WATER CHEF INC
Form 10QSB
November 08, 2005

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

FORM 10-QSB

(Mark One)

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2005

( ) TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from to

Commission file number 1-09478

WATER CHEF, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	86-0515678
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1007 Glen Cove Avenue, Suite 1, Glen Head, New York 11545
(Address of principal executive offices)

516-656-0059
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the 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 _____ No X

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

OUTSTANDING AS OF NOVEMBER 8, 2005

CLASS	Common
Par value $0.001 per share	178,738,154

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

WATER CHEF, INC.

INDEX

i

WATER CHEF, INC.
(A Development-Stage Company Commencing January 1, 2002)
CONDENSED BALANCE SHEET
AT SEPTEMBER 30, 2005
(UNAUDITED)

ASSETS

CURRENT ASSETS:	
Cash	$ 2,883
Inventory	30,000
Prepaid expenses	8,754
TOTAL CURRENT ASSETS	41,637
OTHER ASSETS:	
Patents and trademarks - net of accumulated amortization of $8,334	17,721
Other assets	3,162
TOTAL OTHER ASSETS	20,883
TOTAL ASSETS	$ 62,520

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES:	
Accounts payable	$ 222,307
Accrued expenses and other current liabilities	1,346,938
Notes payable (including accrued interest of $518,850)	1,187,072
Accrued dividends payable	146,732
Customer deposit	115,000
TOTAL CURRENT LIABILITIES	3,018,049
LONG-TERM LIABILITIES:	
Loans payable to stockholder (including accrued interest of $123,122)	495,903
TOTAL LIABILITIES	3,513,952
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' DEFICIENCY:	
Preferred stock - $.001 par value; 10,000,000 shares authorized; 237,773 shares issued and outstanding, (liquidation preference $1,112,250)	238
Common stock - $.001 par value; 190,000,000 shares authorized; 177,304,697 shares issued and 177,300,297 shares outstanding	177,305
Additional paid-in capital	20,559,577

Treasury stock, at cost - 4,400 shares of common stock	(5,768)
Deficit accumulated through December 31, 2001	(14,531,596)
Deficit accumulated during development stage	(9,651,188)
TOTAL STOCKHOLDERS' DEFICIENCY	(3,451,432)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 62,520

See notes to condensed financial statements.

1

WATER CHEF, INC.
(A Development-Stage Company Commencing January 1, 2002)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended September 30,		For the Ni Sept
	2005	2004	2005
SALES	$ --	$ --	$ 260,000
COST OF SALES	21,000	24,000	2,000
GROSS (LOSS) PROFIT	(21,000)	(24,000)	218,000
SELLING, GENERAL AND ADMINISTRATIVE - Including stock based compensation of $0 and $0 for the three months ended September 30, 2005 and 2004 and $18,000 and $311,037 for the nine month ended September 30, 2005 and 2004, and $741,563 for the period January 1, 2002 to September 30, 2005, respectively	275,299	428,357	920,505
NON-DILUTION AGREEMENT TERMINATION COST	--	--	--
INTEREST EXPENSE - including interest expense to a related party of $5,967 and $17,901 for three and nine months ended September 30, 2005 and 2004, respectively and $89,505 for the period January 1, 2002 through September 30, 2005	37,182	37,557	112,296
LOSS ON SETTLEMENT OF DEBT	--	--	--
FINANCING COST - EXTENSION OF WARRANTS	--	--	74,700
STOCK APPRECIATION RIGHTS - REDUCTION IN VALUE	--	--	(121,340
NET LOSS	(333,481)	(489,914)	(768,161

DEEMED DIVIDEND ON PREFERRED STOCK	--	--	--
PREFERRED STOCK DIVIDENDS	(34,909)	(47,398)	(121,552
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (368,390)	$ (537,312)	$ (889,713
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.00)	$ (0.00)	$ (0.01
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC AND DILUTED	168,354,650	142,188,759	161,884,506

See notes to condensed financial statements.

