

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

**MEDSTRETCH INC**

CIK: 1137667 | IRS No.: 911997729 | State of Incorp.: NV | Fiscal Year End: 1231  
Type: 10QSB | Act: 34 | File No.: 000-32517 | Film No.: 02645725  
SIC: 7389 Business services, nec

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CANADA M2N 5N5

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416-540-3234

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-QSB

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

For the Quarterly Period ended March 31, 2002

Commission File Number 000-32517  
-----

MEDSTRETCH INC.  
(FORMERLY DYNAMIC REALITY, INC.)  
(Exact name of registrant as specified in charter)

Nevada  
-----

(State or other jurisdiction of  
incorporation or organization)

91-1997729  
-----

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

4920A YONGE STREET, TORONTO, ONTARIO, CANADA  
-----

M2N 5N5  
-----

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (416) 540-3234  
-----

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 X No \_\_\_

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 10, 2002, the Company had outstanding 12,000,000 shares of its common stock, par value \$0.001.

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## PART I

## ITEM 1. FINANCIAL STATEMENTS

## Independent Accountants' Review Report

To the Board of Directors  
 Medstretch Inc.  
 Toronto, Ontario, CANADA

We have reviewed the balance sheet of Medstretch Inc. (a development stage company) as of March 31, 2002 and the related statements of operations and cash flows for the three months ended March 31, 2002 and the cumulative amounts from December 31, 1996 (inception) to March 31, 2002. These statements are the responsibility of management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the aforementioned financial statements for them to be in conformity with generally accepted accounting principles.

The accompanying financial statements have been presented assuming that the Company will continue as a going concern. The Company has not established source of revenue and this raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from outcome of this uncertainty.

Malone & Bailey, PLLC  
 Houston, Texas  
 www.malone-bailey.com

May 13, 2002

MEDSTRETCH, INC.  
 (FORMERLY DYNAMIC REALITY, INC.)  
 (A DEVELOPMENT STAGE COMPANY)  
 BALANCE SHEET

	Unaudited March 31, 2002 -----	December 31, 2001 -----
ASSETS:		
Current Assets		
Cash	\$ 9,935	\$ -
	-----	-----

Total Current Assets	9,935	-
Other Assets		
Prepaid Expenses	2,500	2,500
Total Other Assets	2,500	2,500
TOTAL ASSETS	\$ 12,435	\$ 2,500
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current Liabilities		
Accounts Payable	\$ 5,249	\$ 2,055
Note Payable - Shareholder	24,094	24,494
Total Current Liabilities	29,343	26,549
Stockholders' Equity		
Common Stock, \$.001 par value		
Authorized 100,000,000 shares		
Issued and Outstanding 12,000,000 shares	12,000	11,000
Additional Paid in Capital	52,000	28,000
Deficit Accumulated During the Development		
Stage (Deficit)	(80,908)	(63,049)
Total Stockholders' Equity	(16,908)	(24,049)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,435	\$ 2,500

See accompanying notes to financial statements.

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<TABLE>  
<CAPTION>

MEDSTRETCH, INC.  
(FORMERLY DYNAMIC REALITY, INC.)  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF OPERATIONS

	Unaudited Three Months ended March 31, 2002	Unaudited Three Months ended March 31, 2001	Cumulative amounts since inception December 31, 1996 to March 31, 2002
<S>	<C>	<C>	<C>
Revenues	\$ -	\$ -	\$ -
General and administrative	17,859	7,786	80,908
Net income (loss) from operations	(17,859)	(7,786)	(80,908)
Provision for income taxes	-	-	-
Net loss	\$ (17,859)	\$ (7,786)	\$ (80,908)
Deficit accumulated during the development stage - beginning	(63,049)	(14,300)	-
Deficit accumulated during the development stage - ending	\$ (80,908)	\$ (22,086)	\$ (80,908)

Net loss per common share	\$ (0.008)	\$ (0.001)
Weighted average number of shares outstanding	10,046,575	10,000,000

</TABLE>

See accompanying notes to financial statements.

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<TABLE>  
<CAPTION>

MEDSTRETCH, INC.  
(FORMERLY DYNAMIC REALITY, INC.)  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF CASH FLOWS

	Unaudited Three Months ended March 31, 2002	Unaudited Three Months ended March 31, 2001	Cumulative amounts since inception December 31, 1996 to March 31, 2002
	----- <C>	----- <C>	----- <C>
<S>			
Cash flows from operating activities:			
Net losses	\$ (17,859)	\$ (7,786)	\$ (80,908)
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services			39,000
Changes in assets and liabilities:			
Increase (decrease) in accounts payable	3,194	(300)	5,249
Decrease (Increase) in prepaid expenses	-	5,000	(2,500)
	-----	-----	-----
Net cash (used) by operating activities	(14,665)	(3,086)	(39,159)
Cash flows from financing activities:			
Proceeds from notes payable	(400)	11,486	24,094
Issuance of common stock	25,000	-	25,000
	-----	-----	-----
Net cash provided (used) by financing activities	24,600	11,486	49,094
Net increase (decrease) in cash	9,935	8,400	9,935
Cash, beginning of period	-	-	-
	-----	-----	-----
Cash, end of period	\$ 9,935	\$ 8,400	\$ 9,935
	=====	=====	=====
Supplemental disclosure of cash flow information:			
Significant non-cash financing activities:			
Common stock issued for services rendered	-	-	39,000
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2002  
(Unaudited)

1. GENERAL

The accompanying unaudited financial statements have been prepared in conformity with the accounting principles stated in the audited financial statements for the year ended December 31, 2001 and reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position as of March 31, 2002 and the results of operations for the periods presented. These statements have not been audited but have been reviewed by the Company's independent certified public accountants. The operating results for the interim periods are not necessarily indicative of results for the full fiscal year.

