

Crown Equity Holdings, Inc.
Form 10-Q
April 04, 2013

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 September 30, 2012

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 000-29935

CROWN EQUITY HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)(

33-0677140

IRS Employer Identification No.)

11226 Pentland Down Road, Las Vegas, NV 89146

(Address of principal executive offices)

(702) 448-1543

(Issuer's telephone number)

5440 West Sahara Avenue, Suite 205, Las Vegas, NV 89146

(Former name, former address and former fiscal year, if changed since last report)

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

Large accelerated filer

Accelerated filed

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No x

As of April 3, 2013, there were 880,325,835 shares of Common Stock of the issuer outstanding.

TABLE OF CONTENTS

| | Page | |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------|----|
| PART I: FINANCIAL INFORMATION | | |
| Item 1. | Financial Statements (Unaudited) | |
| | Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011 (Unaudited) | 3 |
| | Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2012 and 2011 (Unaudited) | 4 |
| | Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011 (Unaudited) | 5 |
| | Notes to Consolidated Financial Statements (Unaudited) | 6 |
| Item 2. | Management's Discussion and Analysis and Plan of Operation | 11 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 12 |
| Item 4T. | Controls and Procedures | 12 |
| PART II: OTHER INFORMATION | | |
| Item 1. | Legal Proceedings | 13 |
| Item 1A. | Risk Factors | 13 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 13 |
| Item 3. | Defaults upon Senior Securities | 13 |
| Item 4. | Mine Safety Information | 13 |
| Item 5. | Other Information | 13 |
| Item 6. | Exhibits | 14 |
| Signatures | | 14 |

Crown Equity Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | September 30, 2012 | December 31, 2011 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 5,318 | \$ 84,325 |
| Marketable securities | 105,000 | 82,400 |
| Marketable securities held in related party | 302,859 | 480,000 |
| Accounts receivable | -- | 12,395 |
| Accounts receivable from related party | 44,000 | -- |
| Prepaid expenses | -- | 2,400 |
| Total current assets | 457,177 | 661,520 |
| Property and equipment, net of accumulated depreciation \$47,681 and \$29,732 respectively | 26,310 | 44,208 |
| Total Assets | \$ 483,487 | \$ 705,728 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 115,510 | \$ 182,697 |
| Related party deferred revenue | -- | 193,219 |
| Notes payable | 3,000 | -- |
| Notes payable to related parties | 108,818 | 95,209 |
| Total current liabilities | 227,328 | 471,125 |
| Stockholders' Equity: | | |
| Preferred stock; \$0.001 par value, 10,000,000 shares authorized, 9,000,000 undesignated authorized Series A convertible preferred stock; \$0.001 par value, 1,000,000 shares authorized, none and 600,000 shares issued and outstanding, respectively | -- | 600 |
| Common stock; \$0.001 par value, 4,900,000,000 shares authorized, 880,325,835 and 798,360,078 shares issued and outstanding, respectively | 880,326 | 798,361 |
| Additional paid-in capital | 7,938,818 | 7,673,372 |
| Accumulated deficit | (8,562,985) | (8,237,730) |
| Total stockholders' equity | 256,159 | 234,603 |
| Total Liabilities and Stockholders' Equity | \$ 483,487 | \$ 705,728 |

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Crown Equity Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------------------------------------------------------------------|-------------------------------------|----------------|------------------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | |
| Revenue | \$59 | \$213,441 | \$2,554 | \$944,101 |
| Revenue – related party | 336,100 | 39,069 | 549,319 | 697,288 |
| Direct material costs | 1,929 | 1,348 | 6,232 | 3,848 |
| Gross profit | 334,230 | 251,162 | 545,641 | 1,637,541 |
| Operating Expenses: | | | | |
| General and administrative | 45,229 | 423,152 | 365,448 | 1,632,835 |
| Depreciation | 14,189 | 5,294 | 17,949 | 15,542 |
| Income (loss) from operations | 274,812 | (177,284) | 162,244 | (10,836) |
| Other Income (Expenses): | | | | |
| Other income | 788 | 664 | 2,063 | 664 |
| Realized loss on marketable securities | -- | (14,789) | (1,155) | (31,341) |
| Unrealized gain (loss) on marketable securities | -- | (1,413,900) | 28,000 | (1,414,266) |
| Unrealized gain (loss) on marketable securities – related party | (37,441) | 12,500 | (467,441) | (100,000) |
| Interest expense | (2,856) | (2,938) | (40,328) | (8,798) |
| Loss on extinguishment of debt | -- | -- | (7,200) | -- |
| Other expense | (741) | (1,663) | (1,438) | (3,058) |
| Total other expenses | (40,250) | (1,420,126) | (487,499) | (1,556,799) |
| Net income (loss) | 234,562 | (1,597,410) | (325,255) | (1,567,635) |
| Deemed dividend on series A convertible preferred stock | -- | -- | -- | (600,000) |
| Net income (loss) attributable to common stockholders | \$234,562 | \$(1,597,410) | \$(325,255) | (2,167,635) |
| Net income (loss) per common share attributable to common stockholders (basic and diluted) | \$0.00 | \$(0.00) | \$(0.00) | \$(0.00) |
| Weighted average common shares outstanding (basic and diluted) | 880,279,458 | 789,342,792 | 848,398,277 | 781,979,178 |

