CORDIA CORP
Form 10QSB
May 15, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)

[X] Quarterly report under Section 13 or 15(d) of the Securities exchange Act of 1934

For the quarterly period ended March 31, 2003

[ ] Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from ___________ to ___________.

Commission File Number: 33-23473

CORDIA CORPORATION
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	2917728
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2500 Silverstar Road, Suite 500, Orlando, Florida 32804
(Address of Principal Executive Offices)

866-777-7777
(Issuer's Telephone Number, Including Area Code)

APPLICABLE ONLY TO ISSUERS INVOLVED IN
BANKRUPTCY PROCEEDINGS DURING THE
PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

As of May 10, 2003, there were 5,821,211 shares of the issuer's common stock outstanding.

Transitional Small Business Disclosure Format (check one):

Yes [ ] No [X]

CORDIA CORPORATION

FORM 10-QSB

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2003
ASSETS	
Current Assets	
Cash	$ 18,757
Accounts receivable, less allowance for doubtful accounts of $56,390 (2003) and $65,000 (2002)	303,905
Investments	5,600
Prepaid expenses and other current assets	29,200
Other loans receivable	-
TOTAL CURRENT ASSETS	357,462
Property and equipment, at cost	
Office equipment	13,228
Equipment - capital leases	-
Vehicles	-
Furniture and fixtures	-
	13,228
Less: Accumulated depreciation	3,882
NET PROPERTY AND EQUIPMENT	9,346
Other Assets	
Notes Receivable	750,000
Security Deposits	61,850
TOTAL OTHER ASSETS	811,850
TOTAL ASSETS	$ 1,178,658
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
Current Liabilities	
Book Overdraft	$ -
Accounts payable and accrued expenses	576,746
Obligation under capital lease, current portion	-
Unearned income	105,861
Loans payable to affiliates	-
Loans payable-other	23,491
TOTAL CURRENT LIABILITIES	706,098
Noncurrent Liabilities	
Obligation under capital lease, less current portion	-

TOTAL NONCURRENT LIABILITIES	-
Stockholders' Equity (Deficit)	
Preferred stock, $.001 par value; 5,000,000 shares authorized, no shares issued and outstanding	-
Common stock, $.001 par value; 20,000,000 shares authorized, 5,761,211 (2003) and 5,701,211 (2002) shares issued and outstanding	5,761
Additional paid-in capital	4,071,079
Common stock subscribed	44,500
Accumulated deficit	(3,623,780)
	497,560
Less Treasury stock, 10,000 common shares at cost	(25,000)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	472,560
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 1,178,658

Note: The balance sheet at December 31, 2002 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles in the United States.

See notes to consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2003	2002
Revenues		
Telecommunications revenue	$ 612,592	
Other	10,000	76,40
	622,592	76,40
Operating Expenses		
Resale and wholesale line charges	297,191	
Payroll and payroll taxes	161,117	108,75
Advertising and promotion	71,164	7,85
Professional and consulting fees	112,762	172,56

Depreciation	1,248	43
Insurance	18,066	5,08
Office expense	8,578	2,16
Telephone	13,769	1,60
Rent and building maintenance	13,771	6,00
Other selling, general and administrative	94,603	8,22
	792,269	312,68
Operating Loss	(169,677)	(236,27
Other Income (Expenses)		
Income (loss) on investments	2,800	(31,34
Other income	3,633	
Interest expense	(337)	(72
	6,096	(32,07
Loss From Continuing Operations	(163,581)	(268,34
Income (Loss) from Discontinued Operations		
Loss from operations of discontinued segments	(140,726)	(339,17
Gain on disposal	1,554,306	
	1,413,580	(339,17
Net Income (Loss)	$ 1,249,999	$ (607,52
Income (Loss) per Share	$ 0.22	$ (0.1
Weighted Average Shares Outstanding	5,722,537	5,461,71

See notes to consolidated financial statements.

CORDIA CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months March 31, 2003	20
Cash Flows From Operating Activities		
Net income (loss)	$ 1,249,999	$(60
Adjustments to reconcile net loss to net cash used by operations		
(Gain) on disposal of subsidiaries	(1,554,308)	
(Gain) loss on investments	(2,800)	5
Consulting expense	60,400	13
Professional fees	-	1
Depreciation expense	1,249	2
Non cash expenses of discontinued business segments	13,919	
(Increase) decrease in assets		
Accounts receivable	36,409	(11
Prepaid expenses and other current assets	(21,111)	(3
Security deposits	(28,085)	
Increase (decrease) in liabilities		
Book overdraft	182,236	
Accounts payable and accrued expenses	(95,388)	52
Unearned income	179,290	25
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,810	25
Cash Flows From Investing Activities		
(Increase) in loans receivable from affiliates	(9,104)	(15
Decrease in loans receivable from affiliates	1,750	12
Decrease in cash of sold subsidiaries	(241,055)	
Proceeds from sale of investments	-	2
Decrease in securities sold but not purchased	-	(6
Purchase of property and equipment	(5,419)	(6
NET CASH (USED) BY INVESTING ACTIVITIES	(253,828)	(13
Cash Flows From Financing Activities		
Proceeds from issuance and subscription of common stock	38,500	3
Payment of capital lease obligation	(9,884)	(
Payment of notes payable	-	
Proceeds from loans payable to affiliates	-	
Payment of loans payable to affiliates	-	
Proceeds from other loans payable	25,468	1
Payment of loans payable other	(38,079)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	16,005	4
Increase (Decrease) in Cash	(216,013)	16
Cash, Beginning	234,770	18

Cash, Ending	$ 18,757	$ 35
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See notes to condensed consolidated financial statements.

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CORDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2003

Note 1: Basis of Presentation

Our unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all of the information and disclosures required by generally accepted accounting principles. Therefore, these financial statements should be read in conjunction with the financial statements and related footnotes included in our Annual Report on Form 10-KSB for the most recent year-end. These financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly state the results for the interim periods reported. The results of operations for the three-month period ended March 31, 2003 are not necessarily indicative of the results to be expected for the full year.

The consolidated financial statements include our accounts and the accounts of Cordia Communications Corp. for the years ended December 31, 2002 and for the three months ended March 31, 2003 and 2002. The consolidated financial statements also include the accounts of its discontinued business ISG Group, Inc. ("ISG") and its subsidiaries (Universal Recoveries, Inc. and U.L.A.E., Inc., both wholly-owned) as of December 31, 2002, and for the three months ended March 31, 2002 and the period January 1, 2003 through March 3, 2003 (date of disposal). The consolidated financial statements also include the accounts of our discontinued business segment, RiderPoint, Inc. ("RiderPoint") and subsidiary, for the three months ended March 31, 2002. All material intercompany balances and transactions have been eliminated.

Note 2: Investments

At March 31, 2003 and December 31, 2002, investments included common shares of eLEC Communications Corp. ("eLEC"). All investments are classified as trading securities and accordingly, stated at fair value, which is based on market quotes. Adjustments to fair value of the equity securities are recorded as an increase or decrease in investment income in the accompanying statements of operations.

During June 2002, we sold all of our common shares of RiderPoint and its subsidiary, RP Insurance Agency Inc. ("RP Insurance Agency"), and our entire membership interest in Webquill Internet Services, LLC ("Webquill") for $1,000. We recognized a gain of $322,796 in connection with such sale. The results of operations of RiderPoint, RP Insurance Agency and Webquill are presented as losses from operations of discontinued segments in the accompanying condensed consolidated statements of operations.

On March 3, 2003, we sold our equity interests in ISG to West Lane Group Inc. ("West Lane Group"), a company owned by the then-current management of ISG. The $750,000 selling price of ISG is evidenced by a promissory note bearing interest at the rate of 6% per annum. The principal obligation of $750,000 under the note is payable on or before March 3, 2005, and is secured by 700,000 shares of our common stock owned by West Lane Group.

NOTE 3: Sale of Business Segments

Sale of RiderPoint, Inc. and its subsidiary:

On June 27, 2002, we sold for $1,000 in cash, (a) our common stock equity interests in RiderPoint, and its subsidiary, RP Insurance Agency, and (b) our entire membership interest in Webquill. RiderPoint had focused on the development of technological systems, solutions and processes that would allow it to become a nationwide distributor of insurance products through the internet and traditional insurance agents. RP Insurance Agency, Inc. acted as an insurance broker for individuals purchasing property and liability insurance for power sports vehicles. Webquill provided internet hosting services to businesses and individuals. We recognized a gain of $337,793 on the sale of these interests. As a result of the sale of these business segments, our net operating loss for Federal income tax reporting purposes decreased by approximately $1,940,000.

