

Crown Equity Holdings, Inc.
Form 10-Q
August 14, 2014

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 June 30, 2014

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 000-29935

CROWN EQUITY HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Nevada 33-0677140
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

11226 Pentland Downs Road, Las Vegas, NV 89141
(Address of principal executive offices)

(702) 448-1543
(Issuer's telephone number)

5440 West Sahara Avenue, Suite 205, Las Vegas, NV 89146
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No x

As of August 14, 2014, there were 919,192,502 shares of Common Stock of the issuer outstanding.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Crown Equity Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2014	December 31, 2013
Assets		
Current Assets		
Cash	\$6,252	\$1,088
Marketable securities	14,000	10,500
Marketable securities held in related party	70,000	70,000
Accounts receivable from related party	1,500	1,500
Total Current Assets	91,752	83,088
Property, plant and equipment, net of accumulated depreciation of \$64,993 and \$63,869	1,742	2,866
Total Assets	\$93,494	\$85,954
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	\$209,679	\$171,789
Accounts payable to related party	5,026	5,026
Notes payable to related party	229,569	134,219
Notes payable	50,768	15,068
Total Current Liabilities	495,042	326,102
Stockholders' Deficit		
Preferred stock, \$0.001 par value, 100,000,000 shares authorized, 99,000,000 shares undesignated authorized	-	-
Series A convertible preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$0.001 par value, 4,900,000,000 shares authorized 919,192,504 and 878,192,504 shares issued and outstanding	919,193	878,193
Additional paid-in capital	8,166,451	7,940,951
Accumulated deficit	(9,487,192)	(9,059,292)
Total Stockholders' Deficit	(401,548)	(240,148)
Total Liabilities and Stockholders' Deficit	\$93,494	\$85,954

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

Crown Equity Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue	\$-	\$16,080	\$-	\$44,380
Operating expenses	74,730	33,308	413,785	61,326
Loss from operations	(74,730)	(17,228)	(413,785)	(16,946)
Other (expense) income				
Interest expense	(7,542)	(4,284)	(15,084)	(8,568)
Losses on equity method investment - related party	-	(80,348)	-	(132,988)
Other (expense) income	(173)	703	(2,531)	2,441
Unrealized (loss) gain on marketable securities	(11,550)	(6,250)	3,500	(42,800)
Total other expense	(19,265)	(90,179)	(14,115)	(181,915)
Net loss	\$(93,995)	\$(107,407)	\$(427,900)	\$(198,861)
Net loss per share – basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average number of common shares outstanding - basic and diluted	919,192,502	878,286,275	907,640,016	879,300,421

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

Crown Equity Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities		
Net loss	\$(427,900)	\$(198,861)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	1,124	11,806
Common stock issued for services	266,500	-
Unrealized (gain) loss on marketable securities	(3,500)	42,800
Loss on equity method investments in related party	-	132,988
Marketable securities received for revenue	-	(25,550)
Changes in operating assets and liabilities:		
Accounts receivable	-	(1,500)
Prepaid expenses	-	35,000
Accounts payable and accrued expenses	37,890	13,068
Net cash (used in) provided by operating activities	(125,886)	9,751
Cash flows from financing activities		
Payments on notes payable	-	(2,000)
Payments on related party notes payable	(3,500)	(4,000)
Borrowings on notes payable	35,700	1,250
Borrowings on related party notes payable	98,850	800
Net cash provided (used) by financing activities	131,050	(3,950)
Net increase in cash	5,164	5,801
Cash, beginning of period	1,088	1,209
Cash, end of period	\$6,252	\$7,010
Supplemental disclosure of cash flow information		
Interest paid	\$-	\$-
Income taxes paid	-	-
Noncash investing and financing activities		
Common stock returned and cancelled	\$-	\$2,133

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

Crown Equity Holdings, Inc.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Crown Equity Holdings Inc. (“Crown Equity”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Crown Equity’s December 31, 2013 Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year end December 31, 2013 as reported on Form 10-K, have been omitted. Certain prior period amounts have been reclassified to conform to current period presentation.

NOTE 2 – GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of \$9,487,192 and a working capital deficit of \$403,290 as of June 30, 2014. Unless profitability and increase in shareholders’ equity continues, these conditions raise substantial doubt as to Crown Equity’s ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

Crown Equity continues to review its expense structure reviewing costs and their reduction to move towards profitability. The Company’s expenses are planned to decrease as a percent of revenue resulting in profitability and increased shareholders’ equity.

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are classified as available-for-sale and are presented in the consolidated balance sheet at fair market value.

Per Accounting Standards Codification 820 “Fair Value Measurement”, fair values defined establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements.

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Crown Equity has classified these marketable securities at level 1 with a fair value of \$84,000 and \$80,500 as of June 30, 2014 and December 31, 2013, respectively.

