

Crown Equity Holdings, Inc.
Form 10-Q
September 19, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2015**

OR

o 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
(State or other jurisdiction
of incorporation or organization)

33-0677140
(IRS Employer)

11226 Pentland Downs Street, Las Vegas, NV 89141

(Address of principal executive offices)

(702) 683-8946

(Issuer's telephone number)

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 filer, non-accelerated filer, or a smaller reporting company.

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

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

As of September 15, 2016, there were 11,191,831 shares of Common Stock of the issuer outstanding.

TABLE OF CONTENTS

	Page
PART I: FINANCIAL INFORMATION	
Item 1. <u>Financial Statements (Unaudited)</u>	3
<u>Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014 (Unaudited)</u>	3
<u>Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2015 and 2014 (Unaudited)</u>	4
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and 2014 (Unaudited)</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis and Plan of Operation</u>	8
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	9
Item 4T. <u>Controls and Procedures</u>	9
PART II: OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	10
Item 1A. <u>Risk Factors</u>	10
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	10
Item 3. <u>Defaults upon Senior Securities</u>	10
Item 4. <u>Mine Safety Information</u>	10
Item 5. <u>Other Information</u>	10
Item 6. <u>Exhibits</u>	11
Signatures	12

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

Assets	September 30, 2015	December 31, 2014
Current Assets		
Cash	\$ 2,150	\$ 2,369
Prepayment for services - Related party	6,900	-
Total Current Assets	9,050	2,369
Property, plant and equipment, net of accumulated depreciation of \$73,992 and \$73,374	-	618
Total Assets	\$ 9,050	\$ 2,987
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	\$ 43,759	\$ 56,622
Accounts payable to related party	5,026	5,026
Accrued expenses	181,603	155,886
Notes payable to related parties	34,156	155,885
Notes payable	24,500	47,950
Total Current Liabilities	289,044	421,369
Stockholders' Deficit		
Preferred Stock, 10,000,000 shares authorized, 9,000,000 undesignated authorized at \$.001 par value, none issued or outstanding	-	-
Series A Convertible Preferred Stock, \$0.001 par value, 1,000,000 shares authorized, none issued or outstanding	-	-
Common Stock, 490,000,000 authorized at \$0.001 par value; 10,837,142 and 10,566,969 shares issued and outstanding	10,822	10,567
Additional paid-in capital	10,227,530	9,760,054
Accumulated deficit	(10,508,346)	(10,189,003)
Total Stockholders' Deficit	(279,994)	(418,382)
Total Liabilities and Stockholders' Deficit	\$ 9,050	\$ 2,987

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

Table of Contents**Crown Equity Holdings, Inc.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue	\$ 124	\$ -	\$ 801	\$ -
Operating expenses	12,369	61,525	287,498	475,310
Loss from operations	(12,245)	(61,525)	(286,697)	(475,310)
Other (expense) income				
Interest expense	(1,027)	(16,937)	(4,034)	(32,021)
Loss on debt conversion	(23,407)	(370,806)	(28,612)	(370,806)
Other (expense) income	-	230	-	(2,301)
Settlement expense	-	-	(10,000)	-
Loss on derivative	-	(36,696)	-	(36,696)
Unrealized (loss) gain on marketable securities	-	(6,500)	-	(3,000)
Total other expense	(24,434)	(430,709)	(42,646)	(444,824)
Net loss	\$ (36,679)	\$ (492,234)	\$ (329,343)	\$ (920,134)
Net loss per share – basic and diluted	\$ (0.00)	\$ (1.07)	\$ (0.03)	\$ (2.02)
Weighted average number of common shares outstanding - basic and diluted	10,706,088	459,596	10,688,273	455,766