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Crown Equity Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Nine Months Ended September 30, | |
|-----------------------------------------------------------------------------|------------------------------------|-------------------|
| | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$(325,255) | \$(1,567,635) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation expense | 17,949 | 15,542 |
| Bad debt expense | 12,395 | -- |
| Amortization of debt discount | 31,500 | -- |
| Common stock issued for services | 239,111 | 774,420 |
| Unrealized (gain) loss on marketable securities | (28,000) | 1,414,266 |
| Unrealized loss on related party marketable securities | 467,441 | 100,000 |
| Loss on extinguishment of debt | 7,200 | -- |
| Realized loss on marketable securities | 1,155 | 31,341 |
| Marketable securities received for revenue | (290,300) | (1,405,817) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | -- | (1,980) |
| Related party accounts receivable | (44,000) | -- |
| Prepaid expenses | 2,400 | -- |
| Accounts payable and accrued expenses | (67,187) | (13,965) |
| Deferred revenue | (193,219) | (197,867) |
| Accrued salaries | -- | 1,646 |
| NET CASH USED IN OPERATING ACTIVITIES | (168,810) | (850,049) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Cash paid for purchase of fixed assets | (51) | (6,849) |
| Proceeds from the sale of marketable securities | 4,245 | 396,273 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 4,194 | 389,424 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from the sale of common stock | 10,000 | -- |
| Proceeds from sale of series A convertible preferred stock | -- | 600,000 |
| Borrowings on notes payable | 62,000 | -- |
| Borrowings on related party notes payable | 13,609 | -- |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 85,609 | 600,000 |
| Net increase (decrease) in cash | (79,007) | 139,375 |
| Cash, beginning of period | 84,325 | 149,727 |
| Cash, end of period | 5,318 | \$289,102 |
| SUPPLEMENTAL CASH FLOWS INFORMATION | | |
| Interest paid | \$12 | \$48 |
| Income taxes paid | -- | -- |
| Noncash Investing and Financing Activities: | | |
| Marketable securities received for deferred revenue | \$-- | \$77,712 |

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| | | |
|------------------------------------------------------------------------------|--------|---------|
| Deemed dividend beneficial conversion feature on convertible preferred stock | -- | 600,000 |
| Debt discount due to beneficial conversion feature | 31,500 | -- |
| Common stock issued for debt | 59,000 | -- |
| Common stock issued for the conversion of preferred stock | 60,000 | -- |

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Crown Equity Holdings, Inc.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Crown Equity Holdings Inc. ("Crown Equity") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Crown Equity's December 31, 2011 Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year end December 31, 2011 as reported on Form 10-K, have been omitted. Certain prior period amounts have been reclassified to conform to current period presentation.

NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of \$8,562,985 as of September 30, 2012. Unless profitability and increase in shareholders' equity continues, these conditions raise substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are classified as available-for-sale and are presented in the balance sheet at fair market value.

Per Accounting Standards Codification 820 "Fair Value Measurement", fair values defined establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements.

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

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Crown Equity has classified these marketable securities at level 1 with a fair value of \$105,000 and \$82,400 as of September 30, 2012 and December 31, 2011, respectively. Crown Equity has classified related party marketable securities at level 1 with a fair value of \$302,859 and \$480,000 as of September 30, 2012 and December 31, 2011, respectively.

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of September 30, 2012

| Description | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Balance as of September 30, 2012 |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|
| Assets: | | | | |
| Marketable securities | \$105,000 | \$- | \$- | \$105,000 |
| Marketable securities held in related party | \$302,859 | \$- | \$- | \$302,859 |

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2011

| Description | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Balance as of December 31, 2011 |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|
| Assets: | | | | |
| Marketable securities | \$82,400 | \$- | \$- | \$82,400 |
| Marketable securities held in related party | \$480,000 | \$- | \$- | \$480,000 |

Per Accounting Standards Codification 825 “The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115”, an entity is permitted to irrevocably elect fair value on a contract-by-contract basis for new assets or liabilities within the scope of ASC 825 as the initial and subsequent measurement attribute for those financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option are required to (i) recognize changes in fair value in earnings and (ii) expense any up-front costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which it has elected the fair value option, and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this either by reporting the fair value and non-fair-value carrying amounts as separate line items or by aggregating those amounts and disclosing parenthetically the amount of fair value included in the aggregate amount.

