

CYTATION CORP
Form 10QSB
May 13, 2002

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended March 31, 2002

Commission file Number 0 5388

CYTATION CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

16-0961436

(State or Other Jurisdiction of
Incorporation)

(I.R.S. Employer Identification Number)

251 Thames Street, Bristol, RI 02809
(Address of Principal Executive Offices) (Zip Code)

(401) 254-8800
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Common Stock, \$.001 Par Value - 37,361,857 shares as of March 31, 2002.

FORWARD-LOOKING INFORMATION

THIS FORM 10-QSB AND OTHER STATEMENTS ISSUED OR MADE FROM TIME TO TIME BY CYTATION CORPORATION OR ITS REPRESENTATIVES CONTAIN STATEMENTS WHICH MAY CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED BY THE PRIVATE SECURITIES LITIGATION

REFORM ACT OF 1995. FIFTEEN U.S.C.A. SECTIONS 77Z-2 AND 78U-5 (SUPP. 1996). THOSE STATEMENTS INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF OR CURRENT EXPECTATIONS OF CYTATION CORPORATION AND MEMBERS OF ITS MANAGEMENT TEAM AS WELL AS THE ASSUMPTIONS ON WHICH SUCH STATEMENTS ARE BASED. PROSPECTIVE INVESTORS ARE CAUTIONED THAT ANY SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, AND THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR REVISE FORWARD-LOOKING STATEMENTS TO REFLECT CHANGED ASSUMPTIONS, THE OCCURRENCE OF UNANTICIPATED EVENTS OR CHANGES TO FUTURE OPERATING RESULTS OVER TIME.

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements.

Cytation Corporation (Formerly CollegeLink.com Incorporated)

CONTENTS

UNAUDITED FINANCIAL STATEMENTS

Balance Sheets as of March 31, 2002 and December 31, 2001

Statements of Operations - For the Three Months Ended March 31, 2002 and 2001

Statements of Cash Flows - For the Three Months Ended March 31, 2002 and 2001

Cytation Corporation (Formerly CollegeLink.com Incorporated)

Balance Sheets

ASSETS

March 31,

December 31,

2002

2001

(Unaudited)

(Audited)

CURRENT ASSETS: Cash \$

32,185

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	\$
	79,861
Cash in escrow account	
	427,502
	424,781
Notes receivable, stockholders	
	21,598
	21,598
Notes receivable, others	
	180,405
	180,405
Prepaid expenses and other current assets	
	<u>30,136</u>
	<u>154,637</u>
Total Current Assets	
	691,826
	861,282
PROPERTY AND EQUIPMENT, Net	
	<u>24,727</u>
	<u>31,687</u>
TOTAL ASSETS	
	\$
	716,553
	\$
	892,969
=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

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CURRENT LIABILITIES: Accounts payable and accrued expenses

\$
249,528

\$
211,273

COMMITMENTS AND CONTINGENCIES

-

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STOCKHOLDERS' EQUITY: Series A convertible preferred stock, \$4.00 stated value, \$0.01 par value; 2,500,000 shares authorized, 1,140,000 shares issued and outstanding

(Liquidation value = \$4,560,000) 4,584,980 4,584,980 Series B convertible preferred stock, \$7.625 stated value, \$0.01 par value; 300,000 shares authorized, -0- shares issued and outstanding

-

-

Series C convertible preferred stock, \$4.00 stated value, \$0.01 par value;

1,000,000 shares authorized, -0- shares issued and outstanding

-

-

Common stock, \$0.001 par value, 100,000,000 shares authorized, 37,361,857 shares issued and outstanding

37,361

37,361

Additional paid-in capital

28,467,440

28,467,440

Deferred compensation

(240,000)

(410,000)

Accumulated deficit

(32,382,756)

(31,998,085)

TOTAL STOCKHOLDERS' EQUITY

467,025681,696

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$

716,553

\$

892,969

=====

=====

See notes to financial statements.