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

Table of Contents**Crown Equity Holdings, Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities		
Net loss	\$ (329,343)	\$ (920,134)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	618	1,686
Common stock issued for services	194,700	266,500
Unrealized loss on marketable securities	-	3,000
Loss on derivative	-	36,696
Loss on conversion of related party debt	-	370,806
Amortization of debt discount	-	9,373
Loss on debt conversion	28,612	-
Changes in operating assets and liabilities:		
Prepayment for services - related party	(6,900)	-
Accounts payable and accrued expenses	53,448	54,414
Net cash used in operating activities	(58,865)	(177,659)
Cash flows from investing activities		
Advances to related parties	-	(16,140)
Net cash used in investing activities	-	(16,140)
Cash flows from financing activities		
Proceeds from sale of common stock	22,081	-
Payments on related party notes payable	-	(3,500)
Borrowings on notes payable	15,983	103,100
Borrowings on related party notes payable	20,582	100,350
Net cash provided by financing activities	58,646	199,950
Net increase (decrease) in cash	(219)	6,151
Cash, beginning of period	2,369	1,088
Cash, end of period	\$ 2,150	\$ 7,239
Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ 22
Income taxes paid	-	-
Noncash investing and financing activities		
Common stock issued for debt and interest	\$ 103,523	\$ 99,194
Common stock issued for settlement of accounts payable	19,495	-

Edgar Filing: Crown Equity Holdings, Inc. - Form 10-Q

Forgiveness of debt – related party	99,320	-
Debt discount due to derivative liability	-	40,000

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

Table of Contents

Crown Equity Holdings, Inc.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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, 2014 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, 2014 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 \$10,518,346 and a working capital deficit of \$279,994 as of September 30, 2015. 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 – RELATED PARTY TRANSACTIONS

As of September 30, 2015 and 2014, the Company has prepayment of services to related parties of \$6,900 and \$0, respectively

The Company is provided office space by one of the officers and directors at no charge. The Company believes that this office space is sufficient for its needs for the foreseeable future.

As of September 30, 2015 and December 31, 2014, the Company had a payable of \$5,026 to Montse Zaman, director. The payable is unsecured, bears no interest and due on demand.

As of December 31, 2014, the Company had outstanding notes payable to related parties of \$155,885. During the nine months ended September 30, 2015, the Company borrowed an additional \$20,582 under related party notes. A total of \$98,550 of related party debt principal and \$770 of related party accrued interest was forgiven by the note holders and accounted for as a capital transaction. \$43,761 of the debt principal and \$15,046 of accrued interest was settled by issuing common stock with fair value of \$70,568 resulting in a loss of \$11,761. As of September 30, 2015 the aggregate outstanding balance under these related party notes payable was \$34,156. These notes payables 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. and Ken Bosket and etc.

NOTE 4 – NOTES PAYABLE

As of September 30, 2015, the aggregate unpaid principal balance under notes payable to non-related party was \$24,500. During the nine months ended September 30, 2015, the Company borrowed an aggregate of \$15,983 from non-related third parties. \$39,433 of the debt principal and \$5,283 of the accrued interest were settled by issuing common stock with fair value of \$57,668 resulting in a loss of \$12,952. The notes are unsecured, due on demand.

During the nine month ended September 30, 2015, the Company settled an accounts payable of \$19,495 by issuing common stock with fair value of \$23,394 resulting in a loss of \$3,899.

Table of Contents

NOTE 5 – EQUITY

During the nine months ended September 30, 2015, the Company issued:

22,081 common shares for cash at \$1.00 per share for a total of \$22,081 cash,

and 110,000 common shares for services valued at \$194,700.

During the nine month ended September 30, 2015, the Company settled an accounts payable of \$19,495 by issuing common stock with fair value of \$23,394 resulting in a loss of \$3,899.

NOTE 6 – SUBSEQUENT EVENTS

Total common shares issued for the period from October 1, 2015 through September 15, 2016 was 354,689 shares which are broken down as follows:

- 168,267 shares were issued for cash proceeds of \$93,767,
- 42,496 shares were issued for services and
- 143,926 shares were issued for the settlement of promissory notes and interest of \$79,707.