Crown Equity adopted ASC 825 during the third quarter of fiscal 2009 and elected the fair value option for their marketable securities.

NOTE 4 – REVENUE RECOGNITION

The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. Crown Equity's revenue is recognized pursuant to ASC 605 "Revenue Recognition." The Company recognizes its revenue from services as those services are performed. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Contract revenues include royalties under license and collaboration agreements. Contract revenue related to technology licenses is fully recognized only after the license period has commenced, the technology has been delivered and no further involvement of Crown Equity is required.

Crown Equity receives payment for its services in both cash and equity instruments issued by the customer. The equity instruments are accounted for in accordance with the provisions of ASC 718 "Compensation – Stock Compensation" and is based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which they are received by Crown Equity.

Amounts received for revenue not earned as of period end are accounted for as deferred revenues. As of September 30, 2012 and December 31, 2011, there was zero and \$193,219, respectively of deferred revenue.

NOTE 5 - RELATED PARTY TRANSACTIONS

On December 2, 2009, the Company signed a one year lease for 2,400 square feet of office space. The rent for the space is \$2,400 per month. The landlord is related to one of the officers of the Company. The lease was renewed on January 1, 2012, however, during the nine months ended September 30, 2012, the lease was terminated by mutual consent and the offices were vacated by the Company.

On November 20, 2009, the Company converted accounts payable and advances from Montse Zaman, a related party, of \$71,184 to a three-year unsecured note maturing on November 19, 2012. Through September 30, 2012 the balance increased by \$10,000 and was offset by a payment of \$2,000 for an outstanding balance of \$79,184 as of September 30, 2012. Interest is incurred at 12% per annum unless the principal and interest are not paid by maturity at which time the interest rate accelerates to 18% per annum.

During the period ended June 30, 2007, the Company borrowed \$12,700 from Phoenix Consulting Services Inc. controlled by a related party. The loan is unsecured and matured on April 1, 2008 and accrued interest at 12% per annum. The note may be converted into common shares of the company at the holder's option at a conversion price to be determined in the future. Amounts outstanding under this agreement subsequent to April 1, 2008 accrued interest at 18% per annum. On November 20, 2009, the note including principal and interest totaling \$16,025 was converted to a long term note due November 19, 2012 with principal and interest due at maturity. If the principal and interest are not paid by maturity, the interest rate accelerates to 18% per annum. As of September 30, 2012 the outstanding principal balance due to Phoenix Consulting Services was \$16,025.

During the nine months ended September 30, 2012, the Company borrowed a total of \$13,609 from related parties. \$1,000 was from Phoenix Consulting Services, which is a related party due to common Directors and officers and a director and officer of the Company. The remaining \$12,609 is from Montse Zaman, a shareholder and director of the company. The borrowings are unsecured; bear no interest and due on demand.

During June 2011, the Company entered into a service agreement with Cleantech Transit, Inc. which is a related party due to common Directors and officers. The Company provided consulting services to Cleantech from April 1, 2011 through March 31, 2012 in return for 5,000,000 shares. The fair value of the stock received was determined to be \$775,000 of which \$581,781 was recognized as revenue during 2011 and \$193,219 was recognized as revenue during the nine months ended September 30, 2012. The fair value of these marketable securities at September 30, 2012 and December 31, 2011 was \$150,000 and \$480,000, respectively.

On April 1, 2012 the Company entered into a new management agreement with Cleantech Transit, Inc. From May 1, 2012 through April 30, 2013, the Company will provide its management services to Cleantech for approximately \$22,000 per month payable in either cash or stock of Cleantech. On July 1, 2012 Cleantech issued the Company 5,280,000 common shares with a market value of \$52,800 for full payment of the months May through July 2012. The Company has accrued \$44,000 in accounts receivable for the management fee due from Cleantech for August and September 2012. The fair value of these marketable securities at September 30, 2012 was \$15,840.

On July 20, 2012 the Company received 45,673,152 shares of Cleantech stock with a value of \$237,500 for the differential value between the shares issued under the 2011 consulting contract and the value of the services received. The shares were recorded as revenue from related party for the nine months ended September 30, 2012. The fair value of these marketable securities at September 30, 2012 was \$137,019.

