

ISA INTERNATIONALE INC  
Form 10-Q  
February 14, 2014

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

**For the quarterly period ended December 31, 2013**

Commission File Number: 001-16423

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**ISA INTERNATIONALE, INC.**

(Name of small business registrant in its charter)

Delaware

41-1925647

(State of incorporation)

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

2564 Rice Street, St. Paul, MN

55113

(Mailing address of principal executive offices) (Zip Code)

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(Issuer's telephone number) (651) 484-9850

Securities registered under Section 12(g) of the Exchange Act:

Title of each class	Name of each exchange on which registered
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Common Stock	OTC Bulletin Board
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Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ 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 February, 14, 2014, the registrant had 50,124,912 shares of common stock issued and 48,874,912 shares outstanding. Treasury stock reacquired by the Company in the amount of 1,250,000 has not been retired by the Company as of February 14, 2014.

On December 31, 2013, there were also convertible notes payable in the amount of \$118,832 that are due and payable on demand and convertible at the option of the related party at a rate of \$.0725 per share for 1,639,062 shares. There has been no appreciable change in these convertible notes payable from December 31, 2013 to the date of this report, February 14, 2014.

**ISA INTERNATIONALE INC.**

**FORM 10-Q**

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**PART I FINANCIAL INFORMATION**

**Item 1. Condensed Financial Statements**

These condensed financial statements have been prepared by ISA Internationale Inc. (the Company) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with such SEC rules and regulations. In the opinion of management, the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of December 31, 2013, and its results of operations, net liabilities, and cash flows for the three month period ended December 31, 2013. The results for these interim periods are not necessarily indicative of the results for the entire year. The accompanying condensed financial statements should be read in conjunction with the financial statements and the notes thereto as a part of the Company's annual report on Form 10-K for the fiscal year ended September 30, 2013 which was filed on January 14, 2014.





**ISA INTERNATIONALE INC.**

**CONDENSED STATEMENT OF ASSETS AND LIABILITIES**

**December 31, 2013   September 30, 2013**

**(Unaudited)      (Audited)**

**ASSETS**

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Investments:

Non-controlled, non-affiliated investments

Investment in Newsbeat Stock	\$ 2,000	\$ 2,000
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Total Investments	2,000	2,000
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Cash	710	600
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Accounts receivable	17,000	37,000
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<b>Total assets</b>	<b>\$ 19,710</b>	<b>\$ 39,600</b>
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**LIABILITIES & NET LIABILITIES**

Obligations in excess of investment basis

in controlled affiliate	\$ 201,780	\$ 182,305
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Accounts payable - trade and taxes	148,408	135,283
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Accrued expenses payable to related party	13,600	29,600
---	--------	--------

Convertible notes payable - related party	118,832	101,739
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<b>Total liabilities</b>	<b>482,620</b>	<b>448,926</b>
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<b>Net liabilities</b>	<b>\$ (462,910)</b>	<b>\$ (409,326)</b>
------------------------	---------------------	---------------------

=====	=====
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**Net liabilities are comprised of:**

Common stock, \$.0001 par value, 300,000,000 shares authorized;

50,124,912 shares issued and 48,874,912 shares outstanding at

December 31, 2013; 50,124,912 shares issued and

48,874,912 shares outstanding at September 30, 2013	5,013	5,013
---	-------	-------

Additional paid-in capital	10,392,145	10,392,145
----------------------------	------------	------------

Treasury stock; 1,250,000 shares	(537,500)	(537,500)
----------------------------------	-----------	-----------

Losses and distributions in excess of earnings	(10,322,568)	(10,268,984)
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<b>Total net liabilities</b>	<b>\$ (462,910)</b>	<b>\$ (409,326)</b>
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=====	=====
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The accompanying notes are an integral part of these unaudited condensed financial statements.

**ISA INTERNATIONALE INC.****SCHEDULE OF INVESTMENTS****December 31, 2013**

(Unaudited)

## Equity Investments:

Description		Percent	Historical Cost			
Company	of Business	Ownership	Investment	Fair Value	Affiliation	
Newsbeat Social, Inc.	Online broadcast news	2%	\$ 2,000 (1)	\$ 2,000	No	
		-----	-----			
Total Investments			\$ 2,000	\$ 2,000		
		=====	=====			

(1) At December 31, 2013, there were 2,000,000 of NewsBeat Social, Inc. shares held and reported on a fair value basis at the original purchase price of \$0.001 with no change in Fair Market Value incurred. All common shares held have been recorded as a noncurrent securities asset. There had been a provision of \$30,000 in projected future costs added to the carrying value of the investment based upon original contractual commitments, however those anticipated costs may not be realized due to a revision of the Company's estimate of the future obligation. The provision has been removed from our investment carrying value lowering the investment to \$2,000.