The notes to the consolidated financial statements appearing in the Company's Annual Report as filed on SEC Form 10-KSB for the year ended December 31, 2001 should be read in conjunction with this Quarterly Report on Form 10-QSB.

2. COMMON STOCK

During the quarter ended March 31, 2002, the Company sold 1,000,000 shares of its common stock at \$0.025 per share for total proceeds of \$25,000.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS  
OR PLAN OF OPERATION

Forward Looking Statements

When used in this Form 10QSB and in future filings by Medstretch Inc. with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or we expect," "will continue," "is anticipated," "estimated," or similar expression or use of the future tense, are intended to identify forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. These statements are subject to risks and uncertainties, some of which are described below and others are described in other parts of this Form 10QSB. Actual results may differ materially from historical earnings and those presently anticipated or projected. We have no obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

Business

Medstretch was incorporated in the State of Nevada on December 31, 1996, under the name Dynamic Reality, Inc. On January 29, 2002, the company changed its name to Medstretch Inc. in order to more accurately reflect the new business direction of the company. From incorporation until late 2000, Medstretch had no business operations of any kind.

Medstretch is a development-stage company devoted to the study and practice of personal wellness and preventative health care.

Our original business plan, which was formulated in December 2000, was to create an Internet based, retail marketing and consumer information portal to provide consumers with a wide range of electronic products, such as personal computer hardware, software, peripherals, accessories and product and electronic industry related information. From that time to November 2001, we were not able to adequately fund the operations of the company and ceased this plan of

operation.

In November 2001, there was a change of control of the company in which Dr. Kimberly Partridge, Doctor of Chiropractic, acquired a majority stake in the outstanding common stock of the company and became the sole director and officer.

In conjunction with the change in control in, we adopted our current business plan to design, launch and market motivational, interactive wellness software products and services. The concept of the current plan was formulated by Dr. Kimberly Partridge, our president, treasurer, secretary and sole director. The concept was derived from her experience in owning and operating a chiropractic and related wellness practice. Her experience with patients and consulting with government agencies and private industry led her to believe that there is an increasing need to address workplace stress and wellness with earlier diagnostics, health breaks and reparative exercises. The plan revolves around a concept she conceived that relates to the practice of wellness and preventative health care solutions designed around relieving musculoskeletal disorders affecting individuals who spend substantial amounts of time at computer workstations. One of the more common musculoskeletal disorders is carpal tunnel syndrome, which is considered one of the higher causes for absenteeism from the workplace.

Dr. Partridge's concept is to reduce employee absenteeism and work related health issues for corporations and government agencies through the use of animated software installed on user workstations whereby the user is requested to participate in two pre-scheduled health breaks each day. The software will be designed to focus on a series of easy to perform exercises, which will offer health benefits that should help avoid musculoskeletal injuries, increase blood flow, and generally energize the worker. The program will have animated or other forms of characters that are intended to motivate and guide the participant through practical and effective exercises during the breaks. There may be interactive elements to the program to record the level of participation in the suggested exercises and consider personal wellness. This data could be used to track the frequency and extent that workers participate in the suggested exercises and some aspects of their health depending on how the data is captured and deployed.

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We believe that the clientele that utilize our software will achieve the benefits of reduced absences from work for these types of preventable disorders and improve productivity, however, we can give no assurances that reduced absenteeism will occur from participating in the exercise programs suggested by our software. In addition, we do not currently have any insurance coverage should an employee/user sustain an injury or some other form of illness from the use of our exercise routines. We have not yet begun the development of any of our intended wellness related software products or services.

We currently do not have capital to implement our current business plan and must obtain funding. If we do not receive funding, we will have to discontinue our business plan. To fund our operations, we intend to seek either debt or equity capital or both. Until such time as Medstretch has adequate funding, we believe that our officers and directors will advance the basic operating expenses of the company. Any advances received from our officers and directors will not be utilized in implementing our business plan.

We have no commitments for funding from unrelated parties or any other agreements that will provide working capital. We cannot give any assurance that we will locate any funding or enter into any agreements that will provide the required operating capital.

Financial Condition and Changes in Financial Condition

Overall Operating Results:

We had no revenues since our inception (December 31, 1996) through March 31, 2002.

Operating expenses for the quarter ended March 31, 2002 were \$17,900 and were primarily incurred for legal and accounting fees for services rendered in connection with our financial reporting obligations and the filing of a Form SB-2 registration statement with the Securities and Exchange Commission.