Cytation Corporation (Formerly CollegeLink.com Incorporated)

REVENUES:

College and high school programs \$ - \$ 1,301,182

Other revenues - 44,326- 1,345,508

COST OF GOODS SOLD

- 905,038

GROSS PROFIT

- 440,470

OPERATING EXPENSES:

Technology - 31,263

Depreciation and amortization 6,960 161,826

Sales and marketing - 139,368

General and administrative 379,417 1,337,834

TOTAL OPERATING EXPENSES

386,377 1,670,291

OPERATING LOSS

(386,377) (1,229,821)

OTHER INCOME (EXPENSES):

Interest income (expense), net 1,706 (16,554)

LOSS BEFORE INCOME TAXES

(384,671) (1,246,375)

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INCOME TAXES	_____	_____
NET LOSS	(384,671)	(1,246,375)
PREFERRED STOCK DIVIDEND EARNED	<u>68,775</u>	<u>128,775</u>
NET LOSS ATTRIBUTABLE TO COMMON SHARES	\$ (453,446)	\$ (1,375,150)
Net Loss Per Share (Basis and Diluted)	\$ (0.01)	\$ (0.09)
Weighted Average Common Shares Outstanding	<u>37,361,857</u>	<u>15,363,098</u>

See notes to financial statements.

Cytation Corporation (Formerly CollegeLink.com Incorporated)
Statements of Cash Flows
For the Three Months Ended March 31, 2002 and 2001
(Unaudited)

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (384,671)	\$ (1,246,375)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,960	161,826
Amortization of deferred compensation	170,000	140,797
Accrued interest on note payable	-	16,729
Changes in operating assets and liabilities:		
Accounts receivable	-	(119,190)
Prepaid expenses and others	124,501	93,199
Cash in escrow account	(2,721)	-
Accounts payable and accrued expenses	38,255	372,516
Unearned revenue	<u>-</u>	<u>193,561</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(47,676)</u>	<u>(386,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(30,196)

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Collection on notes receivable	-	25,000
Capitalization of software development costs	<u>-</u>	<u>(4,995)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(10,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments of) note payable and debt	-	425,000
Proceeds from issuance of common stock	<u>-</u>	<u>641</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>425,641</u>
NET INCREASE (DECREASE) IN CASH	(47,676)	28,513
CASH, Beginning	<u>79,861</u>	<u>161,481</u>
CASH, Ending	\$ 32,185	\$ 189,994
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the periods for:		
Interest	\$ -	\$ -
	=====	=====
Taxes	\$ -	\$ -
	=====	=====
Non-cash investing and financing activities:		
Offset note receivable with accrued expenses	\$ -	\$ 10,000
	=====	=====

See notes to financial statements.

Notes To Financial Statements

1. The Company:

Until June 20, 2001, the Company provided an extensive range of in-school and online services directed at high school students and their parents, high school counselors, college admissions officers and corporations which target the teen marketplace. On June 20, 2001, the Company sold all of its assets associated with these activities to TMP Worldwide Inc.

2. Deferred Compensation:

On July 2, 2001, the Company's board of directors authorized advances to two officers of the Company in the aggregate amount of \$600,000. These advances are repayable by the either officer if the officer leaves the employment of the Company before January 2003, unless certain events occur before such date. These advances have been booked as deferred compensation and amortize over fifteen (15) months. In addition, the Company also advanced \$50,000 to one of the officers in lieu of his participation in the Company's retirement plans, which amount has been recorded as compensation expense in the quarter ended March 31, 2002.

Item 2. Management's Discussion and Analysis or Plan of Operation

The Company sold all of its revenue producing assets on June 20, 2001. Accordingly, the following should be read in conjunction with Item 5 hereof.

Results of Operations

As a result of the sale in June 2001 by the Company of substantially all of its assets (including all of its revenue generating assets) to TMP and the prior sales of the Company's Internet services businesses, the Company no longer is engaged in any business in which it was engaged during its three fiscal years ended June 30, 1998, 1999 and 2000, its six-month transition period ending December 31, 2000 or its fiscal year ended December 31, 2001. Accordingly, management does not believe that it is informative or useful to compare the results of operations of the principal business which it conducted until June 20, 2001 but which it no longer owns with the results of operations of this business and other discontinued businesses for prior periods, including the three month period ended March 31, 2001.