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of June 30, 2014:

Description	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance as of June 30, 2014
Assets:				
Marketable securities	\$ 14,000	\$ -	\$ -	\$ 14,000
Marketable securities held in related party	70,000	-	-	70,000
Total	\$ 84,000	\$ -	\$ -	\$ 84,000

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2013:

Description	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance as of December 31, 2013
Assets:				
Marketable securities	\$ 10,500	\$ -	\$ -	\$ 10,500
Marketable securities held in related party	70,000	-	-	70,000
Total	\$ 80,500	\$ -	\$ -	\$ 80,500

Per Accounting Standards Codification 825 “ The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115 ”, an entity is permitted to irrevocably elect fair value on a contract-by-contract basis for new assets or liabilities within the scope of ASC 825 as the initial and subsequent measurement attribute for those financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option are required to (i) recognize changes in fair value in earnings and (ii) expense any up-front costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which it has elected the fair value option, and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this either by reporting the fair value and non-fair-value carrying amounts as separate line items or by aggregating those amounts and disclosing parenthetically the amount of fair value included in the aggregate amount. Crown Equity adopted ASC 825 during the third quarter of fiscal 2009 and elected the fair value option for their marketable securities.

NOTE 4 – EQUITY METHOD INVESTMENT IN RELATED PARTY

The Company’s ownership percentage in Cleantech Transit, Inc. was 43% as of June 30, 2014 and December 31, 2013, respectively. During late 2012, the Company’s ownership percentage exceeded 20% and the Company began accounting for this investment under the equity method. It was accounted for as an available-for-sale investment during the six months ended June 30, 2014.

Cleantech has had no revenues since inception. Enterprise valuation was used to value this inactive entity and the equity method is used for ongoing reporting.

As of June 30, 2014 and December 31, 2013, the carrying value of the equity method investment held in related party was zero.

NOTE 5 – RELATED PARTY TRANSACTIONS

As of December 31, 2013, the company had outstanding notes payable to related parties of \$134,219. During the six months ended June 30, 2014, the Company borrowed an additional \$98,850 under related party notes and made aggregate payments on these notes payable of \$3,500. The notes are unsecured, bear interest between 0% and 12% and mature between November 19, 2012 and on demand. As of June 30, 2014 and December 31, 2013, \$96,209 of these notes was past due and in default bearing interest at 18% per annum. As of June 30, 2014, the aggregate outstanding balance under these related party notes payable was \$229,569. These notes payable are with various officers and directors of the Company and with entities controlled by officers or directors of the Company including Montse Zaman, Phoenix Consulting Services Inc., Tisa Capital Corp., Ken Bosket, Mark Vega and Almulfo Saucedo.

In July 2013 the Company entered into a management consultant contract with Cleantech Transit, Inc., a related party, for consulting services through June 30, 2014. The terms of the agreement call for \$20,000 per month to be paid in two equal installments of cash and may be terminated by either party 30 days after written notice is given. Due to the nature of the close relationship between the parties, the Company will record this income upon receipt of the actual cash payments. There were no cash receipts and there was no revenue recognized under this agreement during the six months ended June 30, 2014.

As of June 30, 2014 and December 31, 2013, the Company held an aggregate of 7,000,000 common shares of American Video Teleconferencing, Inc. valued at \$70,000 as of June 30, 2014 and December 31, 2013. American Video Teleconferencing, Inc. became a related party in 2014 due to common officers and Directors.

NOTE 6 – NOTES PAYABLE

During the six months ended June 30, 2014 and the June 30, 2013, the Company borrowed \$35,700 and \$1,250, respectively from non-related third parties. The notes are unsecured, due on demand and do not bear interest. As of June 30, 2014 and December 31, 2013, the aggregate unpaid principal balance under these notes was \$50,768 and \$15,068, respectively.

NOTE 7 – EQUITY

During the six months ended June 30, 2014, the Company issued an aggregate of 41,000,000 common shares for services valued at \$266,500.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains 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. Crown Equity's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in Crown Equity's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

OVERVIEW

Crown Equity Holdings Inc. ("Crown Equity") was incorporated in August 1995 in Nevada. The Company is offering its services to companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. The Company also provides public relations and news dissemination for publicly and privately held companies.

In December, 2010, the Company formed two wholly owned subsidiaries Crown Tele Services, Inc. and Crown Direct, Inc. Crown Tele Services, Inc. was formed to provide voice over internet ("VoIP") services to clients at a competitive price and Crown Direct, Inc. was formed to provide direct sales to customers. Both entities had minimum sales during the quarter.

In March, 2011, the Company formed a wholly owned subsidiary CRWE Real Estate, Inc. as a subsidiary to engage in potential real estate holdings. The entity had minimal activity during the quarter.

