

Net Savings Link, Inc.
Form 10-Q
July 20, 2011

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

FORM 10-Q

- QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY
PERIOD ENDED MAY 31, 2011
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-53346

NET SAVINGS LINK, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State of incorporation)

101 North Garden, Suite 240,
Clearwater Beach, Fl 33755
(Address of principal executive offices)

(727) 442-2600
(Registrant's telephone number)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 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 (SS 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. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Edgar Filing: Net Savings Link, Inc. - Form 10-Q

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>

(Do not check if 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of July 19, 2011, there were 185,760,000 shares of the registrant's \$0.001 par value common stock issued and outstanding.

<u>TABLE OF CONTENTS</u>		Page
<u>PART I. FINANCIAL INFORMATION</u>		
<u>ITEM 1.</u>	FINANCIAL STATEMENTS	3
	<u>Consolidated Balance Sheets</u> as of May 31, 2011 (unaudited) and November 30, 2010	F-1 – F-2
	<u>Consolidated Statements of Operations</u> for the three months ended May 31, 2011 (unaudited) and May 31, 2010 (unaudited), six months ended May 31, 2011 (unaudited) and May 31, 2010 (unaudited), and for the period from inception to May 31, 2011 (unaudited)	F-3
	<u>Consolidated Statements of Cash Flows</u> for the three months ended May 31, 2011 (unaudited) and May 31, 2010 (unaudited), six months ended May 31, 2011 (unaudited) and May 31, 2010 (unaudited), and for the period from inception to May 31, 2011 (unaudited)	F-4
	<u>Notes to the Consolidated Financial Statements</u> (unaudited)	F-5
<u>ITEM 2.</u>	MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.	10
<u>ITEM 3.</u>	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.	12
<u>ITEM 4.</u>	CONTROLS AND PROCEDURES.	12
<u>PART II. OTHER INFORMATION</u>		
<u>ITEM 1A.</u>	RISK FACTORS.	13
<u>ITEM 6.</u>	EXHIBITS.	13
<u>Signatures</u>		14
<u>Exhibit Index</u>		15

Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Net Savings Link, Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations of these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Edgar Filing: Net Savings Link, Inc. - Form 10-Q

*Please note that throughout this Quarterly Report, except as otherwise indicated by the context, references in this report to “Company”, “we”, “us” and “our” are references to Net Savings Link, Inc.

-2-

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NET SAVINGS LINK, INC.
 (A Development Stage Company)
 Consolidated Balance Sheets
 (Unaudited)

ASSETS

	May 31, 2011	November 30, 2010
Current assets		
Cash	\$ 563,381	\$ 21,366
Prepaid expenses and other current assets	9,247	-
Total Current Assets	572,628	21,366
Property and equipment, net of accumulated depreciation of \$998	34,917	-
Website development	78,565	40,000
Total Assets	\$ 686,110	\$ 61,366

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

NET SAVINGS LINK, INC.
(A Development Stage Company)
Consolidated Balance Sheets
(Unaudited)

LIABILITIES AND STOCKHOLDERS' DEFICIT

	May 31, 2010	November 30, 2010
Current Liabilities:		
Accounts payable	\$ 21,393	\$ 32,241
Due to related parties	147,136	146,235
Accrued expenses	14,027	-
Derivative liabilities	2,261,660	-
Total Current Liabilities	2,444,216	178,476
Convertible notes payable, net of unamortized discount \$780,759	69,173	-
Total Liabilities	2,513,389	178,476
STOCKHOLDERS' DEFICIT		
Common stock, \$0.001 par value, 200,000,000 shares authorized, 185,760,000 shares issued and outstanding	185,760	185,760
Additional paid-in capital	(101,028)	(108,028)
Deficit accumulated during the development stage	(1,912,011)	(194,842)
Total Stockholders' Deficit	(1,827,279)	(117,110)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFECIT	\$ 686,110	\$ 61,366

