CAREDECISION CORP
Form 10QSB
November 12, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

(Mark One)

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

For the quarterly period ended: September 30, 2002

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to _____________

Commission File Number: 000-33187

CareDecision Corporation
(Exact name of registrant as specified in its charter)

Nevada	91-2105842
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2 Penn Plaza, 15th Floor, Suite 1500-53, New York, NY	10121
(Address of principal executive offices)	(Zip Code)

(212) 292-4959
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 past 90 days.
Yes [X] No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:
Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan

confirmed by a court.
Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:
The number of shares outstanding of each of the issuer's classes of common stock as of the most recent practicable date: 69,681,174

/1/

CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)

Table of Contents

/2/

CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)

Consolidated Balance Sheet
as of
September 30, 2002 (unaudited)

and

Consolidated Statements of Operations
for the Three and Nine Months Ended
September 30, 2002 and 2001 (unaudited),
and For the Period
July 6, 2000 (Inception) to September 30, 2002 (unaudited)

and

Consolidated Statements of Cash Flows
for the Nine Months Ended
September 30, 2002 and 2001 (unaudited),
and For the Period
July 6, 2000 (Inception) to September 30, 2002 (unaudited)

/3/

CareDecision Corporation
[formerly ATR Search Corporation]
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Consolidated Balance Sheet
(unaudited)

Assets	September 30, 2002
Current assets:	
Cash and equivalents	$ 349,807
Notes receivable	15,850
Total current assets	365,657
Fixed assets, net	256,393
Intellectual property, net	1,113,615
	$ 1,735,665
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 10,000
Notes payable	485,418
Total current liabilities	495,418
Stockholders' equity:	
Common stock, $0.001 par value; 100,000,000 shares authorized, 69,681,174 shares issued and outstanding	69,681
Additional paid-in capital	2,696,498
(Deficit) accumulated during development stage	(1,525,932)
	1,240,247

$ 1,735,665

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

CareDecision Corporation
[formerly ATR Search Corporation]
(a Development Stage Company)
Consolidated Statements of Operations
(unaudited)

	For the three months ended September 30, 2002	For the three months ended September 30, 2001	For the nine months ended September 30, 2002	For the nine months ended September 30, 2001	July 6, 2000 (inception) to September 30, 2002
Revenue	$ 500	$ -	$ 1,555	$ -	$ 1,555
Expenses:					
General & administrative expenses	159,028	-	751,323	4,974	766,514
Consulting expense	276,056	-	276,056	-	601,056
Depreciation	1,363	-	2,756	-	71,756
Total expenses	436,447	-	1,030,135	4,974	1,439,326
Other income (expense):					
(Loss) on debt settlement	(68,363)	-	(68,363)	-	(68,363)
Interest income	1,885	-	2,852	-	2,852
Interest (expenses)	(14,399)	-	(22,650)	-	(22,650)
Net (loss)	$ (516,824)	$ -	$(1,116,741)	$ (4,974)	$(1,525,932)
Weighted average number of common shares outstanding - basic and fully diluted	21,027,802	16,100,000	33,279,930	16,100,000	
Net (loss) per share - basic and fully diluted	$ (0.02)	$ -	$ (0.03)	$ (0.00)	

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

CareDecision Corporation

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Consolidated Statements of Cash Flows
(unaudited)

	For the nine months ended September 30, 2002	For the nine months ended September 30, 2001	July 6, 2000 (inception) to September 30, 2002
Cash flows from operating activities			
Net (loss)	$ (1,116,741)	$ -	$ (1,525,932)
Shares issued for services	276,056	-	601,056
Loss on debt settlement	68,363	-	68,363
Depreciation	2,756	-	71,756
Adjustments to reconcile net (loss) to net cash (used) by operating activities:			
(Increase) in notes receivable	(15,850)	-	(15,850)
Increase in accounts payable	10,000	-	10,000
Net cash (used) by operating activities	(785,416)	-	(800,607)
Cash flows from investing activities	-	-	-
Cash flows from financing activities			
Increase in notes payable	485,418	-	485,418
Issuance of common stock	649,801	-	664,996
Net cash provided by financing activities	1,135,219	-	1,150,414
Net increase in cash	349,803	-	349,807
Cash - beginning	4	-	-
Cash - ending	$ 349,807	$ -	$ 349,807
Supplemental disclosures:			
Interest paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
Non-cash transactions:			
Shares issued for services provided	$ 276,056	$ -	$ 601,056

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

/6/

CareDecision Corporation

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Notes

Note 1 - Basis of presentation

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2001 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

Note 2 - Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. As noted above, the Company is in the development stage and, accordingly, has not yet generated a proven history of operations. Since its inception, the Company has been engaged substantially in financing activities and developing its product line, incurring substantial costs and expenses. As a result, the Company incurred accumulated net losses from July 6, 2000 (inception) through the period ended September 30, 2002 of $(1,525,932). In addition, the Company's development activities since inception have been financially sustained by capital contributions.

The ability of the Company to continue as a going concern is dependent upon its ability to raise additional capital from the sale of common stock and, ultimately, the achievement of significant operating results. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to recover the value of its assets or satisfy its liabilities.

Note 3 - Notes receivable

On January 15, 2002, Medicius loaned an officer a total of $15,000 which is due in one year at an interest rate of 8% per annum. At the close of the merger this note was assumed by the Company.

During the period ended June 30, 2002, the total interest income is $1,885.

Note 4 - Fixed assets

As of September 30, 2002, the Company received equipment in the amount of $27,857 from Keith Berman, a beneficial owner of the Company.

As of September 30, 2002, the Company reclassified equipment in the amount of $229,899 from Investment in Subsidiary pursuant to its merger with Medicius, Inc.

Depreciation expense totaled $2,756 for the nine-month period ended September 30, 2002.

/7/

CareDecision Corporation
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Notes

Note 5 - Intellectual property

During the period ended September 30, 2002, the Company acquired Intellectual Property from CareDecision.net, Inc, a private stockholder owned corporation that completed several transactions the Company. As a result of the merger and the acquired intellectual property, two of the beneficial owners of CareDecision.net are now beneficial owners of the Company.. Pursuant to the agreement, the Company paid CareDecision.net, Inc. the sum of $187,500 with 700,000 shares of the Company's $0.001 par value preferred stock. During the three-months ended September 20, 2002, CareDecision.net, Inc. converted its preferred stock into 1,725,000 shares of the Company's $0.001 par value common stock.

Note 6 - Investment in Care Technologies, LLC

On June 21, 2001, the Company entered into an agreement with Care Technologies, LLC whereby the Company sold all of the assets and liabilities of the Company in exchange for a 10% ownership of Care Technologies, LLC. The investment was recorded at $229,899, being the fair value of the Company's assets on the acquisition date (see Note 4 above).

Note 7 - Notes payable

On January 15, 2002, the Company received $40,000 from Keith Berman, a beneficial owner of the Company, which is due on December 31, 2003 and accrued interest at 8% per annum. The principal and accrued interest can be converted at a rate of $0.10 per share. During September 2002, Mr. Berman converted his $40,000 loan plus interest into 1,267,963 shares of the Company's $0.001 par value common stock.

On April 23, 2002, the Company received $475,000 from M and E Equities, LLC which is due in two years at an interest rate of 9% per annum. The principal and interest of the note can be converted into five shares of the Company's $0.001 par value common stock for each $1 of debt. This note is secured by all the assets of the Company to include accounts receivable, inventory, fixed assets, and intangible assets.

During the nine-months ended September 30, 2002, the Company recorded a total of $62,573 from various entities and individuals which is due upon demand and accrued interest of $1,715 at a rate of 8%. During the three-months ended September 30, 2002, the note-holders converted their debt and accrued interest into 664,644 shares of the Company's $0.001 par value common stock

During the nine-months ended September 30, 2002, the Company recorded interest expense of $22,650.

Note 8 - Stockholder's equity

During the nine-months ended September 30, 2002, the Company issued a total of 32,968,863 shares of its $0.001 par value common stock pursuant to its reverse merger with Medicius, Inc. whereby each shareholder received three Company shares for every one Medicius, Inc. share held.

