

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

USA SUNRISE BEVERAGES INC

CIK: **1005356** | IRS No.: **460439668** | State of Incorporation: **SD** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-24965** | Film No.: **1697037**

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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 JUNE 30, 2001

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

U.S.A. SUNRISE BEVERAGES, INC.

(Exact name of registrant as specified in its charter)

SOUTH DAKOTA

46-0439668

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

P.O. BOX 938 Spearfish, SD

57783

(Address of principal executive
offices)

(Zip Code)

(605) 723-5560

(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 X No ___

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

The number of shares outstanding of the registrant's common stock as of June
30, 2001 is 5,912,309 shares.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Balance Sheets - June 30, 2001 (unaudited) and December
31, 2000.

Consolidated Statement of Operations for the three and six months
Ended June 30, 2001 and 2000 (unaudited)

Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(1) Liquidity

As of June 30, 2001, Registrant had cash of \$58.00. Cash resources have been generated by advanced loans to the Company from an officer of the Company and have been used primarily to fund operating expenses. Registrant is not aware of any additional sources of liquidity.

U.S.A. Sunrise Beverages, Inc.
Balance Sheets

	June 30, 2001	December 31, 2000
Assets		
Current Assets		
Cash	\$ 58	\$ 174
	-----	-----
Total Current Assets	58	174
	-----	-----
Total Assets	\$ 58	\$ 174
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	\$ 10,464	\$ 10,464
Notes Payable	176,124	176,124
Notes Payable-Officers	14,682	13,632
Accrued Interest	50,749	60,490
	-----	-----
Total Current Liabilities	252,019	260,710
STOCKHOLDER'S EQUITY		
Preferred stock, \$0.01 par value 400,000 shares issued and outstanding	4,000	4,000
Common stock, \$0.01 par value 5,912,309 shares issued and outstanding	59,123	59,123
Additional paid in capital	1,618,593	1,572,411
Deficit accumulated during the development stage	(1,933,677)	(1,896,070)
	-----	-----
Total stockholder's Equity (deficit)	(251,961)	(260,536)
	-----	-----
Total Liabilities and Stockholder's Equity	\$ 58	\$ 174

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

U.S.A. Sunrise Beverages, Inc.
 Consolidated Statements of Operations
 For the Three Months Ended June 30, 2001 and 2000 (unaudited)

<u><TABLE></u> <CAPTION>	Three months Ended June 30, 2001	Three months Ended June 30, 2000	Six months Ended June 30, 2001	Six months Ended June 30, 2000
<S>	<C>	<C>	<C>	<C>
Revenues	\$ --	\$ --	\$ --	\$ --
Cost of Sales	--	--	--	--
	-----	-----	-----	-----
Gross Profit	--	--	--	--
Selling, general and administrative expenses	15,375	23,678	31,166	49,978
	-----	-----	-----	-----
Net loss from operations	(15,375)	(23,678)	(31,166)	(49,978)
Other Expense				
Interest expense	(3,228)	(3,158)	(6,441)	(8,121)
	-----	-----	-----	-----
Net loss	\$ (18,603)	\$ (26,836)	\$ (37,607)	\$ (58,099)
	=====	=====	=====	=====
Basic net loss per share	\$ (0.0031)	\$ (0.0047)	\$ 0.0064	\$ (0.0102)
Weighted average shares outstanding	5,912,309	5,672,309	5,912,309	5,672,309

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

U.S.A. Sunrise Beverages, Inc.
 Consolidated Statements of Cash Flows
 For the Six Months Ended June 30, 2001 and 2000
 (unaudited)

	Six months ended June 30	
	2001	2000
Cash flows from operating activities		
Net loss	(\$ 37,607)	(\$ 58,099)
Adjustments to reconcile to net loss to net cash (used in) provided by operating activities		
Stock issued for services	-	12,500

Services rendered at no charge to the Company	30,000	25,000
Change in accounts payable	-	(197)
Change in other current liabilities	6,441	8,447
Change in short term notes payable	-	(1,661)
	-----	-----
Net cash provided by (used by) operating activities	(1,166)	(14,010)
	-----	-----
Cash Flows from Investment Activities	-	-
	-----	-----
Net cash provided by (used by) investing activities	-	-
Cash flows from financing activities		
Repayment of long term debt	-	-
loans from shareholder (net)	1,050	10,927
	-----	-----
Net cash provided by (used by) financing activities	1,050	10,927
	-----	-----
Net increase (decrease) in cash	(116)	(3,083)
Cash at beginning of period	174	3,216
	-----	-----
Cash at end of period	\$ 58	\$ 133
	=====	=====

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

U.S.A. Sunrise Beverages, Inc.
Notes to Financial Statements
For the Six Months Ended June 30, 2001 and 2000
(unaudited)

NOTE 1 - BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of U.S.A. Sunrise Beverages, Inc. as of June 30, 2001 and the results of operations and cash flows for the periods presented. Certain information and footnotes disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. Management believes the disclosures made are adequate to ensure that the information is not misleading. The Accompanying consolidated financial statements and related notes should be read in conjunction with the audited financial statements in Form 10-KSB of the Registrant, and notes thereto, filed on 4/10/2001 for the year ended December 31, 2000.

2. Reclassification - Adjustments:

Certain prior year amounts have been reclassified and adjusted to conform to current year presentation.

3. Significant post-year end financing

Since inception, the Company has had limited capitalization, and consequently, its founding shareholders, primarily its president, have paid expenses and rendered services on behalf of the Company for no consideration. Management has estimated the fair value of the services rendering by its founding shareholders to be \$60,000 per year, and has recorded paid-in capital of \$620,047 since inception for these services.

On March 31, 2000, the Company issued 1,211,500 shares of common stock, of which 466,500 were issued to the Company's president, 720,000 to holders of preferred stock and 25,000 were issued to an outside consultant. The 466,500 and 720,000 shares were issued by the Company under Rule 144 in satisfaction of cumulative Preferred Stock dividends payable and recapitalization of amounts previously advanced to the Company in the form of loans. In accordance with the preferred stock designation, the shares were issued at \$.25 per share, which was 50 percent of the most recent transaction price for the shares. As a result the Company paid \$180,000 on dividends and \$116,626 on related party debt as recapitalization. Consequently the Current Liabilities were reduced in the total amount of \$296,626. The balance of 25,000 shares of common stock was issued at a price of \$0.50 per share, and relates to legal and consultant services.

On December 31, 2000, the Company issued 240,000 shares of common stock in satisfaction of dividends payable of \$60,000, issued to the preferred shareholders. In accordance with the preferred stock designation, the shares were issued at \$0.25 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

U.S.A Sunrise Beverages, Inc., (the "Company") was incorporated under the laws of the state of South Dakota August 13, 1990. The Company intends to restart its production of exotic soft drinks and spring water. The Company owns the rights to produce and distribute ten beverage flavors including Papaya Sunrise and its slogans "The Drink of Paradise". The Company also owns the rights to purchase, in bulk, water from a spring located in the Black Hills, in Spearfish, South Dakota. This water will be marketed under the names of Dakota Springs and Rushmore Springs, under the slogan "Water of Presidents".

Although there are no recent distribution agreements in place, management has kept its contacts and familiarity within the soft drink industry and with the experience and support of the Company's strong management and sales force, management believes it will re-establish channels for the distribution of its products through distributors and manufactures. Past contracts and agreements include Shasta, McLane, McLane International and Full Service Beverages.

On September 10, 1999, the Company entered into an Advisory agreement with A-Z Professional Consultants, Inc., a Utah corporation, whereby the Company will be provided the assistance in effecting the purchase of business and assets relative to its business and growth strategy, general business and financial issues consulting the introduction of the Company to brokers and dealers and assisting in the preparation of documents for use by market makers, public relation firms and consultants and others that may assist the Company in its plans and future and create a research report for the Company (the 'Service'). As consideration for these consulting and services the Company issued the consultant 100,000 shares of restricted common stock.

On September 30, 1999, Olsen Payne and Company, filed with NASD on behalf of the Company, an application for the securities of the Company to be quoted on the OTC Bulletin Board under the requirements of the Securities and Exchange Commission (SEC) Rule 15c2-11 and the filing and information requirements of

As of October 15, 1999, a limited public market for the Company's Common Stock exist on the NASDAQ O-T-C- Bulletin Board under the symbol "USBV". There was no trading of the Common Stock, however, during the year ended December 31, 1999 and quarter ended March 31, 2000, however, the Company did issue shares at \$0.50 for services in connection with consulting fees, and at \$0.25 for the conversion of cumulative preferred stock dividends and related party debt to equity.

FORWARD LOOKING INFORMATION

Certain statements included or incorporated by reference in this Form 10-QSB constitute "Forward Looking Statements" within the meaning of section 27A of the securities Act of 1933, as amended (The "Securities Act"), and Section 21E of the Exchange Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, levels of activity, performance or achievements expressed or implied by such forward looking statements. In addition forward looking statements generally can be identified by the use of forward looking terminology such as "may", "will", "expect", "intend", "anticipate", "estimate", "believe", or "continue" or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in the forward-looking are reasonable, we can not give assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in our Form 10-SB for the year ended December 31, 1998, Form 10-KSB for the year ended December 31, 1999 and Form 10-KSB for the year ended December 31, 2000.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

To the best of its knowledge, Registrant is not party to, nor is any of its property the subject of, any pending material legal proceedings, except a certain note payable to a stockholder, currently in default and subject to a June, 1997 judgment for \$72,564 plus statutory interest at 5%.

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 27 - Financial Data Schedule, filed herewith electronically
- (b) Reports on Form 8-K None

SIGNATURES

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

U.S.A Sunrise Beverages, Inc.

(Registrant)

Date: August 1, 2001

/s/ Omar Barrientos

Omar Barrientos,
President, Chief Executive Officer and
Treasurer)