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

NET SAVINGS LINK, INC.
(A Development Stage Company)
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,		February 21, 2007 (Inception) to May 31, 2011
	2011	2010	2011	2010	
REVENUES	\$ 402	\$ -	\$ 402	\$ -	\$ 402
OPERATING EXPENSES					
Depreciation expense	998	-	998	-	998
General and administrative	165,384	18,928	221,630	23,871	529,925
Total Operating Expenses	166,382	18,928	222,628	23,871	530,923
OPERATING LOSS	(165,980)	(18,928)	(222,226)	(23,871)	(530,521)
OTHER INCOME (EXPENSE)					
Loss on derivative	(1,401,014)	-	(1,411,728)	-	(1,411,728)
Interest expense	(82,804)	-	(83,215)	-	(83,215)
Other income	-	-	-	-	113,453
Total Other Income (Expense)	(1,483,818)	-	(1,494,943)	-	(1,381,490)
NET LOSS	\$ (1,649,798)	\$ (18,928)	\$ (1,717,169)	\$ (23,871)	\$ (1,912,011)
BASIC NET LOSS PER COMMON SHARE					
	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
	185,760,000	5,160,000	185,760,000	5,160,000	

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

F-3

-5-

NET SAVINGS LINK, INC.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended May 31,		February 21, 2007
	2011	2010	(Inception) to May 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (1,717,169)	\$ (23,871)	\$ (1,912,011)
Items to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	998	-	998
Gain on exchange of debt	-	-	(113,453)
Debt discount amortization	69,173	-	69,173
Loss on derivative	1,411,728	-	1,411,728
Changes in operating assets and liabilities			
Increase in prepaid and other assets	(9,247)	-	(9,247)
Accounts payable and accrued liabilities	10,180	3,970	42,420
Increase in related party accounts payable	900	-	147,136
Net Cash Used in Operating Activities	(233,437)	(19,901)	(363,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	(35,915)	-	(35,915)
Contributed capital	-	-	9,000
Purchase of website development	(38,565)	-	(78,565)
Net Cash Used in Investing Activities	(74,480)	-	(105,480)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from note payable	-	16,193	113,453
Proceeds from convertible note payable	849,932	-	849,932
Common stock issued for cash	-	-	68,732
Net Cash Provided by Financing Activities	849,932	16,193	1,032,117
INCREASE (DECREASE) IN CASH	542,015	(3,708)	563,381
CASH AT BEGINNING OF PERIOD	21,366	3,708	-
CASH AT END OF PERIOD	\$ 563,381	\$ -	\$ 563,381
CASH PAID FOR:			
Interest	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -

NON-CASH FINANCING ACTIVITIES:

Discount on convertible notes payable from derivative instrument	\$	849,932	\$	-	\$	849,932
Debt paid by related party	\$	7,000	\$	-	\$	7,000

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

F-4

NET SAVINGS LINK, INC.
(A Development Stage Company)
Notes to the Consolidated Unaudited Financial Statements

1. Nature of Operations and Continuance of Business

The unaudited interim consolidated financial statements included herein have been prepared by Net Savings Link, Inc. (“we,” “our” or the “Company”) in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. We suggest that these interim financial statements be read in conjunction with the audited financial statements and notes thereto included in our Form 10-K for the year ended November 30, 2010, as filed with the SEC. We believe that 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 and that the disclosures made are adequate to make the information not misleading. 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 as reported in Form 10-K have been omitted.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the period from inception through May 31, 2011, the Company has generated limited and has an accumulated deficit of \$1,912,011. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company’s future operations. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Related Party Transactions

As of May 31, 2011, the Company owes \$25,118 to the President and CEO of the Company for back due wages.

As of May 31, 2011, the Company owes \$121,118 to the Vice President and director of the Company for back due wages.

As of May 31, 2011, the Company owes \$900 to an employee of the Company for back due wages.

