EASYWEB INC - Form 10KSB

16

Plan Category -----	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights -----	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights -----	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans -----
Equity compensation plans approved by security holders....	100,000	\$ 0.25	75,000
Equity compensation plans not approved by security holders.	-0-	N/A	-0-

Changes in Control

The Company knows of no arrangement, including the pledge by anyone of any securities of the Company that may result in a change in control.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Because of their management positions, organizational efforts and/or percentage share ownership in EasyWeb, Messrs. Olson and Zappa may be deemed to be "parents" and "promoters" of the Company, as those terms are defined in the Securities Act of 1933 and the applicable Rules and Regulations under the Securities Act of 1933. Because of the above-described relationships, transactions between and among EasyWeb and Messrs. Olson and Zappa, such as the sale of our common stock to each of them as described above, should not be considered to have occurred at arm's-length.

Common Stock Transactions

On May 13, 2004, the Company issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share. The shares were valued based on contemporaneous sales to unrelated third party investors. David Olson, our President is also Summit's President, director and sole shareholder. The shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Act for transactions by an issuer not involving a public offering.

During May 2004, the Company issued 200,000 to Thomas Olson, the brother of David Olson, in exchange for corporate governance services. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction. The shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Act for transactions by an issuer not involving a public offering.

During May 2004, the Company issued 200,000 to David Floor in exchange for director fees. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction. The shares were issued pursuant to the exemption from the registration requirements of the

Edgar Filing: EASYWEB INC - Form 10KSB

Securities Act provided by Section 4(2) of the Act for transactions by an issuer not involving a public offering.

During January 2002, we sold 33,333 and 16,667 shares of our common stock to Mr. Olson and Ms. Petrinsky, respectively, at \$.03 per share (gross proceeds totaling \$1,500). At the time of issuance, both Mr. Olson and Ms. Petrinsky were

17

officers of EasyWeb. In addition to the 50,000 shares sold to Mr. Olson and Ms. Petrinsky, we sold 500,000 shares of our common stock to unrelated third parties for gross proceeds totaling \$15,000, or \$.03 per share. The shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Act for transactions by an issuer not involving a public offering.

Office Space and Administrative Support

Summit has contributed the use of office space and administrative support (including reception, secretarial and bookkeeping services) to us for the years ended December 31, 2004 and 2003. Our President is also the President, director and sole shareholder of Summit.

The office space and administrative support contributed by Summit has a fair market value of approximately \$500 and \$1,000 per month, respectively. We have recognized expenses for rent and administrative support based on fair market value. Any period in which the amount paid to Summit for office space and administrative support was below the fair market value, the remaining balance was considered contributed by Summit and recorded as a credit to additional paid-in capital in our financial statements. During the years ended December 31, 2004 and 2003, we paid Summit \$-0- and \$-0- for office space, respectively, and we paid Summit \$173 and \$510 for administrative support, respectively. Accordingly, Summit contributed the remaining fair values for the use of the office space and administrative support. Contributed office space totaled \$6,000 and \$6,000, and contributed administrative support totaled \$11,827 and \$11,490 for the years ended December 31, 2004 and 2003, respectively.

Liabilities

In August and December 2004, Mr. Olson loaned us a total of \$1,300 for working capital. The loans carry no interest rate and are due on demand.

At December 31, 2003, the Company owed Summit \$18,111 for professional fees and other administrative expenses paid on behalf of EasyWeb. During the year ended December 31, 2004, Summit paid expenses totaling \$4,187 on EasyWeb's behalf. On May 13, 2004, we issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share. The shares were valued based on contemporaneous sales to unrelated third party investors. As of December 31, 2004, we owed Summit \$12,298.

Employment Agreements

On December 10, 2004, we entered into a management consulting services agreement with Mr. Floor. Under the terms of the agreement, the Company has agreed to pay Mr. Floor a one-time fee of \$10,000 plus expenses, upon the closing of any transaction leaving EasyWeb with a positive business directive and available finances, non-detrimental to the survival of EasyWeb.

Edgar Filing: EASYWEB INC - Form 10KSB

On December 9, 2004, we entered into an employment agreement with Mr. Olson. Under the terms of the agreement, we have agreed to pay Mr. Olson a one-time fee of \$100,000 if and when EasyWeb completes a merger, acquisition, reverse merger, financing, or any other related transaction non-detrimental to the immediate future of EasyWeb, that leaves us in a position and direction better than we were prior to the transaction.