All common shares held have been recorded as an investment in Non-controlled securities asset.

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

**ISA INTERNATIONALE INC.**

**SCHEDULE OF INVESTMENTS**

**September 30, 2013**

Equity Investments:

Description		Percent	Historical Cost		
Company	of Business	Ownership	Investment	Fair Value	Affiliation
NewsBeat Social, Inc.	Online broadcast news	2%	\$ 2,000 (1)	\$ 2,000	No
		-----	-----		
Total Investments			\$ 2,000	\$ 2,000	
		=====	=====		

(1) At September 30, 2013, there were 2,000,000 of Newsbeat Social, Inc. shares held and reported on a fair value basis at the original purchase price of \$0.001 with no change in Fair Market Value incurred. All common shares held have been recorded as a noncurrent securities asset.

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

**ISA INTERNATIONALE INC.**

**CONDENSED STATEMENTS OF CHANGES IN NET LIABILITIES**

Three Months Ended Three Months Ended

December 31, 2013 December 31, 2012

(Unaudited) (Unaudited)

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**OPERATIONS:**

Net loss from operations \$ (34,733) \$ (27,365)

Realized loss on investments (18,851) (17,559)

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Net decrease in assets resulting

from operations and investing (53,584) (44,924)

**SHAREHOLDER ACTIVITY:**

Issuance of Common Stock - 14,000

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NET INCREASE IN NET LIABILITIES (53,584) (30,924)

**NET LIABILITIES:**

Beginning of period (409,326) (284,836)

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End of period	(462,910)	(315,760)
Average net liabilities	\$(436,118)	\$ (300,298)
	=====	=====

Ratios to average net liabilities:

Net operating expenses	(7.2) %	(9.1)%
Net investment (loss)	(4.3) %	(5.8)%
Per share ratio expenses	(0.06) %	- %
Per share ratio net investment (loss)	(0.04) %	- %

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

**ISA INTERNATIONALE INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

Three Months	Three Months
Ended	Ended
December 31, 2013	December 31, 2012

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Consulting income:                   \$       -   \$       --

Operating expenses:

General and administrative                   18,125       17,823

General and administrative -

(related party)                   13,250       8,250

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Total operating expenses                   (31,373)       26,073

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Operating loss                   (31,373)       (26,073)

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Other Expenses

Interest expense-related party                   (3,360)       (1,292)

-----

Total Other Expenses                   (3,360)       (1,292)

-----

Net loss from operations                   (34,733)       (27,365)

Net Investments

Net realized loss on investments                   (18,851)       (17,559)

-----

Net increase in net liabilities

from operations & investments                   (53,584)       (44,924)

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Basic loss per share

Continuing operations	(0.0007)	(0.0009)
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=====	=====
-------	-------

Basic and diluted loss per share	\$ (0.0007)	\$ (0.0009)
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=====	=====
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Weighted average common

Shares outstanding:

Basic and Diluted	48,874,912	47,799,912
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=====	=====
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The accompanying notes are an integral part of these unaudited condensed financial statements.

**ISA INTERNATIONALE INC.**

**CONDENSED STATEMENTS OF CASH FLOWS**

**(UNAUDITED)**

Three Months	Three Months
Ended	Ended
December 31, 2013	December 31, 2012

-----

**Cash flows from operating activities:**

Net increase in net liabilities from operations	\$ (53,584)	\$ ( 44,924)
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Adjustments to reconcile net loss from operations

to cash flow used in operating activities:

Non-cash Consulting fees, related party	12,500	7,500
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Consulting fees, other	-	2,000
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Deconsolidation effect of subsidiary, net	19,476	-
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Realized loss on investments	-	17,559
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Changes in operating assets and liabilities:

Decrease in other receivables	20,000	-
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Decrease in accrued expenses	(16,000)	-
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Increase in Accounts payable	13,125	6,182
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Cash provided by (used in) operating activities	(4,483)	(11,683)
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**Cash flows from investing activities:**

	-----	-----
Cash used by investing activities	-	-
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of convertible debt –		
related party	4,593	6,606
	-----	-----
Cash provided by financing activities	4,593	6,606
	-----	-----
Increase (Decrease) in cash	110	(5,077)
Cash at beginning of period	600	5,232
	-----	-----
<b>Cash at end of period</b>	<b>\$ 710</b>	<b>\$ 155</b>
	=====	=====
Non-cash investing and financing transactions:		
Amount due for investment purchase	-	(1,000)
Equity issued for cost of obtaining investment	-	(21,000)
Effect of de-consolidating subsidiary and reporting		
related net assets as liabilities as a BDC	-	(119,107)
Consulting fee paid with convertible debt increase	12,500	-
	-----	-----
Total non-cash transactions	\$ 12,500	\$ (141,107)
	=====	=====