4. Convertible Promissory Notes Payable

During the period ended May 31, 2011, the Company issued three Unsecured Convertible Promissory Notes (the “Convertible Promissory Notes”) to the same entity in increments of \$100,000, \$499,952 and \$249,980, or a total of \$849,932. The Convertible Promissory Notes are unsecured, are due two years from the date of issuance, accrue interest at 10% per annum and are convertible into shares of the Company’s common stock at any time at the option of the holder at fifty percent (50%) of the fair market value of one share of the Company’s common stock based on the lowest bid during the ten days prior to the conversion date.

NET SAVINGS LINK, INC.
(A Development Stage Company)
Notes to the Consolidated Unaudited Financial Statements

4. Convertible Promissory Notes Payable (Continued)

Due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options embedded in the Convertible Promissory Notes, the options are classified as derivative liabilities and recorded at fair value.

A summary of changes in Convertible Promissory Notes payable for the period ended May 31, 2011 is as follows:

Beginning balance	\$	-
Gross proceeds from the notes payable		849,932
Less: debt discount from conversion options		(849,932)
Add: amortization of discount		69,173
 Total notes payable	 \$	 69,173

5. Derivative Liabilities

The Company analyzed the conversion options embedded in the Convertible Promissory Notes for derivative accounting consideration under Accounting Series Codification 815, Derivatives and Hedging, and determined that the instruments embedded in the Convertible Promissory Notes should be classified as liabilities and recorded at fair value due to their being no explicit limit to the number of shares to be delivered upon settlement of the conversion options. Additionally, the Convertible Promissory Notes contain dilutive issuance clauses. Under these clauses, based on future issuances of the Company's common stock or other convertible instruments, the conversion price of the Convertible Promissory Notes can be adjusted downward. Because the number of shares to be issued upon settlement of the Convertible Promissory Notes cannot be determined under this instrument, the Company cannot determine whether it will have sufficient authorized shares at a given date to settle any other future share instruments.

During the three months ended May 31, 2011, it was discovered that a convertible promissory note was incorrectly reported for the effects of conversion and interest terms. As such, necessary adjustments were made to provide correct derivative liability, accrued interest, loss on derivative and interest expense balances for the three months ended May 31, 2011.

The fair values of the three instruments were determined to be \$2,126,691 using a Black-Scholes option-pricing model. Upon the issuance dates of the Convertible Promissory Notes, \$849,932 was recorded as debt discount and \$1,276,759 was recorded as day one loss on derivative liability. During the three and six months ended May 31, 2011, the Company recorded a net loss on mark-to-market of the conversion options of \$1,401,014 and \$1,411,728, respectively.

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on March 31, 2011.

	Level 1	Level 2	Level 3	Total
Assets				
None	\$	-\$	-\$	-\$

Liabilities				
Derivative Financial instruments	\$	-\$	-\$ 2,261,660	\$ 2,261,660

F-6

NET SAVINGS LINK, INC.
 (A Development Stage Company)
 Notes to the Consolidated Unaudited Financial Statements

5. Derivative Liabilities (Continued)

The following table summarizes the derivative liabilities included in the consolidated balance sheet at May 31, 2011:

Debt discount	\$ 849,932
Day one loss on fair value	1,276,759
May 31, 2011 loss on change in fair value	134,969
Balance at May 31, 2011	\$ 2,261,660

The Company valued the conversion options derivatives using the Black-Scholes option-pricing model. Assumptions used include (1) risk-free interest rates between 0.52% to 0.73%, (2) lives of two years, (3) expected volatility of between 628% to 677%, (4) zero expected dividends, (5) conversion prices as set forth in the Convertible Promissory notes, and (6) the common stock price of the underlying share on the valuation date.

6. Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and includes expenditures that substantially increase the useful lives of existing assets. Maintenance and repairs are charged to current operations as incurred. Upon sale, retirement, or other disposition of these assets, the costs and related accumulated depreciation are removed from the respective accounts, and any gain or loss on the disposition is included in other income.

Depreciation expense is computed using the straight-line method over the following estimated useful lives: