

Edgar Filing: ILINC COMMUNICATIONS INC - Form 10-Q/A

ILINC COMMUNICATIONS INC  
Form 10-Q/A  
June 24, 2005

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

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FORM 10-Q/A  
AMENDMENT NO. 3

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

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 1-13725

ILINC COMMUNICATIONS, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

76-0545043  
(I.R.S. Employer  
Identification No.)

2999 NORTH 44TH STREET, SUITE 650  
PHOENIX, ARIZONA  
(Address of principal executive offices)

85018  
(Zip Code)

Registrant's telephone number, including area code: (602) 952-1200

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  No

Indicate by check mark whether the registrant is an accelerated file (as  
defined in Rule 12b-2 of the Act). Yes  No

The number of shares outstanding of each of the registrant's classes of  
Common Stock, as of October 12, 2004 was approximately 24,145,938, net of shares  
held in treasury.

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EXPLANATORY NOTE  
Form 10-Q/A (this "Third Amendment") amends the Quarterly Report on

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Form 10-Q for the quarterly period ended September 30, 2004, filed on November 18, 2004 (the "Original Filing"). iLinc Communications, Inc. ("the Company" or "iLinc") has filed this Third Amendment to revise Item 4 which revisions iLinc deems necessary to clarify language used in Item 4 of the Original Filing. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the complete text of Item 4 as amended is set forth below. Additionally, this Third Amendment includes a certification pursuant to Item 601(b)(31) of Regulation S-K. The remainder of the Original Filing is unchanged and is not reproduced in this Third Amendment. This Third Amendment speaks as of the filing date of the Original Filing and reflects only the changes discussed above. No other information included in the Original Filing, including the Company's financial statements and the footnotes thereto, has been modified or updated in any way. This Third Amendment should be read together with other documents that iLinc has filed with the Securities and Exchange Commission subsequent to the filing of the Original Filing.

### ITEM 4. CONTROLS AND PROCEDURES

On November 12, 2004, the Company's independent registered public accountants orally notified the Company's Audit Committee that they had identified a material weakness regarding the Company's internal controls. The material weakness noted was the lack of sufficient control over the sales order and revenue recognition process. Management of the Company has informed the Audit Committee that it is in the process of changing procedures to correct this weakness. The Company is implementing a new procedure which requires a documented secondary review of all sales orders to assure proper revenue recognition and completeness of customer sales files.

We evaluated the design and operation of our disclosure controls and procedures as of September 30, 2004 to determine whether they are effective in ensuring that we disclose the required information in a timely manner and in accordance with the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and forms of the Securities and Exchange Commission. Management, including our principal executive officer and principal financial officer, supervised and participated in the evaluation. The principal executive officer and principal financial officer concluded, based on their review, that our disclosure controls and procedures, as defined by Exchange Act Rules 13a-14(c) and 15d-14(c), were not effective as of September 30, 2004.

Our internal controls were modified during the quarter ended September 30, 2004, as outlined below following the previously reported August 11, 2004 notification to the Company's Audit Committee of significant deficiencies in accounting controls related to management oversight and proper segregation of duties in the accounting department:

- o The Company hired a new CFO and a new controller replacing the interim-CFO and replacing the VP of Finance;
- o The Company hired a new A/P clerk and added a dedicated A/R clerk to supplement the accounting staff, further segregating functions to the extent possible in a small organization;
- o The Company restructured the roles of the new controller in combination with a change in the reporting procedures for the A/P clerk and A/R clerk to strengthen the reporting structures and internal control procedures;
- o The Company implemented new sign-off procedures for sales agreements to require multiple party sign-off from both the sales and finance departments; and

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- o The Company added to its CRM software the ability to gain access to view sales contracts and recorded purchase information in that system as well as the accounting systems.

Except as outlined above, no changes were made during the quarter ended September 30, 2004 to our internal controls over financial reporting that materially affected or were reasonably likely to materially affect internal controls over financial reporting.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: June 24, 2005

ILINC COMMUNICATIONS, INC.

By: /s/ JAMES M. POWERS, JR.

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James M. Powers, Jr., Chairman of the  
Board of Directors,  
Chief Executive Officer and President

By: /s/ DAVID J. IANNINI

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David J. Iannini, Chief Financial  
Officer

CERTIFICATION

I, James M. Powers, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of iLinc Communications, Inc., as amended;
2. Based on my knowledge, this quarterly report, as amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report, as amended;
3. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that

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material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report, as amended, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

By: /s/ JAMES M. POWERS, JR.

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James M. Powers, Jr.  
Chairman of the Board, President and  
Chief Executive Officer  
June 24, 2005

CERTIFICATION

I, David J. Iannini, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of iLinc Communications, Inc., as amended;
- 2. Based on my knowledge, this quarterly report, as amended, does not contain any untrue statement of a material fact or omit to

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state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report, as amended;

3. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report, as amended, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

By: /s/ DAVID J. IANNINI

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David J. Iannini  
Chief Financial Officer  
June 24, 2005