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



**ISA INTERNATIONALE INC.**

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1) NATURE OF BUSINESS AND SIGNIFICANT EVENTS**

**1.a) NATURE OF BUSINESS**

ISA Internationale, Inc ("*ISAT*" or the "*Company*") was a financial services company specializing in debt collections for third party clients and our own portfolios of distressed debt receivables. The Company and its Board of Directors decided to become a Business Development Company on June 29, 2012, and determined that it will operate as a business development company effective October 1, 2012 and accordingly filed Form N54-A with the Securities and Exchange Commission. See note 6 for an explanation of the Company's future plans and direction following a revised and new business plan of operations.

**1.b) PRESENTATION**

On June 28, 2012, the Company filed Form N-54A with the United States Securities Exchange Commission to become a Business Development Company ("BDC"). As a result, it became a closed-end company (mutual fund) organized and operated for the purpose of making investments in securities described in Section 55 (a)(1) through (3) of the Investment Company Act of 1940; and that it will make available significant managerial assistance to American companies with respect to issuers of such securities to the extent required by the act. The Company commenced significant investment activities in fiscal 2013 and as such began reporting and accounting methodologies consistent with BDC requirements during the first quarter of fiscal 2013.

In the opinion of management, the condensed financial statements include all normal recurring adjustments necessary for fair presentation.

**1.c) USE OF ESTIMATES**

The preparation of the financial statements is in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, such as the fair value of investments and

estimated obligations related to contractual commitments, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **1.d) RECENT ACCOUNTING PRONOUNCEMENTS**

The Company's management has evaluated all recently issued accounting pronouncements through the filing date of these condensed financial statements and has determined that these pronouncements will have no material impact on the condensed financial statements of ISA Internationale, Inc.

#### **1.e) FINANCIAL INSTRUMENTS**

The Company has categorized its financial assets and liabilities based upon the Fair Value Measurement and Disclosures (ASC 820). This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures.

This standard does not require any new fair value measurement, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost).

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the disclosure requirements around fair value establishes a fair value hierarchy for valuation inputs which is expanded. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are described as:

Level 1:

Quoted Market prices in Active Markets

Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2:

Significant Observable Inputs

Inputs are based upon significant observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3:

Significant Unobservable Inputs

Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.



The carrying value of the Company's non-investment financial assets and liabilities which consist of cash, accounts payable and accrued liabilities, and notes payable approximate their fair value due to the short maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, exchange or credit risks arising from these financial instruments.

**1.f) FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value measurements of our financial instrument assets are presented in the following table:

**Fair Value Measurements as of December 31, 2013:**

**Level 1   Level 2   Level 3   Total**

Assets

Investment – NewsBeat Social, Inc.	\$ -	\$ -	\$2,000	\$ 2,000
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**Fair Value Measurements as of September 30, 2013:**

**Level 1   Level 2   Level 3   Total**

Assets

Investment – NewsBeat Social, Inc.	\$ -	\$ -	\$2,000	\$ 2,000
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The following table is a reconciliation of changes in the net fair value of investments and financed receivables which are classified as level 3 in the hierarchy.

**Quarter Ended**

**December 31, 2013   Fiscal 2013**

	-----	-----
Balance as of October 1,	\$2,000	\$32,000
Purchases of Portfolios/Investments	-	22,000
Write off of Investment, Reality Corp	-	(22,000)
Write down Investment, Newsbeat Social, Inc.	-	(30,000)
	-----	-----
Balance as of December 31, September 30, respectively,	\$2,000	\$2,000

### Level 3 Fair Value Measurements

The Company's assessment of fair value of investments is based on a third party market analyst, communication with management of investees, internal estimates, or a combination thereof. The unobservable input is the probability estimate of realizing an investment return.

ASU 2011-04 requires additional disclosures about fair value measurements categorized within Level 3 of the fair value hierarchy, including the valuation processes used by the reporting entity, the sensitivity of the fair value to changes in unobservable inputs, and the interrelationships between those unobservable inputs, if any. Following are descriptions of the sensitivity of the Level 3 recurring fair value measurements to changes in the significant unobservable inputs noted above. For investment securities, a significant increase (decrease) in the share value in a subsequent sale or repurchase of securities would result in a significantly higher (lower) fair value measurement.

On October 1, 2012, the Company began reporting as a business development company (BDC). As such, we no longer consolidate our wholly owned subsidiary, ISAF, in accordance with Article 6.03 of Regulation S-X. Instead, we show our 100% investment at the approximate fair market value. Because obligations exceed the fair value of the investment in ISAF, we record this as a current liability of the Company at September 30, 2013 in the amount of \$182,305.

