

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

LATINOCARE MANAGEMENT CORP  
Form 10QSB/A  
April 30, 2003

FORM 10-QSB/A  
Amendment No. 1

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the fiscal quarter ended: March 31, 2003

COMMISSION FILE NUMBER 0-13215

LATINOCARE MANAGEMENT CORPORATION

-----  
(Exact name of registrant as specified in its charter)

NEVADA

30-0050402

-----  
(State of Incorporation)

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

959 Walnut Avenue, Suite 250, Pasadena, California 91106

-----  
(Address of principal executive offices) (Zip Code)

(626) 583-1115

-----  
Registrant's telephone number, including area code

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of Each Class -----	Name of Each Exchange On Which Registered -----
COMMON STOCK	OTC

-----

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  No

The aggregate market value of voting stock held by non-affiliates of the registrant was \$126,894 as of March 31, 2003 (computed by reference to the last sale price of a share of the registrant's Common Stock on that date as reported by the NASDAQ).

There were 14,604,098 shares outstanding of the registrant's Common Stock as of March 31, 2003.

TABLE OF CONTENTS

	Page
	----
PART I. - FINANCIAL INFORMATION	
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	4
Balance Sheets as of March 31, 2003 (unaudited) and December 31, 2002.....	4
Statements of Operations for the Three Months ended March 31, 2003 and March 31, 2002.....	6
Statement of Stockholders' Deficit for the year ended December 31, 2002, and for the Three Months ended March 31, 2003 (unaudited).....	7
Statements of Cash Flow for the Three Months ended March 31, 2003 and 2002.....	8
Notes to Condensed Consolidated Financial Statements (unaudited)...	9
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	14
PART II. - OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS.....	15
ITEM 2. CHANGES IN SECURITIES.....	15
ITEM 3. DEFAULTS UPON SENIOR SECURITIES.....	15
ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS.....	15
ITEM 5. OTHER INFORMATION.....	16
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.....	16
SIGNATURES .....	17

-2-

ARMANDO C. IBARRA  
CERTIFIED PUBLIC ACCOUNTANTS  
( A PROFESSIONAL CORPORATION)

Armando C. Ibarra, C.P.A.  
Armando Ibarra, Jr., C.P.A.

Members of the  
California Society of  
Certified Public Accountants

To the Board of Directors  
Latinocare Management Corporation  
Long Beach, California

INDEPENDENT ACCOUNTANTS' REPORT

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

We have reviewed the accompanying consolidated balance sheets of Latinocare Management Corporation and subsidiary as of March 31, 2003 and March 31, 2002 and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the three months ended March 31, 2003 and 2002, in accordance with Statements on Standards for Accounting Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Latinocare Management Corporation and subsidiary.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit 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 modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

\s\ Armando C. Ibarra, C.P.A. - APC

-----  
ARMANDO C. IBARRA, C.P.A. - APC

April 1, 2003  
Chula Vista, California

-3-

LATINOCARE MANAGEMENT CORPORATION  
(A Nevada Corporation)  
Consolidated Balance Sheets  
(unaudited)

	March 31, 2003	March 31, 2002
-----		
ASSETS		
-----		
CURRENT ASSETS		
Cash	\$ 100,150	\$ 8,873
Accounts receivable	-	298
Prepaid expenses	-	88,243
	-----	-----
TOTAL CURRENT ASSETS	100,150	97,414
NET PROPERTY & EQUIPMENT	-	204,850
OTHER ASSETS		
Deposit	-	15,478
	-----	-----
TOTAL OTHER ASSETS	-	15,478

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

	-----		-----	
TOTAL ASSETS	\$	100,150	\$	317,742
		=====		=====

See Accountants' Report and Notes to Consolidated Financial Statements

-4-

LATINOCARE MANAGEMENT CORPORATION  
(A Nevada Corporation)  
Consolidated Balance Sheets  
(unaudited)