2

WATER CHEF, INC.
(A Development Stage Company Commencing January 1, 2002)
CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005
(UNAUDITED)

	Preferred Stock		Common S	
	Shares	Amount	Shares	
BALANCE - JANUARY 1, 2005	614,413	$ 615	155,885,727	$
Proceeds from sale of common stock				
($0.05 per share) - March 21, 2005	--	--	200,000	
($0.06 per share) - May 12, 2005	--	--	500,000	
($0.05 per share) - May 12, 2005	--	--	200,000	
($0.07 per share) - July 14, 2005	--	--	714,286	
($0.08 per share) - July 14, 2005	--	--	312,500	
($0.10 per share) - July 14, 2005	--	--	1,000,000	
($0.07 per share) - August 5, 2005	--	--	428,571	
Common stock issued for services				
($0.05-$0.10 Per share) - March 21, 2005	--	--	230,000	
Common stock issued in repayment of debt				
($0.07 per share) - July 14, 2005	--	--	571,428	
Preferred stock converted to common stock				
During the quarter ended March 31, 2005	(55,970)	(56)	2,518,800	
During the quarter ended June 30, 2005	(34,020)	(34)	1,360,800	
During the quarter ended September 30, 2005	(286,650)	(287)	13,382,585	
Extension of 1,666,667 warrants - June 7, 2005	--	--	--	

Preferred stock dividend	--	--	--	
Net loss	--	--	--	
BALANCE - SEPTEMBER 30, 2005	237,773	$ 238	177,304,697	$

See notes to condensed financial statements

3

WATER CHEF, INC.
(A Development Stage Company Commencing January 1, 2002)
CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005
(UNAUDITED)
(Continued)

	Treasury Stock	Deficit Accumulated Through December 31, 2001	Deficit Accumulated During Development Stage
BALANCE - JANUARY 1, 2005	$ (5,768)	$(14,531,596)	$ (8,883,027)
Proceeds from sale of common stock			
($0.05 per share) - March 21, 2005	--	--	--
($0.06 per share) - May 12, 2005	--	--	--
($0.05 per share) - May 12, 2005	--	--	--
($0.07 per share) - July 14, 2005	--	--	--
($0.08 per share) - July 14, 2005	--	--	--
($0.10 per share) - July 14, 2005	--	--	--
($0.07 per share) - August 5, 2005	--	--	--
Common stock issued in for services			
($0.05-$.10 per share) - March 21, 2005	--	--	--
Common stock issued in repayment of debt			
($0.07 per share) - July 14, 2005	--	--	--
Preferred stock converted to common stock			
During the quarter ended March 31, 2005	--	--	--
During the quarter ended June 30, 2005	--	--	--
During the quarter ended September 30, 2005	--	--	--
Extension of 1,666,667 warrants - June 7, 2005	--	--	--
Preferred stock dividend	--	--	--
Net loss	--	--	(768,161)

BALANCE - SEPTEMBER 30, 2005	$ (5,768)	$(14,531,596)	$ (9,651,188)

See notes to condensed financial statements.

WATER CHEF, INC.
(A Development-Stage Company Commencing January 1, 2002)

CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30, 2005	For the Nine Months Ended September 30, 2004	For the Period January 1, 2002 (Inception) to September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (768,161)	$(3,302,675)	$(9,651,188)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of patents	1,390	1,391	6,952
Non-cash stock-based compensation	18,000	311,037	741,563
Non-dilution agreement termination cost	--	(223,860)	2,462,453
Financing cost - warrant extension	74,700	94,151	168,851
Loss on settlement of debt	--	2,313,716	2,519,866
Inventory reserve	--	--	159,250
Write-off of stock subscription receivable	--	--	21,800
Changes in assets and liabilities:			
Inventory	(30,000)	26,500	(30,000)
Prepaid expenses	8,359	(10,025)	47,746
Accounts payable, accrued expenses, accrued dividends and customer deposits	341,863	125,523	1,391,652
NET CASH USED IN OPERATING ACTIVITIES	(353,849)	(664,242)	(2,161,055)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Stock subscription receivable	20,000	--	65,700
Proceeds from sale of preferred stock	--	412,756	1,130,127
Proceeds from sale of common stock	255,000	207,600	732,600
Proceeds from sale of common stock to be issued	--	--	200,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	275,000	620,356	2,128,427
NET DECREASE IN CASH	(78,849)	(43,886)	(32,628)
CASH AT BEGINNING OF PERIOD	81,732	102,831	35,511
CASH AT END OF PERIOD	$ 2,883	$ 58,945	$ 2,883

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Common stock issued for repayment of debt	$ 40,000	$ --	$ 40,000

See notes to condensed financial statements.