During the fiscal year ended September 30, 2013, The Company made an investment in Reality Corp, a biomedical company, in the amount of \$1,000 for the purchase of 10,000,000 of Reality common shares. This transaction was reported on a fair value basis at the original purchase price of \$.0001 with no change in Fair Value incurred through June 30, 2013. The Company also capitalized to Investment assets- Reality Corp. a development cost expense to a related party for \$12,000 worth of ISAT common stock.

During the quarter ended September 30, 2013 the Company decided to record the write-off of this investment of \$13,000 in full as Reality does not provide any updates or news on Company developments and has not repaid the \$500 for the return of the 5,000,000 shares as recorded in the termination agreement.

No purchases, sales, or adjustments to Level 3 assets have been recorded during the quarter ended December 31, 2013.

## **Note 2) LIQUIDITY AND GOING CONCERN MATTERS**

The Company has incurred losses since its inception and, as a result, has an accumulated deficit of \$10,322,568 at December 31, 2013. The Company incurred a net increase in net liabilities resulting from operating activities of \$53,584 for the three month period ended December 31, 2013 compared to a net increase in net liabilities resulting from operating activities of \$44,924 for the same period last year. These factors raised substantial doubt about the Company's ability to continue as a going concern.

The Company received loans and cash advances totaling \$4,593 from a related party during the three month period ended December 31, 2013. These loans and cash advances have been recorded as a convertible note payable to the related party and not treated as additional contributed capital to the Company's paid in capital.

As of December 31, 2013, the Company also had obligations due on investments made to ISA Financial Services, Inc. an unconsolidated related party affiliate in the amount of \$201,780. These obligations will require payment by the Company in the near future as the BDC activities further commence.

The Company's ability to continue as a going concern depends upon successfully restructuring its debt, obtaining sufficient financing to maintain adequate liquidity and provide for capital expansion until such time as operations produce positive cash flow. The Company had been in reorganization but decided in June 2012, to cease its debt collection operations and change its business plan of operations to be that of a BDC.

The accompanying financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and liabilities in the ordinary course of business. These financial statements do not include any adjustments that might result if the Company was forced to discontinue its operations.

## **Note 3) STOCKHOLDER'S EQUITY:**

## **Common Stock**

During the three month period ended December 31, 2013, no additional shares of the Company's common stock were issued.

## **NOTE 4) CONVERTIBLE or SECURED NOTES PAYABLE - RELATED PARTY**

The principal parties of Doubletree Capital Partners, Inc. (DCP) have lending arrangements with ISAT, as promulgated by and between DCP and the past board of directors and officers of the Company who had subsequently resigned their positions throughout the years 2000 and 2001. The financial company is owned by two individuals, one of which is ISAT's current President, CEO and Chairman of the Board of Directors. The two principals advance funds as deemed necessary from other entities they control and the balance is listed as a Loan Payable to Related Parties. If surplus funds are available the Loan is reduced.

During the quarter ended December 31, 2013, provided the financing necessary to maintain operations by advancing loans and advances to the Company. These monies included cash advances, net of repayments of \$4,593. None of these net advances were repaid except a consulting fee was added to the amount in the amount of \$12,500 and a note payable at December 31, 2013 to DCP is presented in the amount of \$118,832. These loans outstanding of \$118,832 bear interest at the rate of 12% per annum and are also convertible at the option of the holder into 1,639,062 common shares of the Company at the conversion price of \$.0725 per common share.

## **Note 5) - BUSINESS DEVELOPMENT CORPORATION**

As of June 30, 2012, the Company filed Form N-54A with the United States Securities Exchange Commission to become a Business Development Company. As a result, it will soon become a closed-end company (mutual fund) organized and operated for the purpose of making investments in securities described in Section 55 (a)(1) through (3) of the Investment Company Act of 1940; and that it will make available significant managerial assistance to American companies with respect to issuers of such securities to the extent required by the act.

The Company has commenced the development of new management consulting services to assist American client companies in complying with the reporting requirements to the government, communicating with shareholders,

customers and the public and the accessing of needed growth capital.

In June, 2012, the Company entered into its first agreement with NewsBeat Social, Inc., an Oregon corporation, organized to provide social news content via the internet, such as Facebook, Inc. A commitment to purchase \$2,000,000 shares of common stock shares of NewsBeat Social, Inc. was consummated on June 29, 2012. The total purchase price was approximately \$2,000 and is not considered significant.

In December 2012, the Company entered into its second agreement with RE@LITY Corp, Inc, a Delaware Corporation. RE@LITY was focused on eClinical validation services using its proprietary automation platform, ClinTest. To further its business plans and raise needed capital, RE@LITY was seeking to sell its common shares in a private placement and to accelerate the registration of its shares for public trading through an S-1 registration filing with the SEC ("Registration"). On February 6, 2013, ISAT received 10,000,000 non registered common shares in RE@LITY Corp for the agreed purchase price of \$1,000.