On December 10, 2004, the Company entered into a consulting services agreement whereby Summit will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;

18

- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and
- f. Conclude business and transactions necessary to keep the Company current in all public filings, a-float and in business until an aforementioned business transaction is closed, to include lending funds to the Company when absolutely necessary as has been done over the prior three years at no charge, allowing the Company to survive.

Under the terms of the agreement, the Company has agreed to pay Summit a one-time fee of \$120,000 on the date of closing of any transaction leaving the Company with a positive business directive and available finances, non-detrimental to the survival of the Company.

Item 13. EXHIBITS

(a) Exhibits:

Exhibit Number	Description
-----	-----
3.1	Articles of Incorporation of Net Escapes, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 10SB12G filed on February 13, 2001.)
3.2	Articles of Amendment to the Articles of Incorporation of Net Escapes, Inc. (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form 10SB12G filed on February 13, 2001.)
10.1*	Employment Agreement with David Olson
10.2*	Management Consulting Services Agreement with David Floor
10.3*	Management Consulting Services Agreement with Matt Meister
10.4*	Management Consulting Services Agreement with Summit Financial Relations
10.5*	Incentive Stock Option Plan

Edgar Filing: EASYWEB INC - Form 10KSB

- 22.1 Schedule 14A (Incorporated by reference to the Company's Schedule 14A filed on January 28, 2005.)
- 31.1* Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.
- 32.1* Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

19

* Filed herewith.

(b) Reports on Form 8-K:

None.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

1. Audit and audit-Related Fees

During the year ended December 31, 2004, the Company's principal accountant billed \$6,385 in fees that were directly associated with the preparation of annual audit reports and quarterly review reports.

During the year ended December 31, 2003, the Company's principal accountant billed \$6,350 in fees that were directly associated with the preparation of annual audit reports and quarterly review reports.

2. Tax Fees

During the year ended December 31, 2004, the Company's principal accountant billed \$-0- in fees that were directly associated with the preparation of tax filings.

During the year ended December 31, 2003, the Company's principal accountant billed \$-0- in fees that were directly associated with the preparation of filings.

3. All Other Fees

The Company's principal accountant did not bill any other fees during the years ended December 31, 2004 and 2003.

4. The officers and directors of EasyWeb have determined that the services provided by our Company's principal accountant, as referred to in the above paragraphs, are compatible with maintaining the principal accountant's independence.

AUDIT COMMITTEE'S PRE-APPROVAL POLICIES AND PROCEDURES

Due to the fact that EasyWeb has only two active officers and two directors, the Company does not have an audit committee at this time.

PERCENTAGE OF HOURS EXPENDED

All hours expended on the principal accountant's engagement to audit the

Edgar Filing: EASYWEB INC - Form 10KSB

registrant's financial statements for the most recent fiscal year were attributable to work performed by persons that are the principal accountant's full-time, permanent employees.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): EASYWEB, INC.

By: /s/ David C. Olson

David C. Olson
President

Date: March 22, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons in the capacities and on the dates indicated.

By: /s/ David C. Olson

David C. Olson
President

Date: March 22, 2005

20

EASYWEB, INC. INDEX TO FINANCIAL STATEMENTS

	Page -----
Report of Independent Registered Public Accounting Firm	F-2
Balance Sheet at December 31, 2004	F-3
Statements of Operations for the years ended December 31, 2004 and 2003	F-4
Statement of Changes in Shareholders' Deficit for the years ended December 31, 2004 and 2003	F-5
Statements of Cash Flows for the years ended December 31, 2004 and 2003	F-6
Notes to Financial Statements	F-7

F-1

Edgar Filing: EASYWEB INC - Form 10KSB

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders:
EasyWeb, Inc.

We have audited the accompanying balance sheet of EasyWeb, Inc. as of December 31, 2004, and the related statements of operations, shareholders' deficit and cash flows for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EasyWeb, Inc. as of December 31, 2004, and the results of its operations and its cash flows for the years ended December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has a net capital deficit at December 31, 2004 and has suffered significant operating losses since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cordovano and Honeck, LLP
Denver, Colorado
February 19, 2005

F-2

EASYWEB, INC. BALANCE SHEET

DECEMBER 31, 2004

ASSETS

Current Assets:

Cash	\$	21
		=====

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current Liabilities:

Accounts payable	\$	63
Accrued liabilities		7,385
Due to officer (Note 2)		1,300

Edgar Filing: EASYWEB INC - Form 10KSB

Due to affiliate (Note 2)	12,298	-----
Total current liabilities	21,046	-----
Shareholders' deficit (Notes 4 and 6):		
Common stock, no par value; 30,000,000 shares authorized, 5,746,200 shares issued and outstanding	156,050	
Stock options outstanding	20,600	
Additional paid-in capital	87,808	
Retained deficit	(285,483)	-----
Total shareholders' deficit	(21,025)	-----
	\$ 21	=====

See accompanying notes to financial statements
F-3

EASYWEB, INC. STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,	
	2004	2003
	-----	-----
Operating expenses:		
Stock-based compensation (Note 2):		
Director fees	\$ 5,000	\$ --
Related party	5,000	--
Contributed rent (Note 2)	6,000	6,000
Administrative support	173	510
Contributed administrative support (Note 2)	11,827	11,490
Professional fees	8,535	12,812
Web site consulting and maintenance	150	120
Dues and subscriptions	1,200	2,975
Depreciation and amortization	--	486
Other	1,281	1,449
Total operating expenses	39,166	35,842
	-----	-----
Loss before income taxes	(39,166)	(35,842)
Income tax provision (Note 3)	--	--
	-----	-----
Net loss	\$ (39,166)	\$ (35,842)
	=====	=====
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
	=====	=====
Basic and diluted weighted average common shares outstanding	5,439,533	4,672,867
	=====	=====

Edgar Filing: EASYWEB INC - Form 10KSB

See accompanying notes to financial statements

F-4

EASYWEB, INC. STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT

	Common Stock		Outstanding Stock Options	Additional Paid-In Capital
	Shares	Amount		
Balance at January 1, 2003	4,506,200	\$ 120,050	\$ 20,600	\$ 52,491
March 2003, sale of common stock (\$.05/share) (Note 4)	200,000	10,000	--	--
Office space and administrative support contributed by an affiliate (Note 2)	--	--	--	17,490
Net loss, year ended December 31, 2003	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2003	4,706,200	130,050	20,600	69,981
March 2004, sale of common stock (\$.025/share) (Note 4)	240,000	6,000	--	--
May 2004, common stock issued to an affiliate to repay obligations (\$.025/share) (Note 2)	400,000	10,000	--	--
May 2004, common stock issued to a related party in exchange for services (\$.025/share) (Note 2)	200,000	5,000	--	--
May 2004, common stock issued to a director in exchange for director fees (\$.025/share) (Note 2)	200,000	5,000	--	--
Office space and administrative support contributed by an affiliate (Note 2)	--	--	--	17,827
Net loss, year ended December 31, 2004	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 2004	5,746,200	\$ 156,050	\$ 20,600	\$ 87,808
	=====	=====	=====	=====

See accompanying notes to financial statements

F-5

EASYWEB, INC. STATEMENT OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2004	2003
Cash flows from operating activities:		
Net loss	\$ (39,166)	\$ (35,842)
Adjustments to reconcile net loss to net cash		

Edgar Filing: EASYWEB INC - Form 10KSB

used by operating activities:		
Depreciation and amortization	--	486
Stock-based compensation	10,000	--
Office space and administrative support contributed by an affiliate (Note 2)	17,827	17,490
Changes in operating assets and liabilities:		
Accounts payable, accrued expenses and due to affiliate	4,027	8,534
	-----	-----
Net cash used in operating activities	(7,312)	(9,332)
	-----	-----
Cash flows from financing activities:		
Proceeds on loans from related parties	1,300	--
Repayment of related party loans	--	(650)
Proceeds from the sale of common stock	6,000	10,000
	-----	-----
Net cash provided by financing activities	7,300	9,350
	-----	-----
Net change in cash	(12)	18
Cash, beginning of period	33	15
	-----	-----
Cash, end of period	\$ 21	\$ 33
	=====	=====
Supplemental disclosure of cash flow information: Cash paid during the year for:		
Income taxes	\$ --	\$ --
	=====	=====
Interest	\$ --	\$ --
	=====	=====
Non-cash investing and financing transactions:		
Common stock issued to an affiliate to repay obligations (Note 2)	\$ 10,000	\$ --
	=====	=====

See accompanying notes to financial statements

F-6

EASYWEB, INC. NOTES TO FINANCIAL STATEMENTS

- (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES WITH BASIS OF PRESENTATION

ORGANIZATION

EasyWeb, Inc. (referenced as "we", "us", "our" in the accompanying footnotes) was incorporated in Colorado on September 24, 1998 under the name NetEscapes, Inc. Our name was changed to EasyWeb, Inc. on February 2, 1999. We design, market, sell and maintain web sites on the Internet, which are built and hosted by third party consultants. Our operations were very limited during the year ended December 31, 2003. We did not perform any services or earn any revenue during 2004 due to the lack of working capital.