WATER CHEF, INC.
(A Development Stage Company Commencing January 1, 2002)

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - DESCRIPTION OF BUSINESS

Water Chef, Inc. (the "Company"), is a Delaware corporation currently engaged in the design and marketing of water dispensers and purification equipment both inside and outside the United States. The Company's corporate headquarters are located in Glen Head, New York.

NOTE 2 - BASIS OF PRESENTATION AND ACCOUNTING POLICES

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to make the financial statements not misleading have been included.

The operating results for the nine-month period ended September 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. These financial statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB, filed on April 6, 2005, for the year ended December 31, 2004.

DEVELOPMENT STAGE COMPANY
The Company is in the development stage as defined by Statement of Financial Accounting Standards ("SFAS") Statement No. 7, "Accounting and Reporting for Development Stage Companies." To date, the Company has generated limited sales and has devoted its efforts primarily to developing its products, implementing its business and marketing strategy and raising working capital through equity financing or short-term borrowings.

REVENUE RECOGNITION
The Company recognizes its revenue when products are shipped and collection is reasonably assured.

STOCK BASED COMPENSATION
In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB

Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company will continue to account for stock-based compensation according to Accounting Pronouncement Board ("APB") Opinion No. 25.

The following table summarizes relevant information as to reported results under the Company's intrinsic value method of accounting for stock awards, with supplemental information as if the fair value recognition provisions of SFAS No. 123 had been applied for the periods ended September 30, 2005 and 2004 as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Net loss applicable to common stockholders, as reported	$ (368,390)	$ (537,312)	$ (889,713)	$(5,548
ADD:				
Stock-based employee compensation, included in reported loss	--	--	--	-
LESS:				
Stock based employee compensation cost, net of tax effect under fair value accounting	--	44,636	--	125,
Pro-forma net loss under fair value method	$ (368,390)	$ (581,968)	$ (889,713)	$(5,673,
Loss per share - basic and diluted, as reported	$(0.00)	$(0.00)	$(0.01)	$(0
Pro-forma loss per share - basic and diluted	$(0.00)	$(0.00)	$(0.01)	$(0

WATER CHEF, INC.
(A Development Stage Company Commencing January 1, 2002)

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 3 - GOING CONCERN

The accompanying condensed financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred recurring losses from operations, an accumulated deficit since its inception of approximately $24,183,000 and has a working capital deficiency of approximately $2,976,000 at September 30, 2005. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with respect to these matters include restructuring its existing debt, settling its existing debt by issuing shares of its common stock and raising additional capital through future issuance of stock and or debentures. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its product, marketing plan and distribution network.

The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE 4 - RECENT ACCOUNTING STANDARDS

In May 2005, the FASB issued SFAS 154 - Accounting Change and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3. This statement replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This statement is effective for accounting changes and corrects errors made in fiscal years beginning after December 15, 2005. Management is evaluatiOnG the impact of this pronouncement on the Company's financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share Based Payment." This statement is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. SFAS No. 123R addresses all forms of share based payment ("SBP") awards including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will be measured at fair value on the awards' grant dates, based on the estimated number of awards that are expected to vest. This statement is effective for public entities that file as small business issuers - as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The adoption of this pronouncement is not expected to have a material effect on the Company's financial statements

NOTE 5 - NET INCOME (LOSS) PER SHARE OF COMMON STOCK

Basic loss per share was computed using the weighted average number of outstanding common shares. Diluted loss per share includes the effect of dilutive common stock equivalents from the assumed exercise of options, warrants and convertible preferred stock. Common stock equivalents were excluded in the computation of diluted loss per share since their inclusion would be anti-dilutive. Total shares issuable upon the exercise of options, warrants and conversion of preferred stock for the nine months ended September 30, 2005 and 2004 were 17,256,233 and 37,555,044, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases its administrative facilities, located in Glen Head, New York, on a month-to-month basis.