The Company has focused its primary vision to using its network of websites to provide advertising and marketing services, as a worldwide online media advertising publisher, dedicated to the distribution of quality branding information. The Company offers Internet media-driven advertising services, which cover and connect a wide range of marketing specialties, as well as search engine optimization for clients interested in online media awareness. As part of its operations, the Company has utilized the services of software and hardware technicians in developing its websites and adding additional websites. This allows the Company to disseminate news and press releases for its customers as well as general news and financial information on a much bigger scale than it did previously. The Company markets its services to companies seeking market awareness of them and the services or goods that they offer. The Company then publishes information concerning these companies on its many websites. The Company is paid in cash and/or stock of the customer companies. The Company has numerous consulting and service customers and is therefore not dependent on any particular customer for a majority of its revenue.

Crown Equity's office is located at 11226 Pentland Down Road, Las Vegas, NV 89146.

As of June 30, 2014, Crown Equity had five employees and was utilizing the services of one independent contractor and consultant.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2014

For the three month period ended June 30, 2014, revenues were \$0 and \$16,080 for the same period in 2013. Net losses were \$93,995 for the three month period ended June 30, 2014 and \$107,407 were recorded for the three months ended June 30, 2013. Operating expenses were \$74,730 for the three months ended June 30, 2014 and \$33,308 for the same period in 2013. Other income and expenses for the three month period ended June 30, 2014 were other expenses of \$19,265 and other expenses of \$90,179 for the same quarter in 2013.

The Company incurred unrealized losses on its marketable securities during the three months ended June 30, 2014 of \$11,550 compared to unrealized losses of \$6,250 for the same period ended June 30, 2013. In addition, the Company incurred losses from equity method investments in related party of \$0 in 2014 and \$80,348 in the three month period ended June 30, 2013.

Interest for the three months ended June 30, 2014 and 2013 was \$7,542 and \$4,284, respectively.

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

For the six month period ended June 30, 2014, revenues were \$0 and \$44,380 for the same period in 2013. Net losses were \$427,900 for the six month period ended June 30, 2014 and \$198,861 were recorded for the six months ended June 30, 2013. Operating expenses were \$413,785 for the six months ended June 30, 2014 and \$61,326 for the same period in 2013. Other income and expenses for the six month period ended June 30, 2014 were other expenses of \$14,115 and other expenses of \$181,915 for the same six months in 2013.

The Company incurred unrealized gains on its marketable securities during the six months ended June 30, 2014 of \$3,500 compared to unrealized losses of \$42,800 for the same period ended June 30, 2013. In addition, the Company incurred losses from equity method investments in related party of \$0 in the six months ended June 30, 2014 and \$132,988 in the six months ended June 30, 2013.

The majority of our operating expenses in the six months ended June 30, 2014 was \$266,500 in stock issued for services. Other operating expenses have remained relatively constant for both periods presented. Interest expense incurred during the six month period ended June 30, 2014 was \$15,084 compared to \$8,568 for the same period in 2013.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2014, Crown Equity had current assets of \$91,752 and current liabilities of \$495,042, resulting in working capital deficit of \$403,290. Stockholders' deficit as of June 30, 2014 was \$401,548.

Net cash used by operating activities for the six months ended June 30, 2014 was \$125,886 compared to net cash provided of \$9,751 for the same period in 2013, a net change of \$135,637.

Net cash used in investing activities was zero for the six months ended June 30, 2014 and 2013.

Net cash provided by financing activities during the six months ended June 30, 2014 was \$131,050 compared to net cash used of \$3,950 in 2013, an increase of \$135,000. Cash received from borrowings on notes payable and notes payable to related parties constituted all of the funds raised in both periods presented.

Our existing capital may not be sufficient to meet Crown Equity's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. This condition raises substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 12b-2 of the securities exchange act of 1934 (the "exchange act") and are not requires to provide information required under this Item.

ITEM 4T: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures(as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this quarterly report on Form 10-Q such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO and CFO do not possess accounting expertise and our company does not have an audit committee. This weakness is due to the company's lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

Changes in Internal Control over Financial Reporting

Except as noted above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

None

ITEM 1A: RISK FACTORS

There have been no material changes to Crown Equity's risk factors as previously disclosed in our most recent 10-K filing for the year ending December 31, 2013.

ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the six months ended June 30, 2014, Crown Equity issued 41,000,000 common shares for services with a total value of \$266,500 as follows:

- 6,600,000 shares of common stock for compensation for \$42,900;
- 2,000,000 shares of common stock for consulting services for \$13,000.
- 32,400,000 shares of common stock for professional services for \$210,600.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION

None

ITEM 5: OTHER INFORMATION.

None

ITEM 6: EXHIBITS

EXHIBIT
31.1 Certification of Principal Executive Officer

EXHIBIT
31.2 Certification of Principal Financial Officer

EXHIBIT
32.1 Certification of Compliance to Sarbanes-Oxley

EXHIBIT
32.2 Certification of Compliance to Sarbanes-Oxley

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Schema Document

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with 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, thereunto duly authorized.

CROWN EQUITY HOLDINGS INC.

Date August 14, 2014

By: /s/ Kenneth Bosket
Kenneth Bosket, CEO

By: /s/ John Scudato
John Scudato, CFO