Note 3: Sale of Business Segments (cont'd)

The following is a summary of the sale transaction:

	RiderPoint, and subsidiary	Webquill	Total
Assets sold	$(25,189)	$(2,763)	$(27,952)
Liabilities sold	412,917	15,701	428,618
Cash payment received	500	500	1,000
Write-off of inter-company receivables and payables	(63,873)	-0-	(63,873)
Gain on sale	$324,355	$13,438	$337,793

Sale of ISG:

The following is a summary of the sale transaction of ISG (unaudited):

Assets sold	$ (778,529)
Liabilities sold	1,658,917
Note received	750,000

Write-off of inter-company receivables and payables	(76,082)
Gain on sale, before income taxes	$1,554,306

Our net operating losses are expected to offset the gain on the sale of ISG.

As a result of the sale of ISG, (a) employee stock options to purchase 83,000 of our common shares at $7.50 per share expired, and (b) our net operating loss carry-forward for Federal income tax reporting purposes, on a pro-forma basis giving retroactive effect to the sale of ISG as of December 31, 2002, would have been approximately $2,220,000.

CORDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2003

Note 3: Sale of Business Segments (cont'd)

The accompanying consolidated balance sheet at December 31, 2002 include the following assets and liabilities of the ISG discontinued business segments:

	2002
Current Assets	
Cash	$ 164,527
Accounts receivable, net	377,568
Investments	886
Prepaid expenses and other current assets	17,512
Loans receivable from affiliates	31,899
Loans receivable from parent and subsidiaries*	-
Total current assets	592,392
Property and equipment	
Office equipment	218,015
Equipment - capital leases	58,567
Vehicles	16,743
Furniture and fixtures	98,376
	391,701
Less: Accumulated depreciation	138,506
	253,195
Other assets	
Security deposits	27,139
Total assets	$ 872,726

Current Liabilities	
Book overdraft	$ 90,946
Accounts payable and accrued expenses	1,319,207
Obligation under capital lease, current portion	25,672
Unearned income	83,333
Loans payable to affiliates	9,744
Loans payable to parent and subsidiaries*	76,082
Total current liabilities	1,604,984
Obligation under capital lease, less current potion	7,404
Accumulated deficit	(739,662)
Total liabilities and accumulated deficit	$ 872,726

*Eliminated in consolidation.

License Agreement

On March 3, 2003, we entered into a licensing agreement with ISG whereby ISG purchased an unlimited license to certain of our software. The license agreement provides for ISG to pay us $100,000 on execution of the license agreement, plus $6,000 per month (including interest) for a period of twenty-five months. We agreed to provide software updates and maintenance as necessary, during this twenty-five month period.

Loss from operations of discontinued business segments includes the following:

	Three months ended March 31,	
	2003	2002
Revenues:		
Subrogation Service Revenue, net	$ 631,361	$ 559,695
Claims Administration income	197,667	667,374
Other	-	(761)
Total Revenues:	$ 829,028	$1,226,308
Loss before income taxes	$ 140,726	$ 339,175

The accompanying 2002 statement of operations was reclassified to show the results of operations for the RiderPoint and ISG business segments as discontinued.

CORDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2003

Note 4: Stockholders' Equity

During June 2002, we approved a 5-for-1 reverse split of our common stock with no change in its par value of $.001. All references in the consolidated financial statements and in the notes to consolidated financial statements with respect to the number of common shares and per share amounts have been restated to reflect the stock split.

During September 2000, we issued warrants to purchase 22,400 shares of our common stock. The warrants had an exercise price of $12.50 per share and expired during the period from July through September 2002. No warrants were exercised prior to expiration.

Effective January 5, 2001, we established our 2001 Equity Incentive Plan (the "Plan"). The total number of shares of our common stock issuable under the Plan is 1,000,000, subject to adjustment for events such as stock dividends and stock splits. The Plan is administered by a committee of the Board of Directors having full and final authority and discretion to determine when and to whom awards should be granted. The committee will also determine the terms, conditions and restrictions applicable to each award.