Edgar Filing: EASYWEB INC - Form 10KSB

As of December 31, 2004, we have a net capital deficit and have suffered significant operating losses since inception, which raises substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should we be unable to continue as a going concern. Inherent in our business are various risks and uncertainties, including our limited operating history, historical operating losses, and dependence upon our officers and strategic alliances. We are currently dependent upon an affiliate, Summit Financial Relations, Inc. ("Summit"), which has paid expenses on our behalf, in order to maintain our limited operations. Our president has also advanced us working capital to maintain our limited operations. There is no assurance that Summit or our president will continue to pay our expenses in the future.

Our future success will be dependent upon our ability (1) to locate and consummate a merger or acquisition with an operating company, (2) to finance Internet opportunities and, ultimately, (3) to attain profitability. There is no assurance that we will be successful in consummating a merger or acquisition with an operating company, financing Internet investments, or attaining profitability. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CASH EQUIVALENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

For the purposes of the statement of cash flows, we consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. We had no cash equivalents at December 31, 2004.

The carrying amounts of cash, accounts payable and accrued liabilities approximate fair value due to the short-term maturity of the instruments.

USE OF ESTIMATES

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

INTANGIBLE ASSETS AND AMORTIZATION

Our intangible assets consist of computer software and web site development costs. We capitalize internal and external costs incurred to develop its web site during the application development stage in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Capitalized web site development costs are amortized over an estimated life of three years commencing on the date the software is ready for its intended use. We commenced amortization of our web site development costs on April 11, 2000. The web site development costs were fully amortized as of December 31, 2003. Amortization expense totaled \$0- and \$486, respectively, for the years ended December 31, 2004 and 2003.

F-7

EASYWEB, INC. NOTES TO FINANCIAL STATEMENTS

In addition, we have adopted the Emerging Issues Task Force Issue No. 00-2 ("EITF 00-2"), "Accounting for Web Site Development Costs". EITF 00-2 requires the implementation of SOP 98-1 when software is used by a vendor in providing a

Edgar Filing: EASYWEB INC - Form 10KSB

service to a customer but the customer does not acquire the software or the right to use it.

IMPAIRMENTS ON LONG-LIVED ASSETS

We evaluate the carrying value of our long-lived assets under the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Statement No. 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows estimated to be generated by those assets are less than the assets' carrying amount. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying value or fair value, less costs to sell.

LOSS PER COMMON SHARE

We account for loss per share under the provisions of SFAS No. 128, "Earnings Per Share". Under SFAS No. 128, net loss per share-basic excludes dilution and is determined by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Net loss per share-diluted reflects the potential dilution that could occur if securities and other contracts to issue common stock were exercised or converted into common stock. Common stock options outstanding at December 31, 2004 were not included in the diluted loss per share as all 100,000 options were anti-dilutive. Therefore, basic and diluted losses per share at December 31, 2004 were equal.

ADVERTISING BARTER TRANSACTIONS

We report our advertising barter transactions in accordance with EITF 99-17, "Accounting for Advertising Barter Transactions". Under EITF 99-17, revenue and expense should be recognized at fair value from an advertising barter transaction only if the fair value of the advertising surrendered in the transaction is determinable based on the entity's own historical transactions involving cash. We did not recognize any revenues or expenses in connection with our advertising barter transactions for the periods presented.

STOCK-BASED COMPENSATION

We account for stock-based compensation arrangements in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense, over the vesting period, the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of Accounting Principle Board ("APB") Opinion No. 25 and provide pro forma net earnings (loss) disclosures for employee stock option grants as if the fair value-based method defined in SFAS No. 123 had been applied. We have elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123. We did not report pro forma disclosures in the accompanying financial statements as the Company did not grant any employee stock options as of December 31, 2004.

INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the recorded book basis and the tax basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for

Edgar Filing: EASYWEB INC - Form 10KSB

operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes.