NOTE 6 – NOTES PAYABLE

During the nine months ended September 30, 2012 the Company borrowed an aggregate of \$62,000 under three notes payable as follows:

- Two 60-day unsecured notes bearing interest at 6% per annum for \$10,000 and \$14,000
- One 60-day note for \$35,000 bearing no interest that automatically converts into 3,500,000 shares of the Company stock if the note is not paid within the 60 day time period.
 - A demand non-interest bearing note for \$3,000 from a non-related party.

The \$10,000 and \$14,000 notes were paid during the nine months ended September 30, 2012 through the issuance of 2,400,000 common shares. The fair value of the common stock was determined to be \$31,200 resulting in a loss on the extinguishment of debt of \$7,200.

The Company evaluated the \$35,000 note for a beneficial conversion feature on the loan commitment date and determined that a beneficial conversion feature existed. The intrinsic value of the beneficial conversion feature was determined to be \$31,500. This beneficial conversion feature was recognized as interest expense on the date the loan became convertible. The \$35,000 note was not repaid by its maturity date and it converted into the 3,500,000 common shares.

NOTE 7 – EQUITY

During the nine months ended September 30, 2012, Crown Equity issued 82,679,045 common shares as follows:

- 15,779,045 shares of common stock for services valued at \$239,111,
 - 1,000,000 shares of common stock for cash of \$10,000,
- 5,900,000 shares of common stock for notes payable valued at \$76,700 (see Note 6),
- and 60,000,000 shares of common stock for the conversion of 600,000 preferred shares.

During the period ended September 30, 2012, the Company also cancelled 713,288 shares originally issued to an independent contractor upon his resignation from the company.

NOTE 8 – CONTINGENCIES

During the nine months ended September 30, 2012, the Company reached a settlement agreement with the Federal Labor standards resulting in \$29,743 of wages due former employees pertaining to regular and overtime payments for the year ended December 31, 2011

NOTE 9 – SUBSEQUENT EVENT

On October 31, 2012 the Company received 55,000,000 shares of common stock from Cleantech Transit, Inc. with a value of \$66,000 for management services for Cleantech Transit for the three month period ending October 31, 2012.

On February 1, 2013 the Company received 29,666,667 share of common stock from Cleantech Transit, Inc. with a value of \$53,400 for management services of Cleantech transit for the three month period ended January 31, 2013.

On March 11, 2013 the Company entered into an asset sale agreement wherby the Company sold its wholly owned subsidiary, Crown Direct, Inc. to Cleantech Transit, Inc. Under terms of the agreement the Company, at closing, will received 2,500,000 Class B preferred shares of Cleantech Transit, Inc. for all the shares of Crown Direct, Inc.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Crown Equity's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in Crown Equity's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

OVERVIEW

Crown Equity Holdings Inc. ("Crown Equity") was incorporated in August 1995 in Nevada. The Company is offering its services to companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. The Company also provides public relations and news dissemination for publicly and privately held companies.

In December, 2010, the Company formed two wholly owned subsidiaries Crown Tele Services, Inc. and Crown Direct, Inc. Crown Tele Services, Inc. was formed to provide voice over internet ("VoIP") services to clients at a competitive price and Crown Direct, Inc. was formed to provide direct sales to customers. Both entities had minimum sales during the quarter.

In March, 2011, the Company formed a wholly owned subsidiary CRWE Real Estate, Inc. as a subsidiary to engage in potential real estate holdings. The entity had minimal activity during the quarter.

The Company has focused its primary vision to using its network of websites to provide advertising and marketing services, as a worldwide online media advertising publisher, dedicated to the distribution of quality branding information. The Company offers Internet media-driven advertising services, which cover and connect a wide range of marketing specialties, as well as search engine optimization for clients interested in online media awareness. As part of its operations, the Company has utilized the services of software and hardware technicians in developing its websites and adding additional websites. This allows the Company to disseminate news and press releases for its customers as well as general news and financial information on a much bigger scale than it did previously. The Company markets its services to companies seeking market awareness of them and the services or goods that they offer. The Company then publishes information concerning these companies on its many websites. The Company is paid in cash and/or stock of the customer companies. The Company has numerous consulting and service customers and is therefore not dependent on any particular customer for a majority of its revenue.

Crown Equity's office is located at 11226 Pentland Down Road, Las Vegas, NV 89146.

As of September 30, 2012, Crown Equity had no employees and was utilizing the services of one independent contractor and consultant.