Liquidity and Capital Resources

Net cash used in operating activities was \$47,676 for the three month period ended March 31, 2002 compared to \$386,937 for the three month period ended March 31, 2001, when the Company was still carrying on its former business. As of March 31, 2002, the Company had positive working capital of \$442,298 compared to negative working capital of \$2,529,332 as of March 31, 2001.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

On February 7, 2002, Gerald Paxton, a former consultant to the Company, filed a demand for arbitration arising under his consulting agreement with the Company. Mr. Paxton claims the Company owes him \$239,059, plus interest. On March 4, 2002, the Company responded and denied any liability to Mr. Paxton. The Company intends to vigorously defend itself against all of the claims raised in the demand for arbitration.

Item 2. Change in Securities

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

On June 20, 2001, Cytation Corporation (then known as CollegeLink.com Incorporated) and its wholly owned subsidiary Cytation Bristol Corporation (then known as CollegeLink Corporation) sold substantially all of their respective assets, including all of their respective operating assets, to TMP. TMP is the parent corporation of TMP Interactive Inc. d/b/a Monster.com. As consideration for the sale, TMP paid Cytation Corporation approximately \$4,202,000 in cash and assumed approximately \$3,062,000 of Cytation's liabilities. Among the liabilities that TMP assumed were notes issued by Cytation to TMP in the aggregate principal amount of \$1,000,000.

On May 22, 2001, the Company's common stock stopped trading on the American Stock Exchange where it had traded under the symbol "APS". From May 22, 2001 through June 21, 2001, the Company's common stock traded on the Nasdaq Over the Counter Bulletin Board under the symbol "CLGK". Since June 21, 2001, the Company's common stock has traded on the Nasdaq Over the Counter Bulletin Board under the symbol "CYTY".

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

The following exhibits are filed as part of or incorporated by reference into this Report:

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of the Company(2)
3.2	Articles of Merger between the Company and Cytation Corporation, dated February 11, 1999(1)
3.3	Articles of Merger between CollegeLink.com Incorporated and ECI, Inc., dated August 10, 1999(2)
3.4	Certificate of Merger of CollegeLink.com Incorporated and ECI, Inc., dated August 10, 1999(2)
3.5	Certificate of Ownership and Merger between the Company and CollegeLink.com Incorporated, dated November 15, 1999(2)
3.6	By-Laws of the Company(2)
4.1	Please see Exhibits 3.1 and 3.6 for provisions of the Amended and Restated Certificate of Incorporation and By-Laws of the Company defining the rights of holders of the common stock of the Company
10.1	Consulting Agreement by and among CollegeLink.com Incorporated and Gerald A. Paxton, dated August 10, 1999(2)
10.2	Amended and Restated Asset Purchase Agreement by and among TMP Worldwide, Inc., CollegeLink.com Incorporated and CollegeLink Corporation, dated May 2, 2001(3)
10.3	Escrow Agreement by and among the Company, TMP Worldwide, Inc, and Eastern Bank and Trust Company, dated June 20, 2001
10.4	Bill of Sale and Assignment, by and among TMP Worldwide, Inc., CollegeLink.com Incorporated and CollegeLink Corporation, dated June 20, 2001
10.5	Non-Competition and Non-Solicitation Agreement between TMP Worldwide and Richard A. Fisher, dated June 20, 2001
10.6	Non-Competition and Non-Solicitation Agreement between TMP Worldwide and Kevin J. High, dated June 20, 2001
10.7	Employment Agreement, dated October 15, 2001, between the Company and Richard A. Fisher
10.8	Employment Agreement, dated October 15, 2001, between the Company and Kevin High
10.9	Lease dated September 22, 1999 between the Company and Midview, LLC
24.1	Power of Attorney (contained on the signature page of this Form 10-KSB)

(1) Incorporated by reference from the Company's Form 8-K, Current Report, filed March 18, 1999, and later amended on April 2, 1999.

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(2) Filed as Exhibit to the Company's Registration Statement No. 333-85079 on Form SB-2 and incorporated herein by reference.

(3) Filed as an Exhibit to the Company's Proxy Statement filed May 25, 2001 and incorporated herein by reference.

(b) Reports on Form 8-K

None

SIGNATURE

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

CYTATION CORPORATION

By: /s/ Richard A Fisher

Name: Richard A. Fisher

Title: Chairman

Date: May 13, 2002