-----

LIABILITIES & STOCKHOLDERS' DEFICIT

		March 31, 2003	
		-----	-----
CURRENT LIABILITIES			
Accounts payable - trade	\$	100,150	\$
Income tax payable		-	
Accrued expenses		-	
Accrued interest		-	
Due to related party		-	
Note payable		-	
		-----	
TOTAL CURRENT LIABILITIES		100,150	
		-----	
TOTAL LIABILITIES		100,150	
		-----	
STOCKHOLDERS' DEFICIT			
Common stock, (no par value, 50,000,000 shares authorized; 14,604,098 and 14,529,100 shares issued and outstanding as of March 31, 2003 and 2002, respectively)		1,037,652	
Additional paid-in capital			
Retained earnings		(1,037,652)	
		-----	
TOTAL STOCKHOLDERS' DEFICIT		-	
		-----	
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	\$	100,150	\$
		=====	=====

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

See Accountants' Report and Notes to Consolidated Financial Statements

-5-

LATINOCARE MANAGEMENT CORPORATION  
(A Nevada Corporation)  
Consolidated Statement of Operations  
(unaudited)

	Three Months Ended March 31, 2003	Three Months March 31, 2002
REVENUES		
Revenues	\$ -	\$ 37
TOTAL REVENUES	-	37
GENERAL & ADMINISTRATIVE EXPENSES	31,833	75
OPERATING INCOME (LOSS)	(31,833)	(38)
OTHER INCOME & (EXPENSES)		
Depreciation	-	(1)
Interest expense	-	(2)
Interest income	-	
County tax	-	
TOTAL OTHER INCOME & (EXPENSES)	-	(4)
NET INCOME (LOSS) BEFORE TAXES	(31,833)	(42)
Provision for Income Taxes	-	
NET INCOME (LOSS)	\$ (31,833)	\$ (42)
BASIC EARNINGS (LOSS) PER SHARE	\$ (0.00)	\$
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	14,604,098	14,52

See Accountants' Report and Notes to Consolidated Financial Statements

-6-

LATINOCARE MANAGEMENT CORPORATION  
(A Nevada Corporation)  
Consolidated Statement of Changes in Stockholders' Equity

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

From December 31, 2000 Through March 31, 2003  
(Unaudited)

	Common Stock	Common Stock Amount	Additional Paid-in Capital
Balance, December 31, 2000	3,781,455	\$ 952,727	
Retirement of common stock	(3,270,000)		
Issuance of new common stock	13,471,645		
Stock issued for cash	260,000	26,000	
Stock issued for services rendered	100,000	10,000	
Stock issued to private investors	186,000	8,925	
Transfer of acquiring company's acum. deficit			
Net loss, December 31, 2001			
<b>BALANCE, DECEMBER 31, 2001</b>	<b>14,529,100</b>	<b>997,652</b>	<b>\$ -</b>
Stock issued to private investors	28,000	35,000	
Stock issued for services rendered	46,998	5,000	
Net loss, December 31, 2002			
<b>BALANCE, DECEMBER 31, 2002</b>	<b>14,604,098</b>	<b>\$1,037,652</b>	<b>\$ -</b>
Spin-off of subsidiary			
Net loss, March 31, 2003			
<b>BALANCE, MARCH 31, 2003</b>	<b>14,604,098</b>	<b>1,037,652</b>	<b>\$ -</b>

See Accountants' Report and Notes to Consolidated Financial Statements

-7-

LATINOCARE MANAGEMENT CORPORATION  
(A Nevada Corporation)  
Consolidated Statements of Cash Flows  
(unaudited)

Three Months End  
March 31,  
2003

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$	(31,833)
Depreciation expense		-
(Increase) decrease in other current assets		-
(Increase) decrease in accounts receivable		-
Increase (decrease) in accounts payable - trade		-
Increase (decrease) in accrued expenses		-
Increase (decrease) in accrued interest		-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(31,833)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) disposal of equipment		-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash generated from spin-off of subsidiary		131,983
Related party loan		-
Private placement offering		-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		131,983
NET INCREASE (DECREASE) IN CASH		100,150
CASH AT BEGINNING OF YEAR		-
CASH AT END OF YEAR		\$ 100,150
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
INCOME TAXES PAID	\$	-
INTEREST PAID	\$	29
COMMON STOCK ISSUED FOR SERVICES	\$	5,000

See Accountants' Report and Notes to Consolidated Financial Statements

-8-

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

A. ORGANIZATION:

Latinocare Management Corporation, a Nevada corporation, (the Company) was

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

incorporated in the State of Nevada on January 22, 2002. The Company, a management service organization, was in the business of providing management and administrative services, and had developed a system of operations, management and marketing for independent practice associations engaged in providing health care services.

