

Edgar Filing: CAREDECISION CORP - Form 10QSB/A

CAREDECISION CORP  
Form 10QSB/A  
August 29, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended: June 30, 2002

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: 000-33187

CareDecision Corporation  
(Exact name of registrant as specified in its charter)

Nevada 91-2105842  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

2 Penn Plaza, 15th Floor, Suite 10121  
1500-53, New York, NY (Zip Code)  
(Address of principal executive offices)

(212) 292-4959  
(Registrant's telephone number, including area code)

ATR Search Corporation, 29 E. 31st Street, 2nd Floor, New York, NY 10016  
( Former name, former address and former fiscal year, if changed since  
last report)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:

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

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APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of each of the issuer's classes  
of common stock as of the most recent practicable date:  
34,195,000

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CareDecision Corporation  
[formerly ATR Search Corporation]  
(a Development Stage Company)

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CareDecision Corporation  
[formerly ATR Search Corporation]  
(a Development Stage Company)

Consolidated Balance Sheet  
as of  
June 30, 2002 (unaudited)

and

Consolidated Statements of Operations  
and  
Cash Flows  
for the Three and Six Months Ended  
June 30, 2002 and 2001 (unaudited),

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and For the Period  
July 6, 2000 (Inception) to June 30, 2002 (unaudited)

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CareDecision Corporation  
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(a Development Stage Company)  
Consolidated Balance Sheet  
(unaudited)

	June 30, 2002
Assets	-----
Current assets:	
Cash	\$ 303,599
Notes receivable	24,900
	-----
Total current assets	328,499
	-----
Fixed assets, net	27,857
Intellectual property, net	1,097,500
Investment in subsidiary	229,899
	-----
	\$1,683,755
	=====
Liabilities and Stockholders' Equity	
Current liabilities:	
Notes payable	\$ 537,573
Notes payable - officer	40,000
	-----
Total current liabilities	577,573
	-----
Stockholders' equity:	
Common stock, \$0.001 par value; 100,000,000 shares authorized, 34,195,000 shares issued and outstanding	34,195
Additional paid-in capital	2,081,095
(Deficit) accumulated during development stage	(1,009,108)
	-----
	1,106,182
	-----
	\$1,683,755
	=====

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

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CareDecision Corporation  
 [formerly ATR Search Corporation]  
 (a Development Stage Company)  
 Consolidated Statements of Operations  
 (unaudited)

	For three months ended June 30,		For six months ended June 30,		July 6, 2000 (inception) to June 30,
	2002	2001	2002	2001	2002
	-----	-----	-----	-----	-----
Revenue	\$ 674	\$ -	\$ 1,055	\$ -	\$ 1,055
	-----	-----	-----	-----	-----
Expenses:					
General & administrative expenses	293,720	-	592,295	4,974	607,486
Consulting expenses	-	-	-	-	325,000
Depreciation&amortization	-	-	1,393	-	70,393
	-----	-----	-----	-----	-----
Total expenses	293,720	-	593,688	4,974	1,002,879
	-----	-----	-----	-----	-----
Other income (expense):					
Interest income	-	-	967	-	967
Interest expense	-	-	(8,251)	-	(8,251)
	-----	-----	-----	-----	-----
Net (loss)	\$ (293,046)	\$ -	\$ (599,917)	\$ (4,974)	\$ (1,009,108)
	=====	=====	=====	=====	=====
Weighted average number of common shares outstanding					
basic & fully diluted	21,891,703	16,100,000	10,822,178	7,983,836	
	=====	=====	=====	=====	
Net (loss) per share					
basic & fully diluted	\$ (0.01)	\$ -	\$ (0.06)	\$ (0.00)	
	=====	=====	=====	=====	

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

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CareDecision Corporation  
 [formerly ATR Search Corporation]  
 (a Development Stage Company)  
 Consolidated Statements of Cash Flows  
 (unaudited)

	For the six months ended June 30,		July 6, 2000 (inception) to June 30,
	2002	2001	2002
	-----	-----	-----
Cash flows from operating activities			

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Net (loss)	\$ (599,917)	\$	-	\$ (1,009,108)
Shares issued for services	409,446		-	689,641
Depreciation and amortization	1,393		-	70,393
Adjustments to reconcile net (loss) to net cash (used) by operating activities:				
(Increase) in notes receivable	(24,900)		-	(24,900)
Net cash (used) by operating activities	(213,978)		-	(273,974)
	-----		-----	-----
Cash flows from investing activities	-		-	-
	-----		-----	-----
Cash flows from financing activities				
Increase in notes payable	537,573		-	537,573
(Decrease) in notes payable-officer	(20,000)		-	40,000
Net cash provided by financing activities	517,573		-	577,573
	-----		-----	-----
Net increase in cash	303,595		-	303,599
Cash - beginning	4		-	-
	-----		-----	-----
Cash - ending	\$ 303,599	\$	-	\$ 303,599
	=====		=====	=====
Supplemental disclosures:				
Interest paid	\$ -	\$	-	\$ -
	=====		=====	=====
Income taxes paid	\$ -	\$	-	\$ -
	=====		=====	=====
Non-cash transactions:				
Shares issued for services provided	\$ 409,466	\$	-	\$ 689,641
	=====		=====	=====
Number of shares issued for services	12,440,000		-	12,444,000
	=====		=====	=====

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

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CareDecision Corporation  
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Notes

Note 1 - Basis of presentation

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company

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believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2001 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

### Note 2 - Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. As noted above, the Company is in the development stage and, accordingly, has not yet generated a proven history of operations. Since its inception, the Company has been engaged substantially in financing activities and developing its product line, incurring substantial costs and expenses. As a result, the Company incurred accumulated net losses from July 6, 2000 (inception) through the period ended June 30, 2002 of \$(1,009,108). In addition, the Company's development activities since inception have been financially sustained by capital contributions.

The ability of the Company to continue as a going concern is dependent upon its ability to raise additional capital from the sale of common stock and, ultimately, the achievement of significant operating results. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to recover the value of its assets or satisfy its liabilities.

### Note 3 - Notes receivable

On January 15, 2002, the Company loaned an officer a total of \$15,000 which is due in one year at an interest rate of 8% per annum.

On June 1, 2002, the Company loaned CareDecision.net, Inc., a private corporation that has completed several transactions with the Company, and was once managed by several beneficial owners of the Company, a total of \$9,900 which is due on May 31, 2002 at an interest rate of 8% per annum.

During the period ended June 30, 2002, the total interest income is \$967.

### Note 4 - Fixed assets

As of June 30, 2002 the Company received the following equipment in the amount of \$27,857 from Keith Berman, a beneficial owner of the Company. Depreciation expense totaled \$1,393 for the six-month period ended June 30, 2002.

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CareDecision Corporation  
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Note 5 - Intellectual property

During the period ended June 30, 2002, the Company acquired Intellectual Property from CareDecision.net, Inc, a private corporation that has completed several transactions with the Company, and was once managed by several beneficial owners of the Company. Pursuant to the agreement, the Company paid CareDecision.net, Inc. the sum of \$187,500 with 700,000 shares of the Company's \$0.001 par value preferred stock.

Note 6 - Investment in Care Technologies, LLC

On June 21, 2001, the Company entered into an agreement with Care Technologies, LLC whereby the Company sold all of the assets and liabilities of the Company in exchange for a 10% ownership of Care Technologies, LLC. The investment was recorded at \$229,899, being the fair value of the Company's assets on the acquisition date.

Note 7 - Notes payable

On January 15, 2002, the Company received \$40,000 from Keith Berman, a beneficial owner of the Company, which is due on December 31, 2003 and accrued interest at 8% per annum. The principal and accrued interest can be converted at a rate of \$0.10 per share.

On April 23, 2002, the Company received \$475,000 from M and E Equities, LLC which is due in two years at an interest rate of 9% per annum. The principal and interest of the note can be converted into five shares of the Company's \$0.001 par value common stock for each \$1 of debt. This note is secured by all the assets of the Company to include accounts receivable, inventory, fixed assets, and intangible assets.