On July 28, 2013, the Reality contract was terminated mutually by both parties wherein the Company was to receive a refund in the amount of \$500 in return for 5,000,000 of the previously purchased 10,000,000 common shares. As of the date of this report, ISAT considers the transaction terminated and has written-off the previous total investment of \$1,000 and related costs incurred to accomplish the transaction to the time of termination.

On April 29, 2013, the Company entered into a financing and conditional registration agreement with Homebound Energy, LLC; a corporation under the state laws of Texas focused on oil and natural gas exploration. Homebound is seeking to raise funds through debt, equity, or a combination of the above in the amount of approximately \$25,000,000 with further financing transactions to follow. The agreement with Homebound is valued at \$100,000 which has been collected in full. If during the term of the engagement Homebound consummates a financing transaction with the assistance of the Company, Homebound will compensate the Company in the amount of 5% of the consideration received.

On June 3, 2013, the company entered into a financing and conditional registration agreement with Diesel TEK, Inc., a corporation under the state laws of Nevada focused on providing advanced technologies for improving air quality and efficiencies of diesel engines. Diesel TEK is seeking to raise funds through debt, equity, or a combination of the above in the amount of approximately \$5,000,000 with further financing transactions to follow. The amended agreement with Diesel TEK is valued at \$67,500 which has been paid in full to ISAT.

On July 26, 2013, ISAT, entered into a Financing and Conditional Registration Agreement with Cancer Screening Centers, a corporation under the state laws of Delaware focused on establishing cancer screening centers that offer genomic sequencing, medical testing, as well as coronary artery MRI in the New York and New Jersey area. Cancer Screening Centers is seeking to raise funds through debt, equity, or a combination of the above (Financing Transaction) in the amount of approximately \$7,000,000 with further Financing Transactions to follow. ISAT has collected \$43,000 of the original consulting contract value of \$60,000. If during the term of the engagement The

Company consummates a Financing Transaction with the assistance of ISAT, or during the 2 years following the termination of the engagement, The Company will compensate ISAT in the amount of 7% of the consideration received.

The contracts provided for consulting fees to be paid to ISAT in the total amount of \$227,500. All of these contract proceeds have been paid in full except for a receivable of \$17,000 due to the Company as of December 31, 2013. As of February 14, 2014, the receivable from Cancer Screening Centers has been further reduced to \$10,000.

#### **Note 6) RELATED PARTY TRANSACTIONS**

##### **CONVERTIBLE NOTES PAYABLE - RELATED PARTY**

During the quarter ended December 31, 2013, the Company received \$4,593 in cash loans and advances from a related party. These advances and loans and a \$12,500 management fee to Doubletree Capital Partners, Inc., recorded as notes payable – related party included in the loan payable of \$118,832 secured by a blanket collateral pledge of all of the Company's assets and bear interest at the rate of 12% per annum commencing June 30, 2012 and forward until paid in full. The convertible notes payable are due and payable on demand and convertible at the option of the related party into 1,639,062 common shares at the rate of \$.0725 per share as of December 31, 2013.

#### **Note 7) SUBSEQUENT EVENTS**

Management has reviewed the events of the Company from December 31, 2013 to the date of this report and has determined that no additional events require reporting thereon.

#### **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

##### **Forward Looking Statements**

The information herein contains certain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward looking statements involve risks and uncertainties, including, without

limitation, the ability of the Company to continue its present business strategy which will require it to obtain significant additional working capital, changes in costs of doing business, identifying and establishing a means of generating revenues at appropriate margins to achieve profitability, changes in governmental regulations and labor and employee benefits and costs, and general economic and market conditions. Such risks and uncertainties may cause the Company's actual results, levels of activity, performance or achievement to be materially different from those future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

Although the Company believes that the assumptions and expectations reflected in these forward looking statements are reasonable, any of the assumptions and expectations could prove inaccurate or not be achieved, and accordingly there can be no assurance the forward looking statements included in this Form 10-Q will prove to be accurate. In view of the significant uncertainties inherent in these forward-looking statements, their inclusion herein should not be regarded as any representation by the Company or any other person that the objectives, plans, and projected business results of the Company will be achieved. Generally, such forward looking statements can be identified by terminology such as "may," "could," "anticipate," "expect," "will," "believes," "intends," "estimates," "plans," or other comparable terminology.

## **Company History and Overview**

On June 29, 2012, the Company began the process of becoming a Business Development Company as it filed Form N54-A with the Securities and Exchange Commission. Further, The Company sold its in-house debt collection business to a related company owned by the Company's President and another investor who is also an investor shareholder in the Company's Management Company.