The Company provided this service through a former subsidiary, Latinocare Management Corporation. Latinocare Management Corporation dba Latino Health Care was founded and incorporated on February 23, 1995 as a California for-profit Stock Corporation. Its sole purpose, when originally organized, was to manage all operations of Latinocare Network Medical Group (IPA), a related company that had common shareholders who influence the activities of both entities.

Latinocare Management Corporation (LMC) acquired JNS Marketing, Inc. (JNS) in November 2001 purchasing 3,270,000 or approximately 86% of the issued and outstanding common stock of JNS Marketing, Inc. in exchange for \$300,000. There was a delay in the planned acquisition date due to negotiation of the acquisition cost which resulted in the issuance of an additional 260,000 new shares of common stock of the Company as part of the purchase price. The 3,270,000 shares of common stock were subsequently retired and cancelled. The members of the Board of Directors of the Company before the purchase were replaced with the members of Latinocare Management Corporation's Board of Directors. LMC and JNS entered into an Agreement and Plan of Reorganization, which resulted in a share exchange between shareholders of the two companies, whereby LMC became a wholly owned subsidiary of the Company. JNS was renamed as Latinocare Management Corporation, reincorporated in the State of Nevada on January 2002, and is referred to as the Company.

Since the death of Dr. Roberto Chiprut the business relation between the Company and Latinocare Network Medical Group (LNMG) had deteriorated to the point where they cannot work together. Thus, the Company spun off the subsidiary to its shareholders on a pro-rata basis and ceased operations. The Company is in the process of seeking other business operations.

### NATURE OF OPERATIONS:

The Company, a management service organization, was in the business of providing management and administrative services, and had developed a system of operations, management and marketing for independent practice associations engaged in providing health care services.

The Company targeted and successfully reached four primary groups: health plans, hospitals, health service recipients and physicians with significant focus on the Latin market.

Latinocare Network Medical Group, Inc., an Independent Physician Association (IPA), was incorporated on September 30, 1994, as a licensed medical group able to accept physician services risk from third-party payers and self-insured employers. The IPA was organized for the purpose of meeting the comprehensive health care needs of the Latino population and the lack of access to quality health care services available to the Latino community.

In November 1995, the Company entered into a twenty-five (25) year Management Services Agreement with Latinocare Network Medical Group, Inc. to provide all management and administrative support, allowing the IPA to focus efforts on physician network development. The Company acted as the exclusive agent to the IPA with regards to seeking, negotiating, renewing, and executive managed care contracts. In the first quarter of 2003 the spin off of the subsidiary was completed and this current financial statements reflect only the operations, assets, liabilities and equity of the Company.



## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. ACCOUNTING METHOD:

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31, year-end.

#### B. BASIS OF CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its subsidiary. Inter-company accounts and transactions have been eliminated in the consolidated financial statements.

#### C. CASH AND CASH EQUIVALENTS:

The Company considers all money market funds and highly liquid debt instruments with maturity dates of three months or less when purchased to be cash equivalents.

#### D. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### E. REVENUE RECOGNITION AND DEFERRED REVENUE:

Revenues from professional services, primarily from management fees, were recognized on an accrual basis of accounting as services are performed or the amounts earned (in compliance with SOP 00-2), based on a percentage of capitation revenues received by the IPA, which is a related party.

#### F. ACCOUNTS RECEIVABLE:

The Company does not have any accounts receivable as of March 31, 2003. Thus, no allowance for doubtful accounts was required. When accounts became uncollectible, they were charged to operations when that determination was made.