WATER CHEF, INC.
(A Development Stage Company Commencing January 1, 2002)

NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 7 - COMMON STOCK ISSUED

Cash

During the nine months ended September 30, 2005, the Company raised $255,000 through the sale of 3,355,357 shares of common stock.

Services

During the nine months ended September 30, 2005, the Company issued 230,000 shares of common stock for services for a value of $18,000.

Debt

During the nine months ended September 30, 2005, the Company issued 571,428 shares of common stock to pay-down $40,000 of its debt and accrued interest.

Conversion of preferred stock into common stock

During the nine months ended September 30, 2005, the Company issued various parties 17,262,185 shares of common stock in connection with the conversion of preferred stock.

Extension of warrants

In June 2005, the Company extended the life of 1,666,667 warrants for a period of 12 months. The warrants will expire in June 2006. The Company recorded a finance charge of $74,700 for the nine months ended September 30, 2005.

NOTE 8- MAJOR CUSTOMERS/CREDIT RISK

During the nine month period ended September 30, 2005, the Company sold five units to two customers and recognized revenues of $260,000. During the nine month period ended September 30, 2004, the Company sold one unit to one customer and recognized revenues of $56,290. During the three month period ended September 30, 2005 and 2004, there were no units sold.

The Company maintains cash deposits with financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash. At September 30, 2005, the Company did not have cash balances on deposit that exceeded the federally insured limits.

NOTE 9- SUBSEQUENT EVENTS

Subsequent to September 30, 2005, the Company issued 100,000 shares of its common stock to a note holder for an agreement to defer requesting payment for a period of one month. The principal amount of the note is $400,000, and accrued interest is approximately $423,000. The share issuance will be accounted for as additional interest expense during the fourth quarter.

Subsequent to September 30, 2005, the Company issued 132,500 shares of common stock to a vendor for settlement of $6,625 of accounts payable.

Subsequent to September 30, 2005, the Company issued 1,080,357 shares of its common stock for $75,625 of cash.

Subsequent to September 30, 2005, the Company issued 125,000 shares of its common stock for services with a value of $7,500.

ITEM 2 - MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis of financial condition and results of operations of the Company should be read in conjunction with the Company's financial statements and related footnotes.

Forward-Looking Statements

Management's discussion and analysis of financial condition and results of operations and other sections of this Report contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend for the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding the Company's expected financial position, business and financing plans are forward-looking statements. Such forward-looking statements are identified by use of forward-looking words such as "anticipates," "believes," "plans," "estimates," "expects," and "intends" or words or phrases of similar expression. These forward-looking statements are subject to various assumptions, risks and uncertainties, including but not limited to, changes in political and economic conditions, demand for the Company's products, acceptance of new products, technology developments affecting the Company's products and to those discussed in the Company's filings with the Securities and Exchange Commission. Accordingly, actual results could differ materially from those contemplated by the forward-looking statements.

Introduction

Until the fourth quarter of 2001, Water Chef was engaged in the manufacture and marketing of water coolers and water purification and filtration products. In the fourth quarter of 2001, the Company completed the sale of this business in order to focus its activities on its PureSafe line of business. The PureSafe Water Station has been designed by the Company to meet the needs of communities who either do not have access to municipal water treatment systems, or for those whose systems have been compromised, either by environmental factors or by faulty design or maintenance.

Results of Operations

Sales for the nine months ended September 30, 2005 and September 30, 2004 were $260,000 and $56,290 respectively. During the nine months ended September 30, 2005, the Company recognized the sale of five PureSafe Water Station Systems. Four of these systems were purchased for use in Ecuador, and the fifth system was purchased by a humanitarian buyer to be used as part of the tsunami relief effort in Sri Lanka. In addition, Water Chef received deposits of $115,000 during the first three months of 2005 for relief effort systems that will be shipped in 2005.