Transactions under the Plan are summarized as follows giving retroactive effect to the reverse stock split:

	Stock Options	Exercise Price
Balance, December 31, 2002	146,000	$ 7.50 to 11.25
Granted:	615,000	$ .60
Exercised	-	$
Expired	(83,000)	$ 7.50
Balance, March 31, 2003	678,000	$ .60 to 11.25

Note 5: Commitments

We have no commitments for annual rentals under noncancelable operating leases.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Certain statements in this Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Overview

Cordia Corporation is a business services holding company that provides Internet-enabled software systems, outsourcing solutions and services to businesses and organizations. We have historically focused substantially all of our efforts and resources on providing outsourced solutions for the insurance industry. However, during 2001, we began developing proprietary software systems and related outsourced solutions for the telecommunications industry. In addition, during the second quarter of 2002, we began providing telecommunications services through our wholly-owned subsidiary, Cordia Communications Corp.

We believe the growing use by businesses and other organizations of strategic outsourcing to expert organizations and the rapid global development and acceptance of Internet-based applications and technology have created opportunities for us to address the business services needs of certain industries. Due to the specialized expertise often developed by business services companies and the significant economies of scale that can be achieved by providing specialized services for a number of customers, we believe companies that provide outsourced services are often able to deliver such services at lower costs and with higher quality than their customers can produce internally. In addition, we believe the rapid growth and acceptance of the Internet as a global medium for communication, information and commerce has created a tremendous opportunity to perform business functions more efficiently and effectively through the utilization of standardized Internet technologies, databases and applications.

Our strategy is to accelerate our growth and increase our profitability through the acquisition and internal development of businesses that provide either industry-specific expert services or specialized business functions. We plan to utilize internally developed proprietary software systems that take advantage of standardized Internet technologies to enhance both the quality and efficiency of our services. We believe that properly designed and developed systems and applications can allow us to leverage the expertise of our employees and to deliver a superior service to our customers, which should give us a competitive advantage over expert organizations that seek to provide their services through traditional means.

Cordia Communications Corp.

During 2001, we began to focus some of our resources on the development of telecommunications services. In July 2001, we formed Cordia Communications Corp. and began the development of an integrated software system designed to support providers of telecommunications services. We refer to these software systems as "Telecom Workspaces" or "Workspaces". During 2002, we began to design a suite of services that utilize Workspaces to provide outsourced solutions to telecommunications providers. In addition, during 2002, Cordia Communication Corp. became a licensed provider of local and long distance telephone services in multiple states.

We believe recent wholesale price reductions for telephone services have created significant opportunities to develop a profitable Competitive Local Exchange Carrier (CLEC) business utilizing a network platform commonly referred to as unbundled network elements-platform, or UNE-P. With UNE-P, we are able to lease all of the network elements required to provide local telecommunications services from the Incumbent Local Exchange Carrier (ILEC) on a month-to-month basis. UNE-P allows us to avoid the large capital expenditures required to build an independent network, closely match our network capacity to utilization and earn significant gross margins.

In order to provide our telecommunications services, we have entered into interconnection agreements with facilities-based local (ILECs) and long distance providers. We utilize our Workspaces system as a middleware layer that connects our employees, agents, wholesale and retail customers through Web interfaces to the provisioning, repair, billing and enhanced services functions of our underlying carriers. Through the constant development and improvement of our Workspaces system, we continually focus on the most efficient and effective underlying processes in the performance of each core function of the services we provide and adapt our systems to those processes. We believe this development strategy is far more favorable than the alternative methodology, in which the limitations of the software system lead to an adaptation of the process that is less than optimal in order to work within the confines of the software system.

We have identified the following three strategies that we intend to utilize, through our Workspaces system in order to profit from these developments in the domestic telecommunications market.

Retail Telecommunication Services. As of April 10, 2003, Cordia Communications Corp. was approved to provide local and long distance telecommunications services in Florida, New York, New Jersey, Illinois and Pennsylvania. Of these states, Cordia Communications Corp. has been actively marketing retail services to end users primarily in New York and New Jersey. We expect to expand our retail service offerings into Illinois and Pennsylvania during the remainder of 2003. We have focused on these states because management believes they offer the most attractive opportunities due to the relative size of their telecommunications markets and relatively low wholesale prices as compared to anticipated average retail revenue, which management believes will provide significant retail gross margins.