#### G. PREPAID PRIVATE PLACEMENT COSTS:

Specific incremental costs directly attributable to proposed or actual offering of securities were deferred and to be charged against the gross proceeds of the offering. However, as of December 31, 2002 the amount that was previously accrued was expensed to the appropriate accounts.

#### G. ADVERTISING EXPENSES:

All advertising expenses are expensed as incurred.

-10-

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. PROPERTY, EQUIPMENT, AND RELATED DEPRECIATION:

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

Property and equipment are stated at cost. Maintenance, repairs and minor renewals and betterment's are expensed; major improvements are capitalized.

Depreciation of property and equipment is provided for using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Useful Lives
Leasehold improvements	Life of lease
Computer, equipment and office furniture	5 - 10 years

Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

### K. INCOME TAXES

The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

### NOTE 3. GOING CONCERN

The Company spun off its subsidiary in the first quarter of 2003. As of March 31, 2003 the Company no longer has operations. The Company also had negative working capital and stockholders deficit at March 31, 2003. Management is currently planning a reverse merger with another company. These financial statements have been prepared as if the Company will consummate the merger it is currently negotiating and that operations will commence. Or in the alternative, or in addition to, that adequate equity financing will be obtained.

-11-

### NOTE 4. PROPERTY & EQUIPMENT

Property is stated at cost. Additions, renovations, and improvements are capitalized. Maintenance and repairs, which do not extend asset lives, are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives ranging from 27.5 years for commercial rental properties, 5 years for tenant improvements, and 5 - 7 years on furniture and equipment.

	March 31, 2003	March 31, 2002
Computers and software		171,013
Furniture, fixtures and office equipment		83,786
Leasehold improvements		77,157
	-0-	
Accumulated depreciation		\$331,956 (127,106)

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

NET PROPERTY AND EQUIPMENT	\$	-0-	\$204,850
	=====		=====

Depreciation expense for the three months ended March 31, 2003 and 2002 was \$ -0- and \$13,750, respectively.

The Company periodically evaluated the net realizable value of long-lived assets, including property and equipment, relying on a number of factors including operating results, business plans, and economic projections and anticipated future cash flows. As of March 31, 2003 all fixed assets remained with subsidiary and the Company has no other fixed assets.

NOTE 5. NOTE PAYABLE

The notes payable is all current and comprised of the following amount as of March 31, 2002:

Cedars Sinai Medical Center, due July 18, 2002	
With interest at 6.0% Per annum	\$ 1,750,000
	=====

This note was secured, in the event of breach by the Company, allowing Cedars Sinai Medical Center the sole recourse of repossessing that portion, if any, of its shareholdings (28% of the outstanding shares) of the Company pursuant to the following provisions:

- a. For the first seven hundred and fifty thousand dollars (\$750,000) repaid by the Company, recourse shareholdings shall be reduced from twenty-eight percent (28%) of the issued and outstanding shares to not less than twenty percent (20%) of the issued and outstanding shares, or the portion thereof;
- b. For the next one million dollars (\$1,000,000) repaid by the Company, recourse shareholdings shall be reduced to twenty percent (20) of the issued and outstanding shares to zero percent (0%) of such issued and outstanding shares, or the portion thereof.

If this note is not paid when due, the Company shall pay all costs of collections, including attorney's fees and costs and all expenses incurred on account of collection, whether or not suit is filed.

As of March 31, 2003, no payments were made by the Company or any collection actions commenced by Cedars Sinai Medical Center. All rights and remedies of Cedars Sinai Medical Center in connection with the existing defaults were hereby reserved, the lender agreed to forbear from exercising its rights and remedies until July 23,

NOTE 5. NOTE PAYABLE (CONTINUED)

2003. Cedars Sinai Medical Center had not demanded a conversion of its note and management believes that it will probably not do so. This note also remained with the subsidiary and the Company should not be liable for its repayment.

NOTE 6. EMPLOYEE SAVINGS PLAN

On August 1, 2000 the Company adopted a 401(K) Profit Sharing Plan and Trust for the benefit of its employees and beneficiaries. Eligible employees may

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

contribute a portion of pretax annual compensation within specified limits. A discretionary matching contribution will be provided by the employer that may or may not be limited to net profit.