RESULTS OF OPERATIONS

For the three month and nine month period ending September 30, 2012, revenues were \$336,159 and \$551,873 and for the same periods in 2011, revenues were \$252,510 and \$1,641,389 respectively. Net income of \$234,562 and net loss of \$325,255 was recorded for the three and nine month period ending September 30, 2012 compared to net loss of \$1,597,410 and \$2,167,635 for the same periods in 2011. The net operation income for the three and nine month period ending September 30, 2012 was \$274,812 and \$162,244 compared to operating loss of \$177,284 and \$10,836 in the same period in 2011. Other expenses for the three and nine month period ending September 30, 2012 were

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\$40,250 and \$487,499. This compared to other expenses of \$1,420,126 for the three month period and \$1,556,799 for the nine month period in 2011. We incurred an unrealized loss during the three and nine months ending September 30, 2012 of \$37,411 and \$439,441 compared to an unrealized losses of \$1,401,400 and \$1,514,266 for the three and nine month period ending September 30, 2011. These unrealized losses were a significant part of the variation in net income and loss between periods.

General and administrative expense decreased to \$45,231 and \$365,448 for the three and nine months ended September 30, 2012 from \$423,152 and \$1,632,835 for the three and nine months ended September 30, 2011. The reduction of payroll and consulting services in 2012 was the majority of the decrease from year to year. Interest expense incurred during the three and nine month period ending September 30, 2012 was \$2,856 and \$40,328 compared \$2,938 and \$8,798 for the same periods in 2011. The interest expense for the nine months ended September 30, 2012 includes amortization of a debt discount of \$31,500.

Crown Equity will attempt to carry out its business plan as discussed above; however, it cannot predict to what extent its capital resources could hinder its business plan.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2012, Crown Equity had current assets of \$457,177 and current liabilities of \$227,328, resulting in working capital of \$229,849. Stockholders' equity as of September 30, 2012 was \$256,159.

Net cash used in operations for the nine months ending September 30, 2012 was \$168,810 compared to net cash used of \$850,049 for the same period in 2011, a decrease of \$681,239.

Net cash provided by investing activities for the nine months ending September 30, 2012 was \$4,194 compared to net cash provided of \$389,424 for the same period in 2011, a negative variance of \$385,230. The cash provided by investing activities during the nine months ended September 30, 2012 and 2011 was due to the sale of stock received in payment for work completed by the Company.

Net cash provided by financing activities during the nine months ended September 30, 2012 was \$85,609 compared to net cash provided of \$600,000 in 2011, a decrease of \$514,391. The change was due primarily to the issuance of Series A convertible preferred shares for \$600,000 during 2011.

Our existing capital may not be sufficient to meet Crown Equity's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. This condition raises substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

EMPLOYEES

As of September 30, 2012, Crown Equity had no employees.

ITEM 3: CONTROLS AND PROCEDURES

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, Crown Equity is not required to provide information required under this Item.

ITEM 4T: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this quarterly report on Form 10-Q such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO and CFO do not possess accounting expertise and our company does not have an audit committee. This weakness is due to the company's lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

Changes in Internal Control over Financial Reporting

Except as noted above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

None

ITEM 1A: RISK FACTORS

There have been no material changes to Crown Equity's risk factors as previously disclosed in our most recent 10-K filing for the year ending December 31, 2011.

ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the nine months ended September 30, 2012, Crown Equity issued 82,679,045 common shares as follows:

- 15,779,045 shares of common stock for compensation valued at \$239,111,
 - 1,000,000 shares of common stock for cash of \$10,000,
 - 5,900,000 shares of common stock for notes payable valued at \$76,700
- 60,000,000 shares of common stock for the conversion of 600,000 preferred shares.

During the period ended September 30, 2012, the Company also cancelled 713,288 shares originally issued to an independent contractor upon his resignation from the company.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION

None

ITEM 5: OTHER INFORMATION.

None

ITEM 6: EXHIBITS

EXHIBIT Certification of Principal Executive Officer
31.1

EXHIBIT Certification of Principal Financial Officer
31.2

EXHIBIT Certification of Compliance to Sarbanes-Oxley
32.1

EXHIBIT Certification of Compliance to Sarbanes-Oxley
32.2

101.INS * XBRL Instance Document

101.SCH * XBRL Taxonomy Extension Schema Document

101.CAL * XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF * XBRL Taxonomy Extension Definition Linkbase Document

101.LAB * XBRL Taxonomy Extension Label Linkbase Document

101.PRE * XBRL Taxonomy Extension Presentation Linkbase Document

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CROWN EQUITY HOLDINGS INC.

Date April 3, 2013

By: /s/ Kenneth Bosket
Kenneth Bosket,
CEO