F-8

EASYWEB, INC. NOTES TO FINANCIAL STATEMENTS

RECENT ACCOUNTING STANDARDS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29." This Statement eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. We do not expect the application of SFAS No. 153 to have a material affect on our financial statements.

In December 2004, the FASB issued a revision to SFAS No. 123, "Share-Based Payment." This Statement supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" and its related implementation guidance. It establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement does not change the accounting guidance for share-based payment transactions with parties other than employees provided in Statement No. 123 as originally issued and EITF Issue No. 96-18. This Statement is effective for public entities that file as small business issuers as of the beginning of the first fiscal period that begins after December 15, 2005. We do not expect the application of SFAS No. 123 (revised) to have a material affect on our financial statements.

(2) RELATED PARTY TRANSACTIONS

LIABILITIES

In August and December 2004, an officer loaned us a total of \$1,300 for working capital. The loans carry no interest rate and are due on demand. The \$1,300 is included in the accompanying financial statements as "Due to officer".

At December 31, 2003, the Company owed Summit \$18,111 for professional fees and other administrative expenses paid on behalf of the Company. During the year ended December 31, 2004, Summit paid expenses totaling \$4,187 on behalf of the Company. On May 13, 2004, the Company issued 400,000 restricted common shares to Summit valued at \$10,000, or \$.025 per share. The shares were valued based on contemporaneous sales to unrelated third party investors. As of December 31, 2004, the Company owed the affiliate \$12,298, which is included in the accompanying financial statements as "Due to affiliate".

COMMON STOCK

During May 2004, the Company issued 200,000 to the brother of the Company's principal executive officer in exchange for corporate governance services. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction.

Edgar Filing: EASYWEB INC - Form 10KSB

During May 2004, the Company issued 200,000 to a director in exchange for director fees. The shares were valued based on contemporaneous sales to unrelated third party investors, or \$.025 per share. The Company recorded stock-based compensation of \$5,000 related to the transaction.

F-9

EASYWEB, INC. NOTES TO FINANCIAL STATEMENTS

RENT AND ADMINISTRATIVE SUPPORT

Rent

Summit contributed office space to us during the years ended December 31, 2004 and 2003. Our management has estimated the fair market value of the office space at \$500 per month, which is included in the accompanying financial statements as "Contributed rent" with an offsetting credit to "Additional paid-in capital".

Administrative support

Summit contributed administrative services to the Company during the years ended December 31, 2004 and 2003. Our management has estimated the fair market value of the services at \$1,000 per month, which is included in the accompanying condensed financial statements as "Contributed administrative support" with an offsetting credit to "Additional paid-in capital". We paid Summit \$173 and \$510, respectively, for services during the years ended December 31, 2004 and 2003; therefore, contributed administrative support totaled \$11,827 and \$11,490 for the years ended December 31, 2004 and 2003, respectively.

SERVICE AGREEMENTS

The Company entered into three service agreements with an officer, director and an affiliate (see Note 5).

(3) INCOME TAXES

A reconciliation of U.S. statutory federal income tax rate to the effective rate is as follows:

	Years Ended December 31,	
	2004	2003
U.S. statutory federal rate.....	15.00%	15.00%
State income tax rate, net of federal benefit...	3.94%	3.94%
Permanent differences.....	-8.62%	-9.24%
Net operating loss for which no tax benefit is currently available.....	-10.32%	-9.70%
	0.00%	0.00%
	0.00%	0.00%

At December 31, 2004, deferred taxes consisted of a net tax asset of \$41,983 due to operating loss carryforwards of \$209,315, which was fully allowed for, in the valuation allowance of \$41,983. The valuation allowance offsets the net deferred tax asset for which there is no assurance of recovery. The changes in the valuation allowance for the years ended December 31, 2004 and 2003 were \$4,041

Edgar Filing: EASYWEB INC - Form 10KSB

and \$3,475, respectively. Net operating loss carryforwards will expire through 2024.

The valuation allowance will be evaluated at the end of each year, considering positive and negative evidence about whether the asset will be realized. At that time, the allowance will either be increased or reduced; reduction could result in the complete elimination of the allowance if positive evidence indicates that the value of the deferred tax asset is no longer impaired and the allowance is no longer required.

Should we undergo an ownership change, as defined in Section 382 of the Internal Revenue Code, our net tax operating loss carryforwards generated prior to the ownership change will be subject to an annual limitation which could reduce or defer the utilization of those losses.