There are no employer contributions to the plan for the three months ended March 31, 2003 and 2002.

### NOTE 7. STOCK OPTION PLAN

On January 31, 2002, the Board of Directors of the Company unanimously approved, and the shareholders ratified, the adoption of the 2002 Stock Option Plan. The Stock Option Plan consists of 1,200,000 stock options for directors, executive officers and key employees to purchase shares of the Company's Common Stock. As of March 31, 2003 the plan had not been implemented.

### NOTE 8. INCOME TAXES

Income taxes are provided in accordance with Statement of Financial Accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carryforwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

At December 31, 2002 the Company has significant operating losses carryforward. The tax benefits resulting from these losses have been estimated to be \$672,600.

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforward are expected to be available to reduce taxable income. In accordance with SFAS 109 paragraph 24 the Company has deemed that a valuation allowance is required for the total benefit. Thus, no income tax benefit was included in the financial statements for the year. The increase in operating loss carry-forward will expire twenty years from the date the loss was incurred.

### NOTE 9. SUBSEQUENT EVENTS

The Company entered into an agreement to spin off the subsidiary, Latinocare Management Corporation (a California corporation) (LMCC) to the stockholders on a pro-rata basis. LMCC will keep all assets, most of the liabilities, and all of the operations as they exist at the time the agreement was finalized. This will leave the Company, Latinocare Management Corporation (a Nevada corporation) without any significant assets, liabilities or operations. Basically, this transaction will leave both companies as they were before they merged.

The shareholders of the Company are also in the process of transferring ownership and control of this public shell.

-13-

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### CAUTIONARY STATEMENTS

This Form 10-QSB contains financial projections, synergy estimates and other "forward-looking statements" as that term is used in federal securities laws about Latinocare Management Corporation's financial condition, results of operations and business. These statements include, among others: statements concerning the benefits that the Company expects will result from its business

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

activities and certain transactions the Company has completed, such as the potential for increased revenues, decreased expenses and avoided expenditures; and statements of the Company's expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts. These statements may be made expressly in this Form 10-QSB. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," or similar expressions used in this Form 10-QSB. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause the Company's actual results to be materially different from any future results expressed or implied by the Company in those statements. The most important facts that could prevent the Company from achieving its stated goals include, but are not limited to, the following:

- (a) inability of the Company to acquire an operating company;
- (b) volatility or decline of the Company's stock price;
- (c) potential fluctuation in quarterly results, if the Company is able to acquire an operating company;
- (d) failure of an operating company acquired by the Company, if any, to earn revenues or profits, or to operate as a viable or successful business;
- (e) inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement its business plans;
- (f) inadequate capital to continue business;
- (g) changes in demand for the Company's products and services;
- (h) rapid and significant changes in markets;
- (i) litigation with or legal claims and allegations by outside parties;
- (j) insufficient revenues to cover operating costs.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. The Company cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-QSB. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-QSB or to reflect the occurrence of unanticipated events.

-14-

### GENERAL

The Company is a holding company with no assets other than the stock of LMC. LMC closed its business and entirely ceased operations on November 1, 2002. Consequently, the Company has no business operations by itself or as a consolidated entity with LMC. LMC is expected to declare bankruptcy or dissolve in 2003. All information in the following paragraphs relates to the period from January 1, 2002 to November 1, 2002 because operations ceased on November 1,

## Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

2002.

### RESULTS OF OPERATIONS FOR FISCAL QUARTER ENDED MARCH 31, 2003 COMPARED TO FISCAL QUARTER ENDED MARCH 31, 2002

Total revenue for the three month period ending March 31, 2003 decreased to \$0 from \$372,377 in the prior comparable fiscal quarter.

General and administrative expenses decreased by \$722,408 during the three months ended March 31, 2003 to \$31,833 from \$754,241 in the prior comparable fiscal quarter. Expense related to depreciation was \$0 for the three months ended March 31, 2003 as compared to \$13,750 for the prior comparable fiscal quarter. Interest expense was \$0 for the three months ended March 31, 2003 as compared to \$26,270 for the comparable quarter in 2002.