With the Company's filing of Form N-54A with the United States Securities Exchange Commission to become a Business Development Company, it became a closed-end company (mutual fund) organized and operated for the purpose of making investments in securities described in Section 55 (a)(1) through (3) of the Investment Company Act of 1940; and that it will make available significant managerial assistance to American companies with respect to issuers of such securities to the extent required by the act.

The Company has commenced the development of new management consulting services to assist American client companies in complying with the reporting requirements to the government and in communicating with shareholders, customers and the public and the accessing of needed growth capital. The Company will be receiving shares from its various new client for financial consulting work completed in the succeeding quarters going forward.

As a result, the Company considers itself to be operational as a Business Development Company as of October 1, 2012 and forward. After successful completion of its reorganization efforts and the set-up of operations as a Business Development Company, ISAT plans to pursue strategic alternatives that may include the purchase of a business or



acquisition by another entity, as well as the associated activities required of a Company involved in activities as a Business Development Corporation.

## **Results of Operations for the three months ended December 31, 2013 and 2012.**

### **Operating Expenses**

Operating expenses include general and administrative expenses. Other expenses include interest expenses related to short term financing notes and convertible notes payable. General and administrative expenses were \$31,373 for the three months ended December 31, 2013 compared to \$26,073 for three months ended December 31, 2012. The increase is primarily due to management fee of \$12,500 and audit expense of \$11,000, compared to the three month period ended December 31, 2012.

Interest expense for the three months ended December 31, 2013 totaled \$3,360 compared to \$1,292 for the three month period ended December 31, 2012.

### **Liquidity and Capital Resources**

As of December 31, 2013, the Company had total assets of \$19,710 consisting of \$710 in cash, \$17,000 in accounts receivable, \$2,000 in a stock investment for NewsBeat Social, Inc.

The Company also had \$482,620 in liabilities consisting of \$201,781 in obligations in excess of investment basis in controlled affiliate, \$162,008 in accounts payable and accrued expenses and \$118,832 in 12% convertible notes payable – secured – related party. Total liabilities as of December 31, 2013 were \$482,620 compared to \$448,926 at September 30, 2013.

Certain assets and liabilities related to ISA Financial are no longer consolidated with the Company as of October 1, 2012. Instead, they are presented net as the approximate fair value of the Company's 100% interest in ISA Financial as of December 31, 2013. The net assets represented obligations in excess of our investment basis of \$201,781.

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As of September 30, 2013, the Company had total assets of \$39,600 consisting of \$600 in cash, \$2,000 stock investment, and \$37,000 receivable from an investment entity. It had \$448,926 in current liabilities consisting of \$135,283 in accounts payable, \$29,600 in accrued expenses, \$182,305 in obligations in excess of investment basis in controlled affiliates (former subsidiaries), and \$101,739 convertible notes payable to a related party.

For the quarter ended December 31, 2013, the Company raised \$4,593 from demand notes payable from a related investor, compared to \$6,606 from demand notes payable from a related investor for the fiscal year ended September 30, 2013. The demand loans bear interest at the rate of 12% per annum and are collateralized by all the assets of the Company. These secured demand notes accrued interest in the amount of \$3,360 for the quarter ended December 31, 2013 and \$8,392 during the fiscal year ended September 30, 2013.

The Company's current capital resources are not sufficient to support its development and operations. Additional capital will be necessary to support future growth of the Company as well as general and administrative and interest expenditures. The Company will continue its complete reorganization of financial affairs and obligations as well as support its expanded operational in-house collection agency activities and future debt receivable purchases.

The Company is currently seeking additional sources of debt or equity financing to replace the financing agreement consummated in November 2000 with Doubletree Capital Partners, Inc. Until the reorganization process is fully completed and sources of capital needs are determined and defined, the Company cannot provide assurances as to its future viability or its ability to prevent the possibility of a bankruptcy filing petition either voluntary or involuntary by creditors of the Company.

As a result of the Company's history of operating losses and its need for significant additional capital, the reports of the Company's independent registered public accounting firm on the Company's Form 10-K submission for the year ended September 30, 2013, should be read including explanatory paragraphs concerning the Company's ability to continue as a going concern.

### **Income Tax Benefit**

The Company has an income tax benefit from net operating losses, which is available to offset any future operating profits. This benefit has not been recorded in the accompanying financial statements because of the uncertainty of future profits. The ability to utilize the net operating losses may be limited due to ownership changes.

### **Impact of Inflation**

The Company believes that inflation has not had any material effect on its development or operations since its inception in 1997. Furthermore, the Company has no way of knowing if inflation will have any material effect for the foreseeable future. The Company forecasts a more challenging economic environment for its operations in 2014 due to a slowly recovering economy that still has relatively high unemployment in the work force creating economic uncertainties.