F-10

EASYWEB, INC.
NOTES TO FINANCIAL STATEMENTS

(4) SHAREHOLDERS' DEFICIT

SALE OF COMMON STOCK

During March 2004, we sold 240,000 shares of our common stock to an unrelated investor for \$6,000, or \$.025 per share.

During March 2003, we sold 200,000 shares of our common stock to an unrelated investor for \$10,000, or \$.05 per share.

STOCK OPTION PLAN

We have adopted an incentive stock option plan for the benefit of key personnel and others providing significant services. An aggregate of 175,000 shares of common stock has been reserved under the plan. Options granted pursuant to the plan will be exercisable at a price no less than 100 percent of fair market value of a common share on the date of grant.

Following is a schedule of changes in our outstanding stock options for years ended December 31, 2004 and 2003:

Description	Options	Options Exercisable	Weighted Avg Exercise Price	Weighted Avg Remaining Life
Outstanding at January 1, 2003...	100,000	100,000	\$0.25	9 years
Granted.....	-	-	-	-
Exercised.....	-	-	-	-
Expired/Cancelled.....	-	-	-	-
Outstanding at December 31, 2003.	100,000	100,000	\$0.25	8 years
Granted.....	-	-	-	-
Exercised.....	-	-	-	-
Expired/Cancelled.....	-	-	-	-
Outstanding at December 31, 2004.	100,000	100,000	\$0.25	7 years

Edgar Filing: EASYWEB INC - Form 10KSB

(5) COMMITMENTS

On October 1, 2004, the Company entered into a management consulting services agreement whereby the consultant will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;
- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and
- f. Structural recommendations to assist the Company's capability to finance.

Under the terms of the agreement, the Company has agreed to pay the consultant a one-time fee of \$120,000 on the date of closing of any of the above business transactions or any transaction giving the Company a valid financial direction.

F-11

EASYWEB, INC. NOTES TO FINANCIAL STATEMENTS

On December 9, 2004, the Company entered into an employment agreement with its president/CEO. Under the terms of the agreement, the Company has agreed to pay its president/CEO a one-time fee of \$100,000 if and when the Company completes a merger, acquisition, reverse merger, financing, or any other related transaction non-detrimental to the immediate future of the Company, that leaves the Company in a position and direction better than it was prior to the transaction.

On December 10, 2004, the Company entered into a management consulting services agreement with a director. Under the terms of the agreement, the Company has agreed to pay the director a one-time fee of \$10,000 plus expenses, upon the closing of any transaction leaving the Company with a positive business directive and available finances, non-detrimental to the survival of the Company.

On December 10, 2004, the Company entered into a consulting services agreement whereby Summit will provide services including, but not limited to:

- a. Mergers and acquisition;
- b. Due diligence studies, reorganizations, divestitures;
- c. Capital structures, banking methods and systems;
- d. Periodic reporting as to the developments concerning the general financial markets and public securities markets and industry which may be relevant or of interest or concern to the Company or the Company's business;
- e. Guidance and assistance in available alternatives for accounts receivable financing and/or other asset financing; and
- f. Conclude business and transactions necessary to keep the Company current in all public filings, a-float and in business until an aforementioned business transaction is closed, to include lending funds to the Company when absolutely necessary as has been done over the prior three years at no charge, allowing the Company to survive.

Edgar Filing: EASYWEB INC - Form 10KSB

Under the terms of the agreement, the Company has agreed to pay Summit a one-time fee of \$120,000 on the date of closing of any transaction leaving the Company with a positive business directive and available finances, non-detrimental to the survival of the Company.

(6) SUBSEQUENT EVENTS

On February 28, 2005, the Company's shareholders approved the following proposals:

- a. Reincorporate the Company in the State of Delaware;
- b. Authorize the Board of Directors to implement a reverse stock split at a ratio no greater than 40:1;
- c. Increase the Company's authorized capital by 250,000,000 shares (from 30,000,000 to 280,000,000);

As of the date of this report, the Company's re-incorporation in the State of Delaware had not yet been finalized and no reverse stock split had yet been implemented.

During January 2005, the Company sold 430,000 shares of its common stock to unrelated investors for \$13,200, or \$.03 per share.

On January 18, 2005, the Company sold a common stock option to an unrelated third party for \$1,800. Under terms of the option agreement, the holder may purchase, for an additional \$1,000, 1% of the Company's outstanding common stock as of the exercise date. The option expires on June 7, 2005.