For the three months ended March 31, 2003, the Company's consolidated net loss was \$31,833 as compared to a consolidated net loss of \$422,684 for the three months ended March 31, 2002.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had consolidated net cash of \$100,150 at March 31, 2003 as compared to net cash of \$8,873 at March 31, 2002. The Company had a net working capital deficit (i.e. the difference between current assets and current liabilities) of \$0 at March 31, 2003 as compared to a working capital deficit of \$2,883,416 at March 31, 2002. Cash flow provided by operating activities was \$(31,833) during the three months ended March 31, 2003 as compared to \$(369,374) during the three months ended March 31, 2002. Cash provided by investing activities was \$0 during the three months ended March 31, 2003 as compared to \$0 during the three months ended March 31, 2002. Cash provided by financing activities decreased from \$375,643 during the three months ended March 31, 2002 to \$131,983 during the three months ended March 31, 2003. There is no assurance that the Company will have sufficient capital to acquire a new business or, if a new business is acquired, sufficient capital to finance its growth and business operations, or that such capital will be available on terms that are favorable to the Company or at all.

### 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 MATTER TO A VOTE OF SECURITY HOLDERS

On or about February 7, 2003, the holders of a majority of the issued and outstanding voting stock of the Company submitted their consents, to be effective as of March 17, 2003, authorizing the conveyance to Jose J. Gonzalez of all of the outstanding shares of common stock of Latinocare Management Corporation, a California corporation (the "Subsidiary"), owned by the Company (the "Conveyance") in consideration for one dollar and Jose J. Gonzalez's assumption of the management responsibilities for the possible bankruptcy and dissolution of the Subsidiary. The Company does not own any shares in the Subsidiary as of the completion of the Conveyance.

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

On or about February 11, 2003, the holders of a majority of the issued and outstanding voting stock of the Company submitted their consents, to be effective on or before March 31, 2003, authorizing the officers and directors of the Company to amend the Company's Articles of Incorporation to increase the number of authorized of shares of the Company's common stock to 200,000,000, par value \$0.001 per share.

On or about March 26, 2003, the holders of a majority of the issued and outstanding voting stock of the Company submitted their consents, to be effective on or before May 2, 2003, authorizing the officers and directors of the Company to amend the Company's Articles of Incorporation to change the Company's name from Latinocare Management Corporation to a name to be selected by the board of directors by duly authorized resolution, subject to the board approval, signing, and closing of a reorganization agreement with an operating company within the next ninety (90) days.

ITEM 5. OTHER INFORMATION  
None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

EXHIBIT NO. -----	DESCRIPTION -----
99.1	Section 906 Certification

(b) The following is a list of Current Reports on Form 8-K filed by the Company during the fiscal quarter for the period ended March 31, 2003.

Report on Form 8-K dated February 20, 2003, relating to changes in the Company's certifying accountant.

-16-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 1, 2003

LATINOCARE MANAGEMENT CORPORATION

BY: \s\ Jose J. Gonzalez

-----  
JOSE J. GONZALEZ, CHAIRMAN OF THE BOARD,  
CHIEF EXECUTIVE OFFICER, AND PRESIDENT

Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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\ Jose J. Gonzalez

Dated: April 1, 2003

-----  
JOSE J. GONZALEZ, CHAIRMAN OF THE BOARD,  
CHIEF EXECUTIVE OFFICER, AND PRESIDENT

-17-

CERTIFICATIONS

I, Jose J. Gonzalez, certify that:

1. I have reviewed this quarterly report on Form 10QSB of Latinocare Management Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;



Edgar Filing: LATINOCARE MANAGEMENT CORP - Form 10QSB/A

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 1, 2003

/s/ Jose J. Gonzalez

-----  
JOSE J. GONZALEZ, CHIEF EXECUTIVE OFFICER, PRESIDENT,  
AND CHIEF FINANCIAL OFFICER  
(PRINCIPAL EXECUTIVE OFFICER/PRINCIPAL FINANCIAL OFFICER)