During the period ended June 30, 2002, the Company received a total of \$62,573 from various entities and individuals which is due upon demand and accrued interest at a rate of 0%.

During the six-month period ended June 30, 2002, the Company had interest expense of \$8,251.

Note 8 - Stockholder's equity

During the period ended June 30, 2002, the Company issued a total of 12,444,000 shares of the Company's \$0.001 par value common stock for various services at prices ranging from \$0.001 to \$1.30 per share.

There have been no other issuances of common stock.

Note 9 - Related party transactions

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On June 1, 2002, the Company loaned CareDecision.net, Inc., a private corporation that has completed several transactions with the Company, and was once managed by several beneficial owners of the Company, a total of \$9,900 which is due on May 31, 2002 at an interest rate of 8% per annum.

As of June 30, 2002 the Company received the following equipment in the amount of \$27,857 from Keith Berman, a beneficial owner of the Company. Depreciation expense totaled \$1,393 for the six-month period ended June 30, 2002.

During the period ended June 30, 2002, the Company acquired Intellectual Property from CareDecision.net, Inc, a private corporation that has completed several transactions with the Company, and was once managed by several beneficial owners of the Company. Pursuant to the agreement, the Company paid CareDecision.net, Inc. the sum of \$187,500 with 700,000 shares of the Company's \$0.001 par value preferred stock.

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On January 15, 2002, the Company received \$40,000 from Keith Berman, a beneficial owner of the Company, which is due on December 31, 2003 and accrued interest at 8% per annum. The principal and accrued interest can be converted at a rate of \$0.10 per share.

#### Note 10 - Warrants

As of March 7, 2002, the Company issued 62,500 warrants to CRS, a shareholder of the Company, to purchase the Company's \$0.001 par value common stock on a one-for-one basis. The warrant exercise price is \$0.10 per share of common stock and substantially all warrants will expire on or before March 7, 2007.

As of June 30, 2002, no warrants have been exercised to acquire additional shares of common stock.

#### Note 11 - Reverse acquisitions agreement with Medicius, Inc. (MED)

On June 21, 2001, the Company entered into an agreement with MED whereby the Company acquired all of the issued and outstanding common stock of NDI in exchange for 38,043,863 voting shares of the Company's \$0.001 par value common stock. The acquisition was accounted for using the purchase method of accounting as applicable to reverse acquisitions because the former stockholders of the MED controlled the Company's common stock immediately upon conclusion of the transaction. Under reverse acquisition accounting, the post-acquisition entity was accounted for as a recapitalization of MED. The common stock issued was recorded at \$0, being the fair value of the Company's assets on the acquisition date.

The continuing company has retained December 31 as its fiscal



year end.

Note 12 - Subsequent events

On August 2, 2002, the Company amended its articles of incorporation to change the Company's name to CareDecision Corporation and increase its authorized capital to 200,000,000 shares of the common stock with a par value of \$0.001 and 5,000,000 shares of the preferred stock with a par value of \$0.001.

On August 1, 2002, the Company issued 3,000,000 shares to Ken Lowman for consulting services rendered.

On August 9, 2002, the Company issued 2,000,000 shares to Barbara Asbell, a shareholder of the Company, for consulting services rendered.

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Item 2. Management's Discussion and Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about our business, financial condition and prospects that reflect our assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, our ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry. There may be other risks and circumstances that we are unable to predict. When used in this Quarterly Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions. All forward-looking statements are intended to be covered by the safe harbor created by Section 21E of the Securities Exchange Act of 1934.

General

We were formed as a Nevada corporation under the name ATR Search Corporation ("ATR") on March 2, 2001. On June 28, 2002 we filed a report on Form 8-K with the Securities and Exchange Commission, incorporated herein by reference, whereby Medicus, Inc. ("Medicus"), a Nevada corporation, merged with and into ATR. Pursuant to the terms of the merger agreement, ATR obtained the operations of Medicus.

