

Edgar Filing: NETWORK INSTALLATION CORP - Form 10QSB

NETWORK INSTALLATION CORP  
Form 10QSB  
May 15, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2006

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-25499

NETWORK INSTALLATION CORPORATION  
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(Exact name of small business issuer as specified in its charter)

Nevada  
-----

88-0390360  
-----

State or other jurisdiction of  
Incorporation or organization

(IRS Employer  
Identification Number)

5625 South Arville Street, Suite E Las Vegas Nevada  
-----

89118  
-----

(Address of principal executive offices)

(Zip Code)

(702) 889-8777  
-----

(Issuer's telephone number, including area code)

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 Issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

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

As of March 30, 2006 there were 31,562,766 shares of common stock issued and outstanding, \$0.001 par value.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE) YES  NO

NETWORK INSTALLATION CORP. AND SUBSIDIARIES  
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PART I - FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS.

NETWORK INSTALLATION CORP. INC  
Consolidated Balance Sheets

March 31,	December 31,
2006	2005
(Unaudited)	
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ASSETS:

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CURRENT ASSETS:

Cash . . . . .	\$ 1,232,706	\$ 438,467
Accounts Receivable, net of allowance for doubtful accounts of \$415,733 (\$356,811 at 2005).	2,507,441	1,499,704
Inventories . . . . .	1,579,289	3,020,113
Costs in Excess of Billings . . . . .	623,541	232,778
Prepaid Expenses and other current assets . . . . .	106,815	133,810

Total Current Assets . . . . .	6,049,792	5,324,872
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Fixed assets, net of accumulated depreciation of \$486,563 (\$504,853 at 2005) . . . . .	305,635	383,728
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OTHER ASSETS:

Goodwill . . . . .	7,344,216	7,344,216
Patents . . . . .	2,500	2,500
Advances . . . . .	300,935	195,393
Security Deposits . . . . .	2,630	20,691

Total Other Assets . . . . .	7,650,281	7,562,800
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TOTAL ASSETS . . . . .	\$ 14,005,708	\$13,271,400
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LIABILITIES & STOCKHOLDERS' EQUITY:

CURRENT LIABILITIES

Bank Line of Credit . . . . .	\$ 586,757	\$ 432,562
Accounts Payable . . . . .	3,723,560	3,420,923
Billings in Excess of Costs . . . . .	1,046,053	1,443,588
Payroll Taxes Payable . . . . .	348,576	371,213
Current Portion of Notes Payable . . . . .	146,628	336,115
Current Portion of Related Party Notes Payable . . . . .	196,341	261,802
Current Portion of Convertible Debenture . . . . .	331,333	316,333
Current Portion of Related Party Convertible Debentures	497,000	474,500
Related Party Factor Payable . . . . .	1,288,600	-

Total current liabilities . . . . .	8,164,848	7,057,036
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LONG-TERM DEBT

Notes Payable . . . . .	962,569	1,262,979
Related Party Notes Payable	102,665	95,497
Related Party Convertible Debentures, net of Debt Discount	4,022,686	3,291,265

Total long-term debt . . . . .	5,087,920	4,649,741
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STOCKHOLDERS' EQUITY:

Common Stock, \$.001 par value; 100,000,000 shares authorized 31,562,766 and 49,534,721 shares issued and outstanding in 2006 and 2005, respectively . . . . .	31,563	49,535
Additional paid-in Capital . . . . .	27,077,301	26,586,266
Shares to be Returned . . . . .	( 2,880)	(18,568)
Shares to be Issued . . . . .	116,358	116,358
Warrants . . . . .	28,796	0
Accumulated Deficit . . . . .	(26,498,198)	(25,168,968)

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Total stockholders' equity . . . . .	752,940	1,564,623
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY. . . . .	\$ 14,005,708	\$13,271,400
	=====	=====

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NETWORK INSTALLATION CORP., INC.  
Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended March, 31	
	2006	2005
	-----	-----
REVENUE:		
Sales . . . . .	\$ 6,806,146	\$ 750,716
Cost of Goods Sold . . . . .	5,799,302	424,078
	-----	-----
GROSS PROFIT . . . . .	1,006,844	326,638
	-----	-----
OPERATING EXPENSES:		
Investor relations . . . . .	115,510	347,318
Non cash officer compensation. . . . .	-	6,575,426
Salaries . . . . .	550,051	210,255
Other operating expenses . . . . .	1,008,380	249,204
	-----	-----
Total Operating Expenses . . . . .	1,673,941	7,382,203
	-----	-----
LOSS FROM OPERATIONS. . . . .	(667,097)	(7,055,565)
	-----	-----
OTHER EXPENSES:		
Interest Expense . . . . .	(557,786)	(172,177)
Loss on Sale of Assets/Inventory . . . . .	(104,347)	-
	-----	-----
Total Other Expenses . . . . .	(662,133)	(172,177)
	-----	-----
NET LOSS. . . . .	\$ (1,329,230)	\$ (7,227,742)
	=====	=====
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.03)	\$ (0.31)
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING	49,310,525	23,315,297
	=====	=====