Operating expenses for the prior year quarter ended March 31, 2001 totaled \$7,800 and were incurred for legal services in connection with the Company's filing of Form 10-SB with the Securities and Exchange Commission and also accounting services for the annual audit.

We have incurred a cumulative net loss since inception through March 31, 2002 of \$80,900.

#### Liquidity and Capital Resources:

Medstretch had no working capital as of March 31, 2002. It has obtained and anticipates obtaining funds to meet its accounting, legal and reporting obligations from some of its shareholders or management. It does not, however, have any legally binding agreements to obtain any necessary operating funds and does not believe it will be able to obtain capital from other sources solely for the purpose of paying these kinds of obligations in the future if it is not implementing its business plan. Medstretch is dependent on raising capital in a public offering to fund the business plan of developing and commencing marketing of the proposed software product.

We intend to seek capital to fund our business plan through the sale of common stock that was registered and declared effective on May 14, 2002 by the SEC. Up to 10,000,000 shares of Medstretch Inc. common stock are being sold by Medstretch at \$0.05 per share by one of its officers, on a self-underwritten, best efforts basis, with no minimum purchase requirements by investors. The offering will commence on March 14, 2002 and will end nine months thereafter unless we sell all the offered shares or we elect to terminate the offering prior to that final date.

We estimate that we will need approximately \$500,000 to fund our operations and fully implement our current business plan during the first year, however, if we raise less than the full amount of the offering we believe we will still be able to pursue our business objectives by adjusting our business plan. This would include reducing our expenditures in such areas as marketing, sales, consulting fees and outside Beta testing. We have no financing commitments other than managements' commitment to fund basic operating needs for the next 24 months at this time. The management advances will not be repaid from any of the cash proceeds from the sale of any shares sold in the offering.

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As of March 31, 2002, Medstretch had \$9,900 in cash and prepaid expenses were \$2,500. The total liabilities were \$26,300, which includes \$5,200 in accounts payable and the \$24,100 due under the note to a shareholder.

Because of the small amount of its working capital, the uncommitted nature of the offering and the absence of any committed sources of funds, management cannot give any assurance that Medstretch will be able to continue its operations at any level. If the offering is not successful and management does not fund even minimal operations, Medstretch will have to cease its operations. As a result, any value that an investor has in the company will be lost.

#### Employees

Our only employee is Dr. Kimberly Partridge, our president, treasurer, secretary and sole director who is working part-time on a gratis basis while we are in the development stage. If adequate funding is secured, we anticipate that our initial staffing requirements will include 2 computer programmers, 1 marketing representative and 1 sales representative. If we are successful in implementing our business plan we anticipate the need for seminar leaders,



accounting and general administrative personnel.

#### Description of Properties

The offices of Medstretch are located at 4920A Yonge Street, Toronto, Ontario, Canada M2N 5N5. We currently utilize office space and office services provided to our executive officer pursuant to an oral agreement. We currently do not pay any amount for the office space or services. Any costs of this office are considered immaterial to the financial statements and accordingly are not reflected therein. We believe that this facility is adequate to meet our corporate needs for the foreseeable future.

#### New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The company does not believe that the adoption of these statements will have a material effect on its financial position, results of operations or cash flows.

In June 2001, the FASB also approved for issuance SFAS 143 "Asset Retirement Obligations." The company will adopt the statement effective no later than January 1, 2003, as required. At this time, the company does not believe that the adoption of this statement will effect its financial position, results of operations or cash flows.

In October 2001, the FASB also approved SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 replaces SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The provisions of Statement 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and, generally, are to be applied prospectively. At this time, the company cannot estimate the effect of this statement on its financial position, results of operations or cash flows.

#### Inflation

The Company's results of operations have not been affected by inflation and management does not expect inflation to have a significant effect on its operations in the future.

### PART II OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

None

#### 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

Exhibit Number	Name of Exhibit
15.01	Letter on unaudited interim financial information (Filed herewith)

b. Reports on Form 8-K  
None

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Signatures

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) MEDSTRETCH INC.  
By: /s/ Dr. Kimberly Partridge  
-----  
Dr. Kimberly Partridge, President,  
Treasurer, Secretary, & Director

Date: May 14, 2002

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Dr. Kimberly Partridge  
-----  
Dr. Kimberly Partridge, President,  
Treasurer, Secretary, & Director

Date: May 14, 2002

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Table of Exhibits

Exhibit Number	Name of Exhibit
15.01	Letter on unaudited interim financial information (Filed herewith)

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To the Board of Directors  
Medstretch Inc.  
Toronto, Ontario, CANADA

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the use of our name and our Accountant's Review Report dated May 13, 2002, regarding our review of the balance sheet of Medstretch Inc. (a development stage company) as of March 31, 2002 and the related statements of operations and cash flows for the three months ended March 31, 2002 and 2001 and the cumulative amounts from December 31, 1996 (inception) to March 31, 2002 in this Form 10-QSB of Medstretch Inc.

Sincerely,

/s/ Malone & Bailey, PLLC  
Malone & Bailey, PLLC  
Houston, Texas  
www.malone-bailey.com

May 13, 2002