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We adopted Medicius' business model, which is to provide enhanced information technology (IT) to physicians at the point of clinical decision because we believe that the growth of the e-healthcare industry will far outpace that of our previous business model, which was to provide IT technology professionals to businesses on a part-time or full-time basis. With the demise of many .com companies over the past few years the market has become saturated with unemployed IT professionals. It is the opinion of management that this will act to drive down the fees we can obtain from the placement of these professionals and reduce the number of companies desirous of engaging our services. On the other hand, the Medicius software systems, communication tools and suite of software applications obtained through our merger, permits a physician to request critical patient medical and/or medication information via the Web on a Microsoft Windows CE-based PDA at, or prior to the point-of-care.

The system captures and displays the requested information, and overlays formulaic medical treatment protocols and medical step therapies, creating not only a patient specific historical medical chart, but also suggested treatment alternatives, approved medications and diagnosis specific protocols. Utilization of this system by the practicing physician enhances clinical decision-making, improves physician productivity, insures formulary compliance, reduces the cost of healthcare and positively impacts the care provided to the patient.

On August 2, 2002 we filed amended articles of incorporation with the state of Nevada (see exhibit 3.1c, previously filed with the Commission) to change the name of our company to CareDecision Corporation and increase our number of authorized common shares to 200,000,000.

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### Results of Operations

We generated \$1,055 in revenues for the six-month period ended June 30, 2002. Our future revenues will be reliant on the acceptance of our software systems, communication tools and suite of software applications.

Total operating expenses for the six months ended June 30, 2002 were \$593,688 and \$1,002,879 since inception. Total operating expenses for the six-month period ended June 30, 2002 and since inception were entirely related to general and administrative expenses, consulting fees, depreciation and amortization, and organizational costs.

### Future Business

The elements of our future business strategy include: expanding geographically into key markets through a combination of opening new offices and developing relationships with clients to generate demand for our services; recruiting qualified, medical software and other technical personnel to perform technical, implementation and support duties as contracts are entered into, although there can be no assurance that any such contracts will be secured; and pursuing entry into new markets complementary to our proposed operations. Future operations are

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dependent upon our ability to implement our business and marketing strategies and to establish relationships and contracts with health insurers and HMOs to provide our e-healthcare products and services.

### Liquidity and Capital Resources

We believe our cash on hand of \$303,599 will be sufficient to fund ongoing fiscal 2002 and 2003 operations and provide for our working capital needs, however, we have negative working capital of \$249,074. Our accountant has issued a note concerning our ability to continue as a going concern. As we are still considered to be in the development stage, our prospects of continuing as a going concern are contingent upon our ability to achieve and maintain profitable operations. Revenues generated over and above expenses will be used for further development of our services, to provide financing for marketing and promotion, to secure additional customers, equipment and personnel, and for other working capital purposes.

To date, we have financed our cash flow requirements through a public issuance of common stock and through the issuance of notes. During our normal course of business, we will experience net negative cash flows from operations, pending receipt of revenues. Further, we may be required to obtain financing to fund operations through additional common stock offerings and bank borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available working capital.

All investor inquiries should be directed via mail to Mr. Robert Cox, President, CareDecision Corp. 2 Penn Plaza, 15th Floor, Suite 1500-53, New York, New York 10121.

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## PART II - OTHER INFORMATION

### Item 6a. Exhibits

Exhibit Number	Name and/or Identification of Exhibit
3.1	Articles of Incorporation & By-Laws
	(a) Articles of Incorporation of the Company filed March 2, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission.
	(b) Certificate of Amendment to the Articles of Incorporation of the Company filed May 9, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission.
	(c) Certificate of Amendment to the Articles

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of Incorporation of the Company filed August 2, 2002. Incorporated by reference to the exhibits to the Company's June 30, 2002 Quarterly Report on Form 10-QSB, previously filed with the Commission.

3.2 By-Laws of the Company adopted March 16, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission.

99.1 Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. SECTION 1350)

Item 6b. Reports on Form 8-K

(a) Items 5 and 7 on Form 8-K filed with the Commission on June 28, 2002.

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SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CareDecision Corporation

-----  
(Registrant)

Date: August 28, 2002  
-----

By: /s/ Robert Cox  
-----

Robert Cox, President and CEO

Date: August 28, 2002  
-----

By: /s/ Michael Vogel  
-----

Michael Vogel, Treasurer and CFO