During the nine-months ended September 30, 2002, the Company issued 1,725,000 shares of its $0.001 par value common stock to CareDecision.net, Inc. pursuant to its election to convert 700,000 shares of the Company's $0.001 par value preferred stock into common stock.

During the nine-months ended September 30, 2002, the Company issued 6,927,737 shares of its $0.001 par value common stock to various persons and entities and to note-holders pursuant to their election to convert $64,288 in convertible debt inclusive of accrued interest.

During the nine-months ended September 30, 2002, the Company issued 6,340,000 shares of its $0.001 par value common stock to various individuals and entities for consulting services valued at $276,056, the fair market value of the underlying shares on the date of issuance.

/8/

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During the nine-months ended September 30, 2002, the Company issued 2,539,574 shares of its $0.001 par value common stock for cash totaling $200,000.

There have been no other issuances of common stock.

Note 9 - Related party transactions

During the period ended September 30, 2002 the Company received equipment in the amount of $27,857 from Keith Berman, a beneficial owner of the Company.

During the period ended September 30, 2002, the Company acquired Intellectual Property from CareDecision.net, Inc, a private stockholder owned corporation that completed several transactions the Company. As a result of the merger and the acquired intellectual property, two of the beneficial owners of CareDecision.net are now beneficial owners of the Company.. Pursuant to the agreement, the Company paid CareDecision.net, Inc. the sum of $187,500 with 700,000 shares of the Company's $0.001 par value preferred stock. CareDecision.net, Inc. then elected to convert its preferred shares into 5,075,000 shares of the Company's $0.001 par value common stock.

On January 15, 2002, the Company received $40,000 from Keith Berman, a beneficial owner of the Company, which is due on December 31, 2003 and accrued interest at 8% per annum. During the three-months ended September 30, 2002, Mr. Berman elected to convert the note plus interest totaling $42,266 into 1,267,963 shares of the Company's $0.001 par value common stock.

Note 10 - Warrants

During the nine-months ended September 30, 2002, the Company has issued 5,540,795 Class A non-callable warrants to Medicius, Inc. shareholders pursuant to the merger agreement (see Note 11 below). Each Class A warrant unit is exercisable into one share of the Company's $0.001 par value common stock at $0.04 per share plus 0.5 Class C warrants. The Class A warrant units expire on

June 30, 2005.

Note 11 - Reverse acquisitions agreement with Medicius, Inc. (MED)

On June 21, 2001, the Company entered into an agreement with MED whereby the Company acquired all of the issued and outstanding common stock of NDI in exchange for 38,043,863 voting shares of the Company's $0.001 par value common stock. The acquisition was accounted for using the purchase method of accounting as applicable to reverse acquisitions because the former stockholders of the MED controlled the Company's common stock immediately upon conclusion of the transaction. Under reverse acquisition accounting, the post-acquisition entity was accounted for as a recapitalization of MED. The common stock issued was recorded at $0, being the fair value of the Company's assets on the acquisition date.

The continuing company has retained December 31 as its fiscal year end.

/9/

Item 2. Management's Discussion and Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about our business, financial condition and prospects that reflect our assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, our ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry. There may be other risks and circumstances that we are unable to predict. When used in this Quarterly Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions. All forward-looking statements are intended to be covered by the safe harbor created by Section 21E of the Securities Exchange Act of 1934.

General

Our mission is to provide enhanced information technology (IT) to physicians at the point of clinical decision. Our software systems, communication tools and suite of software applications obtained through our merger, permits a physician to request critical patient medical and/or medication information via the Web on a Microsoft Windows CE-based PDA at, or prior to the point-of-care.

The system captures and displays the requested information, and overlays formulaic medical treatment protocols and medical step therapies, creating not only a patient specific historical medical chart, but also suggested treatment alternatives, approved medications and diagnosis specific protocols. Utilization of this system by the practicing physician enhances clinical decision-making, improves physician productivity, insures formulary compliance, reduces the cost of healthcare and positively impacts the care provided to the patient.