### **Prior Business Ventures**

With respect to the business strategy of developing and launching a multimedia home shopping network, ISAT had only a very limited operating history on which to base an evaluation of its business and prospects. The Board of Directors decided in December 2000 to sell the Shoptropolis subsidiary and cease development of the home shopping network. All efforts of the Company at the present time have been directed to a complete reorganization of all of its affairs. Therefore, the Company's prospects for new business ventures must be considered in light of the many risks, expenses and difficulties encountered frequently by companies in reorganization. Such major risks include, but are not limited to, an evolving business model and the overall effective management of future growth. To address the many startup risks and difficulties the Company has encountered, it must in the future have the ability to successfully execute any of its strategies that it may develop in any new business venture investments.

There would be no assurance the Company would be successful in addressing the many risks and difficulties it could encounter and the failure to do so would continue to have a material adverse effect on the Company's business, prospects, financial condition and results of any operations it pursues or tries to develop, pending successful reorganization of its financial affairs. There can be no assurance that ISAT can find and attract new capital for any new business venture investments and if successful in finding sufficient capital, that it can successfully grow and manage the business or new business venture into a profitable and successful operation. No assurance can be given on any of these developments. The Company will continue to complete its financial reorganization, and attempt to operate as a business development company.

### **History of Losses and Anticipated Further Losses**

The Company has generated only limited revenues to date and has an accumulated deficit as of December 31, 2013 of \$10,322,568. Further, the Company expects to continue to incur investment losses until it generates investment income. There can be no assurance the Company will ever generate investment income or that it will achieve profitability or that its future investment activity will prove commercially successful.

### **Need for Additional Financing**

The Company's current capital resources are not sufficient to support the Company's anticipated day-to-day operations. As such, the Company must obtain significant additional new capital to support the Company's anticipated day-to-day operations and fully settle the debt incurred by ISAT during its past operations until it establishes a means of generating revenues at appropriate margins to achieve profitability. The Company currently has an agreement with Doubletree Capital Partners, Inc. (hereinafter referred to as the financial company or DCP) to loan the Company, at the financial company's sole discretion, funds to meet its day-to-day operational expense and settle certain debt incurred by ISAT. The financial company is owned by two individuals, one of which is ISAT's current President, CEO and Chairman of the Board of Directors.

The Company will continue to use its best efforts to help the Company resolve, consolidate, and reorganize the Company's present debt structure and contractual liabilities. There is no assurance the financial company will provide the Company any additional capital. Additional financing is contemplated by the Company, but such financing is not guaranteed and is contingent upon pending successful settlement of the Company's problems with various creditors. There is no assurance the Company will be able to obtain additional capital and the necessary additional financing will be available when needed by the Company on terms acceptable to the Company. If the Company is unable to obtain financing sufficient to meet its operating and development needs, the Company will be unable to develop and implement a new business strategy or continue its operations. As a result of the Company's history of operating and investment losses and need for significant additional capital, the Form 10-K reports of the Company and notes to consolidated financial statements for the fiscal year ended September 30, 2013, includes an explanatory paragraph concerning the Company's ability to continue as a going concern. Footnote 2 of our financial statements of this Form 10-Q discusses current liquidity and going concern matters.

### **Reliance on Key Personnel**

The Company's future success will be dependent upon the ability to attract and retain executive officers, board members, and certain other key persons. The inability to attract such individuals or the loss of services of one or more of such persons would have a material adverse effect on ISAT's ability to implement its current plans or continue its operations. There can be no assurance the Company will be able to attract and retain qualified personnel as needed for its business.

### **Control by Existing Management**

Three principal shareholders, Doubletree Capital Partners, Inc. (DCP), Doubletree Liquidation Corporation and Bernard L. Brodkorb, beneficially own approximately 96.95%, respectively of the Company's outstanding common stock at December 31, 2013. DCP's and Mr. Brodkorb's beneficial ownership includes common stock that can be converted from preferred stock owned by the one principal shareholder as well as similar conversion of convertible loans and related interest due. Brodkorb is a 50% owner of DCP and his beneficial shares represented 100% of DCP's interest. DCP and Brodkorb accordingly have complete control of the business and future development, including the ability to manage all operations, establish all corporate policies, appoint future executive officers, determine management salaries and other compensation, and elect all members of the Board of Directors of ISAT.