On June 1, 2016 the following executive changes occurred:

- Appointed its CFO, Rudy Chacon to Vice President, its Chairman, Kenneth Bosket to Chief Financial Officer and appointed Mike Zaman as Chairman of the Board, who also remained as the corporation's President/ CEO and Arnulfo Saucedo-Bardan as its Chief Operations Officer.

Table of Contents

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 Street, Las Vegas, NV 89141.

As of September 30, 2015, Crown Equity had no employees and was utilizing the services of one independent contractor and consultant.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2014

For the three month period ended September 30, 2015, revenues were \$124 and \$0 for the same period in 2014. Net loss was \$36,679 for the three month period ended September 30, 2015. Operating expenses were \$12,369 for the three months ended September 30, 2015 and \$61,525 for the same period in 2014. Other income and expenses for the three month period ended September 30, 2015 were \$24,434 and \$430,709 for the same quarter in 2014.

The Company incurred unrealized losses on its marketable securities during the three months ended September 30, 2015 of \$0 compared to unrealized gains of \$6,500 for the same period ended September 30, 2014.

Interest for the three months ended September 30, 2015 and 2014 was \$1,027 and \$16,937, respectively.

Table of Contents

Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2014

For the nine month period ended September 30, 2015, revenues were \$801 and \$0 for the same period in 2014. Net loss was \$329,343 for the nine month period ended September 30, 2015 and net losses of \$920,134 were recorded for the nine months ended September 30, 2014. Operating expenses were \$287,498 for the nine months ended September 30, 2015 and \$475,310 for the same period in 2014. Other income and expenses for the nine month period ended September 30, 2015 were other expenses of \$42,646 and other expenses of \$2,301 for the same nine months in 2014.

The Company incurred unrealized losses on its marketable securities during the nine months ended September 30, 2015 of \$0 compared to unrealized gains of \$3,000 for the same period ended September 30, 2014. The majority of our operating expenses in the nine months ended September 30, 2015 was \$194,700 in stock issued for services. Interest expense incurred during the nine month period ended September 30, 2015 was \$4,034 compared to \$32,021 for the same period in 2014.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 2015, Company had cash provided by financing activities of \$58,646 and \$199,950 for the same period in 2014.

Cash flows used in investing activities for the year ended December 31, 2015 was \$0. Cash flows used in investing activities for the year ended December 31, 2014 totaled \$22,640.

At September 30, 2015, Crown Equity had current assets of \$9,050 and current liabilities of \$289,044. Stockholders' deficit as of September 30, 2015 was \$279,994.

Net cash used in operating activities for the nine months ended September 30, 2015 was \$58,865 compared to net cash used of \$177,659 for the same period in 2014, a net change of \$154,403.

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 4: 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 material weaknesses in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weaknesses relate 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 also 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

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.

Table of Contents

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

The Company was subject to the following judgment:

Lowell Holden vs. Kenneth Bosket, Crown Equity Holdings Inc.

On March 3, 2015, Lowell Holden received a judgment for \$39,965 in the Hennepin County District Court in Minneapolis, MN in reference to monies owed for prior services rendered. The judgment was settled with the plaintiff for \$10,000. The Company accrued the \$10,000 as settlement expense at September 30, 2015. The amount was paid subsequently in 2016.

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, 2014.

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

During the nine months ended September 30, 2015, Crown Equity issued:

- 22,081 common shares for cash of \$22,081;
- 110,000 common shares for services valued at \$194,700
- 118,597 common shares valued at \$128,236 for debt and accrued interest of \$103,523
- 19,495 common shares valued at \$23,394 for settlement of account payable of \$19,495

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION.

None

ITEM 5: OTHER INFORMATION.

None

10

Table of Contents

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.

Table of Contents

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: September 15, 2016

By: */s/ Mike Zaman*
Mike Zaman, CEO

By: */s/ Kenneth Bosket*
Kenneth Bosket, CFO