Cost of sales for the nine month periods ended September 30, 2005 and 2004 were $42,000 and $77,250 respectively. The cost of the units sold during 2005 was previously written off. An analysis of the components of cost of sales in the 2005 and 2004 periods follows:

Cost of Sales Period	Product CGS	Rent and Overhead Payments to Manufacturer	Total
For the nine months ended September 30, 2005	$ --	$ 42,000	$ 42,000
For the nine month ended September 30, 2004	$ 13,250	$ 64,000	$ 77,250

Selling, general and administrative expenses for the nine months ended September 30, 2005 were $920,505, compared to $985,037 for the nine months ended September 30, 2004, a decrease of 7%.

The net loss for the nine months ended September 30, 2005 was $768,161 compared to $3,302,675 in the same period ended September 30, 2004.

9

Liquidity and Capital Resources

At September 30, 2005, the Company had a working capital deficiency of approximately $2,976,000. In addition, the Company continues to suffer recurring losses from operations and has an accumulated deficit since inception of approximately $24,183,000. The accompanying financial statements have been prepared assuming that that the Company will continue as a going concern. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with respect to these matters include restructuring its existing debt, raising additional capital through future issuances of stock and/or equity, and finding sufficient profitable markets for its products to generate sufficient cash to meet its business obligations. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its product, marketing plan and distribution network.

The accompanying condensed financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Recent Accounting Standards

In May 2005, the FASB issued SFAS 154 - Accounting Change and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3. This statement replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provision, those provisions should be followed. This statement is effective for accounting changes and corrects in errors made in fiscal years beginning after December 15, 2005. Management is evaluating the impact of this pronouncement on the Company's financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share Based Payment." This statement is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and its related implementation guidance. SFAS No. 123R addresses all forms of share based payment ("SBP") awards including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, SBP awards result in a cost that will be measured at fair value on the awards' grant dates, based on the estimated number of awards that are expected to vest. This statement is effective for public entities that file as small business issuers - as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The adoption of this pronouncement is not expected to have a material effect on the Company's financial statements.

ITEM 3 - CONTROLS AND PROCEDURES

Evaluation and Disclosure Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures," as such term is defined in Rules 13a-15e promulgated under the Exchange Act as of this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Management is aware that there is a lack of segregation of duties at the Company due to the small number of employees dealing with general administrative and financial matters. This constitutes a material weakness in the financial reporting. However, at this time management has decided that considering the employees involved and the control procedures in place, the risks associated with such lack of segregation are insignificant and the potential benefits of adding additional employees to clearly segregate duties do not justify the expenses associated with such increases. Management will periodically reevaluate this situation. If the volume of the business increases and sufficient capital is secured, it is the Company's intention to increase staffing to mitigate the current lack of segregation of duties within the general administrative and financial functions.

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.

Limitations on the Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a Company have been detected.

PART 11 - OTHER INFORMATION

ITEM 2 - CHANGES IN SECURITIES AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

During the nine months ended September 30, 2005, the Company raised $255,000 through the sale of 3,355,357 shares of common stock.

During the nine months ended September 30, 2005, the Company issued 230,000 shares of common stock for services for a value of $18,000.

During the nine months ended September 30, 2005, the Company issued 571,428 shares of common stock to pay-down $40,000 of its debt and accrued interest.

During the nine months ended September 30, 2005, the Company issued various parties 17,262,185 shares of common stock in connection with the conversion of preferred stock.

The Company issued these shares in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933 and Regulation D promulgated there under. These shares were offered to less than 35 "non-accredited" investors and were purchased for investment purposes with no view to resale.

ITEM 6 - EXHIBITS

Exhibit No.	Description
14.1	Code of Ethics
31	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 8 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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

Water Chef, Inc.

Date November 8, 2005

/s/ David A. Conway

David A. Conway
President, Chief Executive Officer, and Chief Financial Officer
(Principal Operating Officer)