### **Effects of Trading in the Over-the-Counter Market**

The Company's common stock is traded in the over-the-counter market on the OTC Electronic Bulletin Board and its stock symbol is ISAT. Consequently, the liquidity of the Company's common stock may be impaired, not only in the number of shares that may be bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media may also be reduced. As a result, prices for shares of the Company's common stock may be lower than might otherwise prevail if the Company's common stock were traded on a national securities exchange or listed on the NASDAQ Stock Market. Further, the recent adoption of new eligibility standards and rules for broker dealers who make a market in shares listed on the OTC Electronic Bulletin Board may limit the number of brokers willing to make a market in the Company's common stock.

### **Limited Market for Securities**

There is a limited trading market for the Company's common stock, which is not listed on any national stock exchange or the NASDAQ stock market. The Company's securities are subject to the "penny stock rules" adopted pursuant to Section 15(g) of the Securities Exchange Act of 1934, which applies to non-NASDAQ companies whose common stock trades at less than \$5 per share or has tangible net worth of less than \$2,000,000. These "penny stock rules" require, among other things, that brokers who sell covered "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances.

Many brokers have decided not to trade "penny stock" because of the requirements of the "penny stock rules" and, as a result, the numbers of broker-dealers willing to act as market makers in such securities are limited. There can be no assurance that an established trading market will develop, the current market will be maintained or a liquid market for the Company's common stock will be available in the future.

### **Liquidity and Going Concern Matters**

The Company has incurred losses since its inception and, as a result, has an accumulated deficit of \$10,322,568 at December 31, 2013. The net increase in net liabilities for the three month period ended December 31, 2013 was \$53,584.

The Company at December 31, 2013 owed \$201,781 in obligations in excess of investment basis, \$162,008 in accounts payable and accrued expenses and \$118,832 in 12% convertible notes payable – secured – related party.

The Company's ability to continue as a going concern depends upon successfully restructuring its debt, obtaining sufficient financing to maintain adequate liquidity and provide for capital expansion until such time as operations produce positive cash flow.

The accompanying financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and liabilities in the ordinary course of business. The financial statements do not include any adjustments that might result if the Company was forced to discontinue its operations. The Company's current plans are to expand its business development company activities offering services to companies that plan to public in the future but there can be no assurance these actions will be successful.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Our business activities** contain high elements of risk. The Company considers a principal type of market risk to be a valuation risk. All assets are valued at fair value as determined in good faith by or under the direction of the Board of Directors (which is based, in part, on quoted market prices of similar investments).

Market prices of common equity securities in general, are subject to fluctuations that could cause the amount to be realized upon sale to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of the Company's portfolio companies, the relative prices of alternative investments, general market conditions and supply and demand imbalances for a particular security.

Neither the Company's investments nor an investment in the Company is intended to constitute a balanced investment program. The Company will be subject to exposure in the public-market pricing and the risks inherent therein.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **4(a) Evaluation of Controls and Procedures**

The management of ISA International Inc., under the direction, supervision, and participation of, our Chief Executive Officer and Chief Financial Officer and effected by management and other personnel, has conducted an evaluation as

of the end of the period covered by this report, of the effectiveness of the design and operation of disclosure controls and procedures (as defined as defined in Rules 240.13a-15(e) and 240.15d-15(e) of the Securities Exchange Act of 1934).

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2013, the Company's disclosure controls and procedures were not effective.

#### **4(b) Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We reported on form 10-K as of September 30, 2013 that our internal control over financial reporting was not effective due to a material weakness in its internal control over financial reporting. The Company has not established adequate financial reporting monitoring activities to mitigate the risk of management override. There is a lack of segregation of duties as only one officer/employee oversees the finance department. However that officer is a licensed CPA accountant.

## **Part II. OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

During the quarter ended December 31, 2013, the Company was not a party to any lawsuit or legal proceeding.

The Company has reviewed for pending litigation and determined that none would have a material impact on the financial condition of the Company and the results reported. The Company has strict code of ethics policies and procedures in place designed to prevent any unlawful or unethical practices by its employees.

### **ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None during the quarter ended December 31, 2013.

**ITEM 3. Defaults Upon Senior Securities**

None during the quarter ended December 31, 2013.

**ITEM 4. Mine Safety Disclosures**

Not applicable

**ITEM 5. Other Information**

None during the quarter ended December 31, 2013.

**ITEM 6. Exhibits and Reports filed on Form 8-K.**

(a) Exhibits:

EX-31.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13(a) – 14(a) of the Securities Exchange Act, as amended.

EX-32.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Form 8-K reports filed during quarter:

None.



**Section 1 Business and Operations**

**Item 1.01 Entry into Material Definitive Agreements:**

**None.**

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated, thereunto duly authorized.

**ISA INTERNATIONALE INC.**

/s/ Bernard L. Brodkorb

By: Bernard L. Brodkorb

President, Chief Executive Officer, and Chief Financial Officer

Date: February 14, 2014