

CALIBRUS, INC.
Form 10-Q
May 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2011
or

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

For the transition period from: _____ to _____

CALIBRUS, INC.
(Exact name of registrant as specified in its charter)

NEVADA (State or Other Jurisdiction of Incorporation)	000-53408 (Commission File Number)	86-0970023 (I.R.S. Employer Identification No.)
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1225 W. Washington Street, Suite 213, Tempe AZ 85281
(Address of Principal Executive Office) (Zip Code)

(602) 778-7516
(Registrant's telephone number, including area code)

(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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer., or a smaller reporting company.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the issuer's Common Stock outstanding as of May 10, 2011 is 6,794,600.

PART I – FINANCIAL INFORMATION

Item 1.

Financial Statements.

CALIBRUS, INC.
CONDENSED BALANCE SHEETS

	ASSETS	
	March 31, 2011	December 31, 2010
Current Assets		
Cash and cash equivalents	\$ 4,155	\$ 21,519
Accounts receivable - trade, net	487,592	372,990
Prepaid expenses	216	6,133
Total Current Assets	491,963	400,642
Property and equipment, net	41,049	47,357
Software development, net	2,445,771	2,675,062
Deposits	28,649	29,392
Deferred financing fees	2,987	-
Total Assets	\$ 3,010,419	\$ 3,152,453
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Convertible notes payable, net of discount - current portion	\$ 670,000	\$ 605,000
Convertible related party notes payable - current portion	405,000	405,000
Notes payable - current portion	50,000	-
Related party notes payable - current portion	116,000	-
Due to factor	198,784	132,729
Accounts payable - trade	486,500	684,570
Accrued liabilities	431,198	266,106
Total Current Liabilities	2,357,482	2,093,405
Total Liabilities	2,357,482	2,093,405
Stockholders' Equity		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none issued or outstanding	-	-

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Common stock, \$.001 par value, 45,000,000 shares
authorized,

6,794,600 shares issued and outstanding	6,795	6,795
Additional paid-in capital	4,769,074	4,765,758
Accumulated deficit	(4,122,932)	(3,713,505)
Total Stockholders' Equity	652,937	1,059,048
Total Liabilities and Stockholders' Equity	\$ 3,010,419	\$ 3,152,453

The Accompanying Notes are an Integral
Part of these Condensed Financial Statements

CALIBRUS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Revenues	\$ 870,319	\$ 1,044,609
Cost of revenues	302,175	367,286
Gross profit	568,144	677,323
Research and development expense	369,882	-
General and administrative expenses	575,282	548,818
Income (loss) from Operations	(377,020)	128,505
Other Income (Expense):		
Interest income	1	211
Interest expense	(32,408)	(13,561)
	(32,407)	(13,350)
Income (loss) before income taxes	(409,427)	115,155
Income tax benefit (expense) - deferred	-	-
Net Income (loss)	\$ (409,427)	\$ 115,155
Income (Loss) per Common Share: (Note 1)		
Basic and Diluted	\$ (0.06)	\$ 0.02
Weighted Average Common Shares Outstanding:		
Basic and Diluted	6,794,600	6,794,600

The Accompanying Notes are an Integral
Part of these Condensed Financial Statements

CALIBRUS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income (loss)	\$ (409,427)	\$ 115,155
Adjustments to reconcile net income (loss) to net cash flows from		
operating activities:		
Depreciation and amortization	236,163	18,743
Amortization of debt discount	-	2,317
Amortization of deferred financing fees	329	-
Warrants issued for services	-	425
Changes in assets and liabilities:		
Accounts receivable - trade	(114,602)	(199,335)
Prepaid expenses	5,917	26,485
Deposits	743	477
Accounts payable - trade	(198,070)	195,941
Accrued liabilities	165,092	(84,967)
Net cash provided (used) by operating activities	(313,855)	75,241
Cash flows from investing activities:		
Purchase of fixed assets	(564)	-
Capitalized software development	-	(470,069)
Net cash used by investing activities	(564)	(470,069)
Cash flows from financing activities:		
Proceeds from issuance of debt	241,000	370,000
Repayment of debt	(10,000)	-
Proceeds from factoring line	614,694	-
Repayment of factoring line	(548,639)	-
Net cash provided by financing activities	297,055	370,000
Net decrease in cash and cash equivalents	(17,364)	(24,828)
Cash and cash equivalents at beginning of period	21,519	174,428
Cash and cash equivalents at end of period	\$ 4,155	\$ 149,600

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ 1,200	\$ -
Income taxes	\$ 50	\$ 50

The Accompanying Notes are an Integral
Part of these Condensed Financial Statements

CALIBRUS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

1. Summary of Significant Accounting Policies and Use of Estimates:

Presentation of Interim Information:

The condensed financial statements included herein have been prepared by Calibrus, Inc. (“we”, “us”, “our” or “Company”) without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”) and should be read in conjunction with the audited financial statements as of December 31, 2010. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, as permitted by the SEC, although we believe the disclosures, which are made, are adequate to make the information presented not misleading. Further, the condensed financial statements reflect, in the opinion of management, all normal recurring adjustments necessary to present fairly our financial position at March 31, 2011, and the results of our operations and cash flows for the periods presented. The December 31, 2010 condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Interim results are subject to significant seasonal variations and the results of operations for the three months ended March 31, 2011 are not necessarily indicative of the results to be expected for the full year.

Nature of Corporation:

Calibrus, Inc. (the “Company”) was incorporated on October 22, 1999, in the State of Nevada. The Company’s principal business purpose is to operate a customer contact center for a variety of clients, who are located throughout the United States. The Company provides customer contact support services for various companies wishing to outsource these functions. We have provided Hosted Business Solutions for ten years and now plan to expand our offerings to offer a social networking site called JabberMonkey (Jabbermonkey.com) and development of a location based social networking application for smart phones called Fanatic Fans.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, the collection of accounts receivable, the recoverability of software development, and the valuation of stock options and warrants. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The estimated fair values for financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The carrying amounts of accounts receivable, accounts payable, accrued liabilities, and notes payable approximate fair value given their short term nature or effective interest rates.

Earnings per Share:

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period and contains no dilutive securities. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. The Company calculates diluted earnings per share using the treasury stock method. For the three month periods ended March 31, 2011 and 2010, none of the potentially dilutive securities were deemed to be in the money. As such, all potentially dilutive securities are anti-dilutive.

CALIBRUS, INC.
 NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Income (loss) available to common stockholders	\$ (409,427)	\$ 115,155
Weighted average number of common shares used in basic earnings per share	6,794,600	6,794,600
Effect of dilutive securities:		
Stock options	-	-
Stock warrants	-	-
Weighted average number of common shares		