

iTalk Inc.  
Form 10-Q  
January 23, 2014

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended November 30, 2013

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: 000-54664

iTALK, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

N/A

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

2400 W. Cypress Creek Road; #111

Fort Lauderdale, Florida 33309

(Address of principal executive offices) (zip code)

(877) 652-3834

(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 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

As of January 22, 2014, there were 49,457,680 shares of registrant’s common stock outstanding.

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## iTALK, INC.

## INDEX

	Page	
<b>PART I. FINANCIAL INFORMATION</b>		
ITEM 1	Financial Statements	
	Condensed consolidated balance sheets as of November 30, 2013 (unaudited) and August 31, 2013	3
	Condensed consolidated statements of operations for the three months ended November 30, 2013 and 2012 (unaudited)	4
	Condensed consolidated statement of stockholders' deficit for the three months ended November 30, 2013 (unaudited)	5
	Condensed consolidated statements of cash flows for the three months ended November 30, 2013 and 2012 (unaudited)	6
	Notes to condensed consolidated financial statements (unaudited)	7-18
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18-26
ITEM 3.	Quantitative and Qualitative Disclosures about Market Risk	26
ITEM 4.	Controls and Procedures	26
<b>PART II. OTHER INFORMATION</b>		
ITEM 1.	Legal Proceedings	27
ITEM 1A.	Risk Factors	27
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	28
ITEM 3.	Defaults Upon Senior Securities	28
ITEM 4.	Mine Safety Disclosures	28
ITEM 5.	Other Information	28

ITEM 6.	Exhibits	28
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SIGNATURES		29
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## ITEM 1. FINANCIAL STATEMENTS

iTALK, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	November 30, 2013 (unaudited)	August 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash	\$ 169,482	\$ 42,370
Prepaid and other expenses	30,051	36,869
Total current assets	199,533	79,239
Property and equipment, net	103,442	109,464
Other assets:		
Customer lists, net	243,000	256,500
Domain rights	117,625	125,400
Total other assets	360,625	381,900
<b>Total assets</b>	<b>\$ 663,600</b>	<b>\$ 570,603</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 184,039	\$ 131,734
Deferred revenue	111,545	76,304
Settlement payable	348,000	-
Notes payable	150,000	250,000
Convertible note payable, short term portion, net of debt discount of \$225,534	14,466	130,928
Stock based payable	14,725	14,725
Advances payable	50,000	50,000
Advances payable, related party	3,300	3,300
Loans payable, related party	36,965	36,965
Derivative liability	2,008,410	-
Total current liabilities	2,921,450	693,956
Long term debt:		
Convertible note payable, long term, net of debt discount of \$56,384	3,616	-
<b>Total liabilities</b>	<b>2,725,066</b>	<b>693,956</b>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock; \$0.001 par value; 50,000,000 and -0- shares authorized; 50,000,000 and -0- shares issued and outstanding as of November 30, 2013 and August 31, 2013; respectively		
Series A Preferred Stock, \$0.001 par value; 5 and -0- shares designated, 5 and -0- shares issued and outstanding as of November 30, 2013 and August 31, 2013, respectively	-	-

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Series B Preferred Stock, \$0.001 par value; 49,999,995 and -0- shares designated, 49,999,995 and -0- shares issued, -0- and -0- shares outstanding as of November 30, 2013 and August 31, 2013, respectively	50,000	-
Common stock, \$0.001 par value, 500,000,000 shares authorized; 48,957,680 and 46,350,000 shares issued and outstanding as of November 30, 2013 and August 31, 2013, respectively	48,958	46,350
Additional paid in capital	970,450	579,151
Common stock subscriptions	112,500	-
Accumulated deficit	(3,443,374)	(748,854 )
Total stockholders' deficit	(2,261,466)	(123,353 )
<b>Total liabilities and stockholders' deficit</b>	<b>\$663,600</b>	<b>\$570,603</b>

See the accompanying notes to the unaudited condensed consolidated financial statements

iTALK, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	Three months ended November 30,	
	2013	2012
<b>REVENUES:</b>		
Sales	\$208,332	\$-
Cost of sales	186,682	-
Gross profit	21,650	-
<b>OPERATING EXPENSES:</b>		
Selling, general and administrative	653,367	8,026
Research and development expenses	7,991	-
Depreciation and amortization	27,922	-
Total operating expenses	689,280	8,026
Loss from operations	(667,630 )	(8,026 )
Other income (expense):		
Loss on change in fair value of derivatives	(979,764 )	
Interest expense	(1,047,126 )	-
Loss before provision for income taxes	(2,694,520 )	(8,026 )
Provision for income taxes (benefit)	-	-
<b>NET LOSS</b>	<b>\$(2,694,520 )</b>	<b>\$(8,026 )</b>
Net loss per common share, basic and diluted	\$(0.06 )	\$(0.00 )
Weighted average number of common shares outstanding, basic and diluted	47,439,692	42,500,000

See the accompanying notes to the unaudited condensed consolidated financial statements

iTALK, INC.  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT  
THREE MONTHS ENDED NOVEMBER 30, 2013  
(unaudited)

	Series A preferred stock		Series B preferred stock		Common stock		Additional Common		Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid In Capital	Stock Subscriptions		
Balance, August 31, 2013	-	\$-	-	\$-	46,350,000	\$46,350	\$579,151	\$-	\$(748,854)	\$(123,353)
Series B preferred stock issued to acquire United States Treasury bond	-	-	49,999,995	50,000	-	-	(50,000)	-	-	-
Common stock issued in connection with issuance of convertible debt	-	-	-	-	1,000,000	1,000	144,000	-	-	145,000
Series A preferred stock issued for services rendered	5	-	-	-	-	-	183,385	-	-	183,385
Common stock issued as payment of settlement payable	-	-	-	-	1,107,680	1,108	114,414	-	-	115,522
Common stock issued for previous common stock subscription	-	-	-	-	500,000	500	(500)	-	-	-
Common stock subscription	-	-	-	-	-	-	-	112,500	-	112,500



received										
Net loss	-	-	-	-	-	-	-	-	(2,694,520)	(2,694,520)
Balance, November 30, 2013	5	-	49,999,995	\$50,000	48,957,680	\$48,958	\$970,450	\$112,500	\$(3,443,374)	\$(2,261,466)

See the accompanying notes to the unaudited condensed consolidated financial statements

iTALK, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
(unaudited)

	Three months ended	
	November 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(2,694,520)	\$(8,026 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	27,922	-
Amortization of debt discount	847,170	-
Bad debt expense	80,065	-
Liability for registration rights	155,080	-