As of June 28, 2002, the Effective Date of our merger, the capital stock of Medicius issued and outstanding immediately prior to the Effective Date was converted into ATR Common Stock (prior to our name change to CareDecision Corporation) as follows:

(i) Each share of Medicius Series A Preferred Stock was converted into 3.5 common stock shares of ATR and .75 ATR common stock purchase Warrants.

(ii) Each share of Medicius common stock was converted into 3.0 common stock shares of ATR and .5 ATR common stock purchase Warrants.

(iii) After the Effective Date, all Medicius common stock purchase warrants that remain unexercised as of the Effective Date and any Medicius Convertible Notes that remain unconverted or unpaid on the Effective Date remain exercisable for or convertible into the number of common stock shares of ATR based on the same conversion ratio outlined in paragraph (ii) above.

/10/

Results of Operations

We generated $1,555 in revenues for the nine-month period ended September 30, 2002. Our future revenues will be reliant on the acceptance of our software systems, communication tools and suite of software applications.

Total operating expenses for the nine months ended September 30, 2002 were $1,030,135 and $1,439,326 since inception. Total operating expenses for the nine-month period ended September 30, 2002 and since inception were entirely related to general and administrative expenses, consulting fees, depreciation and amortization, and organizational costs.

Future Business

The elements of our future business strategy include: expanding geographically into key markets through a combination of opening new offices and developing relationships with clients to generate demand for our services; recruiting qualified, medical software and other technical personnel to perform technical, implementation and support duties as contracts are entered into, although there can be no assurance that any such contracts will be secured; and pursuing entry into new markets complementary to our proposed operations. Future operations are dependent upon our ability to implement our business and marketing strategies and to establish relationships and contracts with health insurers and HMOs to provide our e-healthcare products and services.

We have entered into a marketing agreement with Pharmacare, Inc., a wholly owned subsidiary of CVS Corporation, and a provider of pharmacy benefit services to health insurers. Under this agreement, the Company plans to introduce the Company's products to Pharmacare's client health insurers.

Liquidity and Capital Resources

We believe our cash on hand of $349,807 will be sufficient to fund ongoing fiscal 2002 and 2003 operations and provide for our working capital needs, however, we have negative working capital of $129,761. Our accountant has issued a note concerning our ability to continue as a going concern. As we are still considered to be in the development stage, our prospects of continuing as a going concern are contingent upon our ability to achieve and maintain profitable operations. Revenues generated over and above expenses will be used for further development of our services, to provide financing for marketing and promotion, to secure additional customers, equipment and personnel, and for other working capital purposes.

To date, we have financed our cash flow requirements through a public issuance of common stock and through the issuance of notes. During our normal course of business, we will experience net negative cash flows from operations, pending receipt of revenues. Further, we may be required to obtain financing to fund operations through additional common stock offerings and bank borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available working capital.

All investor inquiries should be directed via mail to Mr. Robert Cox, President, CareDecision Corp. 2 Penn Plaza, 15th Floor, Suite 1500-53, New York, New York 10121.

/11/

PART II - OTHER INFORMATION

Item 6(a) - Exhibits

Exhibit Number	Name and/or Identification of Exhibit
3.1	Articles of Incorporation & By-Laws (a) Articles of Incorporation of the Company filed March 2, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission. (b) Certificate of Amendment to the Articles of Incorporation of the Company filed May 9, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission. (c) Certificate of Amendment to the Articles of Incorporation of the Company filed August 2, 2002. Incorporated by reference to the exhibits to the Company's June 30, 2002 Quarterly Report on Form 10-QSB, previously filed with the Commission.
3.2	By-Laws of the Company adopted March 16, 2001. Incorporated by reference to the exhibits to the Company's General Form For Registration Of Securities Of Small Business Issuers on Form 10-SB, previously filed with the Commission.
99.1	Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. SECTION 1350)

Item 6(b) - Reports Filed on Form 8-K

For the quarter ended September 30, 2002 the Company did not file any reports on Form 8-K with the Securities and Exchange Commission.

/12/

SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CareDecision Corporation

(Registrant)

Date: November 8, 2002

By: /s/ Robert Cox

Robert Cox, President and CEO

Date: November 8, 2002

By: /s/ Michael Vogel

Michael Vogel, Treasurer and CFO

/13/