Wholesale Telecommunications Services. During November 2002, Cordia Communications Corp. began to offer wholesale telecommunications services to other telecommunications providers. Taking advantage of our Workspaces software system, Cordia Communications Corp. is able to provide wholesale customers with internet access to our systems and data. We believe our systems and our focus on process engineering have created outsourced solutions and services that will greatly facilitate the entry of our wholesale customers into the CLEC business.

We believe our wholesale customers will be able to provide telecommunications services with less investment and greater efficiency and expertise then may be possible for most CLECs who lack our systems capabilities and the knowledge of our employees.

Outsourced Telecommunications Systems and Solutions. During the first quarter of 2003, we began to market a suite of outsourced services to telecommunications providers. These outsourced services are designed around our Workspaces systems. The services we offer include Billing, New Order Provisioning, Repair, Level I Customer Service, Secondary Provisioning, Collections and Regulatory services. Customers for these services are required to subscribe to Workspaces systems, usually hosted within our facilities. Once a customer is using Workspaces, we are able to provide all or some of these specialized functions on an outsourced basis. We believe customers will be attracted to these services and adopt and utilize those functions that they believe are deficient within their own organizations. In addition to long term outsourcing service, we will also be offering emergency backup and transitional services that will allow our customers to outsource these functions during times of unplanned facilities outages, loss of key personnel or rapid growth.

Insurance Solutions Group

We operated our insurance services business primarily through ISG Group, Inc., our wholly-owned subsidiary that conducted business under the name Insurance Solutions Group ("ISG"). As discussed below, we sold all of our equity interests in ISG in March 2003. ISG provided comprehensive insurance solutions to insurance companies, state insurance departments and self-insured entities in conjunction with Universal Recoveries, Inc., a wholly-owned subsidiary of ISG doing business as Subrogation Partners ("Subrogation Partners"); U.L.A.E., Inc., a wholly-owned subsidiary of ISG doing business as Claim Partners ("Claim Partners"); and US Direct Agency, Inc.

Subrogation Partners. Subrogation Partners provided subrogation services for property and casualty and healthcare insurance providers. Subrogation services included the identification, investigation and recovery of accident-related payments made by insurance providers on behalf of other insureds, but for which other persons or entities are primarily responsible. By contract and state law, insurance providers are generally entitled to certain rights with respect to paid claims that may be the primary obligation of other insurance carriers or parties. These recovery rights include the right of subrogation, which allows the insurance provider to recover accident-related claims directly from the responsible party or the responsible party's insurance carrier. Subrogation Partners actively served over 40 insurance carriers.

Claim Partners. Claim Partners was a claims administrator that provided claim management solutions to insurance companies. ISG launched Claim Partners business during 2001 and has experienced a rapid growth rate, due to the cross-selling opportunities for claims services into the existing customer base of Subrogation Partners. Claim Partners focused on large-scale claim outsourcing opportunities.

During the first quarter of 2003, we undertook an evaluation of the relative potential opportunities of our communications and insurance businesses. As part of this evaluation, we took into consideration the limited capital resources available to our company and the continued losses of ISG despite its rapid growth over the last two years, as well as ISG's negative equity and working capital position. As a result of this evaluation, we determined that it was in the best interest of our shareholders to exit the operating portions of our insurance-related subsidiaries and to reduce the significant infrastructure and operating costs associated with those businesses. On March 3, 2003, we sold our equity interest in ISG to West Lane Group Inc. ("West Lane Group") for a selling price of $750,000. West Lane Group was owned by the management of ISG at the time of sale. In addition, we entered into a licensing and services agreement for our SubroAGS software with West Lane Group that is expected to generate a minimum of $250,000 in revenue for us over the next two years. The transaction is discussed in Note 3 to our financial statements for the three-month period ended March 31, 2003.

Results of Operations
Three Months Ended March 31, 2003 vs. March 31, 2002

Operating Revenues

	Three Months Ended March 31, 2003	2002
Telecommunications revenue	$612,592	-
Other	10,000	76,409
	$622,592	$ 76,409

Revenues for the three months ended March 31, 2003 increased by approximately $546,000 to approximately $623,000 as compared to approximately $76,000 reported during the three months ended March 31, 2002.

Telecommunications Revenue

2003-2002	$ 612,000	-N/A% change

Telecommunications revenue is earned from the provisioning of services to business, residential and wholesale customers for basic telephone service, including local and long distance service, as well as ancillary services, such as voice messaging and call waiting. Of the revenues reported for the three months ended March 31, 2003, approximately $390,000 was generated from retail telecommunications services, approximately $112,000 was generated from wholesale services and approximately $110,000 was generated from Carrier Access Billing (CABS) services. As we reported no telecommunications revenue for the three months ended March 31, 2002, all of our 2003 revenue was derived from our efforts to grow our customer base. We anticipate a steady and continued growth rate in the customer base of our telecommunications operations.

Other Revenue

2003-2002	($66,000)	(86%) decrease

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Other revenue consists primarily of revenue earned through our outsourcing services of data and website technology and our revenue earned as a result of our licensing agreement. The decrease is primarily due to the shift in our concentration of time and resources toward the growth of our telecommunications business during 2002 and 2003. We intend, however, to continue to offer technology outsourcing to current and potential customers.

Operating Expenses

	Three months Ended March 31, 2003	2002
Resale and Wholesale Line Changes	$ 297,200	$ -
Payroll and Payroll Taxes	161,100	108,800
Advertising and Promotion	71,200	7,900
Professional and Consulting Fees	112,800	172,600
Depreciation	1,200	400
Insurance	18,000	5,000
Office Expense	8,600	2,200
Telephone	13,800	1,600
Rent and Building Maintenance	13,800	6,000
Other Selling, General and Administrative	94,600	8,200
	$ 792,300	$ 312,700

Consolidated operating expenses increased by approximately $479,600, or approximately 153%, to approximately $792,300 during the three months ended March 31, 2003, as compared to approximately $312,700 during the comparable period ended 2003.

Resale and Wholesale Line Charges

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2003-2002 $297,200 -NA% change

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Resale and wholesale line charges are direct costs associated with our telecommunications subsidiary, Cordia Communications Corp., and represent our network access fees paid in order to provide local and long distance telephone service to our customers. These expenses will rise or fall in direct correlation to the size of our telecommunications customer base. We reported no resale and wholesale line charges for the three months ended March 31, 2002.

Payroll and Payroll Taxes

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2003-2002 $52,300 48% increase

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This increase was directly related to the growth of our telecommunications services. We expect that our payroll costs will continue to increase over the next 12 months as we continue to expand and grow our customer base.

Advertising and Promotion

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2003-2002 $62,300 789% increase

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Advertising and promotion costs, which consist of advertising, marketing, travel and telemarketing expenses, increased considerably for the three months ended March 31, 2003 as compared to the comparable period ended March 31, 2002, due primarily to our use of telemarketers to grow our customer base. We had no reported telemarketing expenses for the three months ended March

31, 2002. It is expected that this trend will continue, although not as dramatically, as our telecommunications business will require the services of telemarketers to continue to grow our customer base.

Professional and Consulting

2003-2002	($59,800)	35% decrease

This decrease was principally the result of less non-cash expenses related to options granted to non-employees for consulting services.

Depreciation

2003-2002	$800	200% increase

The increase was primarily due to additions of depreciable office equipment, which were necessary to facilitate the growth of Cordia Communications Corp.

Insurance

2003-2002	$13,000	260% increase

This increase was primarily due to our increased staff and equipment for Cordia Communications Corp., as well as the impact of industry-wide increases in insurance costs.

Office Expense
Telephone
Rent and Building Maintenance

2003-2002	$26,400	269% increase

The consolidated increases of office expense, telephone expenses and rent and building maintenance were due primarily to our efforts to grow our telecommunications business, as well as the added expense of operating a new facility in Orlando, Florida.

Other Selling, General and Administrative

2003-2002	$86,400	N/A% increase

Other selling, general and administrative expenses consist of expenses such as bad debt, dues and subscriptions, equipment rental, bank and credit card processing fees, license expense and registration fees, among others. The increase in these expenses was directly related to the growth and operations of Cordia Communications Corp., as we reported only nominal expenses for Cordia Communications Corp. during the three months ended March 31, 2002. We expect these expenses to increase during the remainder of 2003 as we intend to expand and grow our telecommunications business.

Liquidity and Capital Resources

At March 31, 2003, we had cash and cash equivalents available of approximately $18,800, a decrease of approximately $216,000 from amounts reported at December

31, 2002. At March 31, 2003, we had a working capital deficit of approximately ($348,600), which represented a decrease in our working capital deficit of approximately $844,400 from the amount reported at December 31, 2002. The decrease in cash and decrease in working capital deficit is directly related to the sale of ISG and subsidiaries.

Net cash provided in operating activities aggregated approximately $21,800 for the three-month period ended March 31, 2003 as compared to net cash provided of $255,900 in the three month period ended March 31, 2002. The principal source of cash provided during the three month period ended March 31, 2003 was the net profit reported of approximately $1,250,000 which was offset by the one time gain on the sale of ISG of approximately $1,554,000.

Net cash used in investing activities aggregated approximately $253,800 and $135,400 during the three-month periods ended March 31, 2003 and 2002, respectively. Cash applied to investing activities consisted primarily of the decrease in cash from our former subsidiary of approximately $241,000 due to the sale of ISG, for the three months ended March 31, 2003 and from the purchase of equipment of approximately $66,000 during the comparable period ended for 2002.

Net cash provided by financing activities aggregated approximately $16,000 and $49,000 during the three-month periods ended March 31, 2003 and 2002, respectively. The principle sources of net cash provided by financing activities in the three-month periods ended March 31, 2003 and 2002 were the proceeds from the issuance of common stock of approximately $38,500 (2003) and $35,000 (2002), and proceeds from loans payable of approximately $25,400 (2003) and $10,600 (2002).

We believe our cash and cash equivalent assets at April 10, 2003 may not provide us with sufficient liquidity to grow our business and carry out many of our expansion plans. In recognition of the potential need for additional working capital, management intends to seek additional sources of capital, which sources may include public and private sales of our securities and additional borrowings from both affiliates and non-affiliates. Our inability to obtain sufficient working capital may restrict our ability to carry out our operating plans, which would result in the continuance of unprofitable operations and would adversely affect our financial condition and results of operations.

Item 3. Controls and Procedures.

(a) Based upon an evaluation performed within 90 days of this Report, our Chief Executive Officer ("CEO") and Chief Accounting Officer ("CAO") have each concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)) are effective to ensure that material information relating to our company is made known to management, including the CEO and CAO, particularly during the period when our periodic reports are being prepared, and that our internal controls are effective to provide reasonable assurances that our financial condition, result of operations and cash flows are fairly presented in all material respects

(b) The CEO and CAO each note that, since the date of his/her evaluation until the date of this Report, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II
OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following exhibits are filed herewith.

Exhibit No.	Description
99.1	Certification of Cordia Corporation's Principal Executive Officer, Patrick Freeman, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of Cordia Corporation's Principal Financial Officer, Lorie M. Guerrera, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

We filed a Current Report on Form 8-K, dated January 2, 2003, furnishing under Items 5 and 7 the letter of resignation of Craig C. Gironda from his positions as a director and chief executive officer of the Company.

We filed a Current Report on Form 8-K, dated March 3, 2003, furnishing under Items 2 and 7 the Agreement and Plan of Reorganization and Corporate Separation, dated March 3, 2003, by and between our company and West Lane Group, Inc., the Promissory Note, dated March 3, 2003, of West Lane Group, Inc. in favor of our company and the License Agreement, dated March 3, 2003, between our company and I.S.G. Group, Inc., d/b/a Insurance Solutions Group.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORDIA CORPORATION

Date: May 15, 2003 By: Patrick Freeman

Patrick Freeman
President and Chief Executive Officer

Date: May 15, 2003 By: Lorie M. Guerrera

Lorie M. Guerrera
Chief Accounting Officer

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Patrick Freeman, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of CORDIA 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 officer 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;

5. The registrant's other certifying officer 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 officer and I have indicated in this quarterly report whether or not 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: May 15, 2003

Patrick Freeman

President and Chief Executive Officer

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Lorie M. Guerrera certify that:

1. I have reviewed this quarterly report on Form 10-QSB of CORDIA 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 officer 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;

5. The registrant's other certifying officer 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 officer and I have indicated in this quarterly report whether or not 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: May 15, 2003

Lorie M. Guerrera

Chief Accounting Officer