

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

FORM 10QSB

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

For the Quarterly period ended September 30, 2003

Commission file number 000-30085

**HESPERIA HOLDING, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**88-04553327**  
(I.R.S. Employer  
Identification Number)

**9780 E. Avenue**  
**Hesperia, California**  
(Address of Principal Executive Offices)

**92345**  
(Zip Code)

**(760) 244-8787**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the last 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

The number of shares of Common Stock, \$0.001 par value, outstanding on November 13, 2003, was 10,495,845 shares, held by approximately 43 shareholders.

Transitional Small Business Disclosure Format (check one):

Yes  No

ITEM 1. FINANCIAL STATEMENTS

**Hesperia Holding, Inc.**  
**(Formerly Saveyoutime.com., Inc)**  
**Condensed Consolidated Balance Sheet**  
**As of September 30,2003**  
**(Unaudited**

ASSETS

Current assets:

|                         |                |
|-------------------------|----------------|
| Cash and equivalents    | \$ 8,103       |
| Accounts receivable-net | 465,848        |
| Inventory               | 165,813        |
| Total current assets    | <u>639,764</u> |

|                                    |                   |
|------------------------------------|-------------------|
| Property, plant and equipment, net | 149,285           |
|                                    | <u>\$ 789,049</u> |

LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

Current liabilities:

|   |                  |
|---|------------------|
| Cash disbursed in excess of available funds | \$ 240,009       |
| Accounts payable and accrued liabilities    | 809,015          |
| Current maturities of long term debt        | 85,583           |
| Advances from shareholders                  | 243,826          |
| Total current liabilities                   | <u>1,378,433</u> |

Deficiency in Stockholders' Equity:

|  |                   |
|--|-------------------|
| Preferred stock, par value; \$.001; authorized 5,000,000 shares; none issued and outstanding as of September 30, 2003            | -                 |
| Common stock, par value; \$.001, authorized 20,000,000 shares; 10,495,845 shares issued and outstanding as of September 30, 2003 | 10,496            |
| Additional paid in capital   | 568,815           |
| Accumulated Deficit  | (1,168,695)       |
| Total deficiency in stockholders' equity   | <u>(589,384)</u>  |
|  | <u>\$ 789,049</u> |

See accompanying notes to the unaudited condensed consolidated financial information.

**Hesperia Holding, Inc.**  
**(Formerly Saveyoutime.com, Inc.)**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

|   | Three months ended September 30, |              | Nine months ended September 30, |              |
|---|----------------------------------|--------------|---------------------------------|--------------|
|   | 2003                             | 2002         | 2003                            | 2002         |
| Revenues:   |                                  |              |                                 |              |
| Sales-net   | \$ 1,898,274                     | \$ 1,749,449 | \$ 5,957,596                    | \$ 4,527,556 |
| Cost of goods sold  | 1,713,338                        | 1,216,434    | 4,365,689                       | 3,167,930    |
| Gross Profit  | 184,936                          | 533,015      | 1,591,907                       | 1,359,626    |
| Selling and administrative                                      | 732,281                          | 436,377      | 2,115,580                       | 1,207,327    |
| Depreciation  | 11,964                           | 10,209       | 51,130                          | 30,629       |
|   | 744,245                          | 446,586      | 2,166,710                       | 1,237,956    |
| Net operating income (loss)                                     | (559,309)                        | 86,429       | (574,803)                       | 121,670      |
| Other income (expense):   |                                  |              |                                 |              |
| Interest forgiveness from shareholder                           | -                                | -            | 31,224                          | -            |
| Interest income   | 424                              | -            | 491                             | -            |
| Interest expense  | (23,990)                         | (19,988)     | (43,135)                        | (59,963)     |
| Net income (loss) before provision for income taxes             | (582,875)                        | 66,441       | (586,223)                       | 61,707       |
| Provision for income taxes                                      | -                                | -            | -                               | -            |
| Net income (loss)   | \$ (582,875)                     | \$ 66,441    | \$ (586,223)                    | \$ 61,707    |
| Income (loss) per share Basic and fully diluted                 | \$ (0.06)                        | \$ 0.01      | \$ (0.06)                       | \$ 0.01      |
| Basic and diluted weighted average number of shares outstanding | 10,495,845                       | 10,201,845   | 10,452,739                      | 10,201,845   |

See accompanying notes to the unaudited condensed consolidated financial information.

**Hesperia Holding, Inc.**  
**(Formerly Saveyoutime.com, Inc.)**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

|  | Nine months ended September 30, |             |
|--|---------------------------------|-------------|
|  | 2003                            | 2002        |
| <b>Cash flow from operating activities:</b>                                |                                 |             |
| Net income (loss)  | \$ (586,223)                    | \$ 61,707   |
| Adjustments to reconcile net income (loss) to cash provided by operations: |                                 |             |
| Depreciation expense   | 51,130                          | 30,629      |
| Common stock issued in exchange for services rendered                      | 214,000                         | -           |
| Common stock retained in connection with reverse merger                    | 50,000                          | -           |
| Expenses paid by Company's principal shareholders                          | 73,637                          | -           |
| (Increase) decrease in accounts receivable                                 | 21,886                          | (138,010)   |
| (Increase) decrease in other receivables                                   | 22,745                          | (697)       |
| (Increase) decrease in inventories   | (115,270)                       | -           |
| Increase in cash disbursed in excess of available funds                    | 118,660                         | 107,764     |
| Increase (decrease) in accounts payable and accrued liabilities            | 419,149                         | (22,847)    |
| Net cash provided by operating activities                                  | 269,714                         | 38,546      |
| <b>Cash flows from investing activities:</b>                               |                                 |             |
| Capital expenditure  | (87,564)                        | (34,086)    |
| <b>Cash flows from financing activities:</b>                               |                                 |             |
| (Repayments of) line of credit   | (54,427)                        | (9,000)     |
| Proceeds from (repayments to) shareholders advances                        | (13,400)                        | (11,000)    |
| (Repayments of) long term debt   | (164,828)                       | (89,491)    |
| Proceeds from long term debt   | -                               | 105,000     |
| Proceeds from sale of common stock, net of costs and fees                  | 30,000                          | -           |
| Net cash (used in) financing activities                                    | (202,655)                       | (4,491)     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                | <b>(20,505)</b>                 | <b>(31)</b> |
| Cash and equivalents at beginning of period                                | 28,608                          | 31          |
| Cash and equivalents at end of period                                      | \$ 8,103                        | \$ -        |
| <b>Supplemental Disclosure of Cash Flows Information:</b>                  |                                 |             |
| Cash paid during the period for interest                                   | \$ 2,928                        | \$ 5,104    |
| Cash paid during the period for income taxes                               | \$ -                            | \$ -        |
| Common stock issued in exchange for services rendered                      | \$ 214,000                      | \$ -        |
| <b>Acquisition:</b>  |                                 |             |
| Assets acquired  | \$ -                            | \$ -        |
| Liabilities assumed  | \$ -                            | \$ -        |
| Organization costs   | \$ (50,000)                     | \$ -        |
| Common stock retained in reverse merger                                    | \$ 50,000                       | \$ -        |
| Net cash paid for acquisition  | \$ -                            | \$ -        |

See accompanying notes to the unaudited condensed consolidated financial information.

**Hesperia Holding, Inc.**  
**(Formerly Saveyoutime.com, Inc.)**  
**Condensed Consolidated Statement of Deficiency in Stockholders' Equity**  
**Nine months Ended September 30, 2003**  
**(Unaudited)**

|   | Common<br>Stock<br>Shares | Common<br>Stock<br>Amount | Additional<br>Paid In<br>Capital | Accumulated<br>Deficit | Total       |
|---|---------------------------|---------------------------|----------------------------------|------------------------|-------------|
| Balance at January 1, 2003  | 10,201,845                | \$ 10,202                 | \$ 201,471                       | \$(582,472)            | \$(370,799) |
| Issuance of common stock in exchange for services in January, 2003 at \$1.00 per share  | 214,000                   | 214                       | 213,786                          | -                      | 214,000     |
| Issuance of common stock in connection with merger with Hesperia Holding, Inc. (formerly Saveyoutime.com, Inc.) on April 10, 2003 | 10,415,845                | 10,416                    | -                                | -                      | 10,416      |
| Cancellation of Common Stock in connection with merger with Hesperia on April 10, 2003  | (10,415,845)              | (10,416)                  | -                                | -                      | (10,416)    |
| Common stock retained in reverse merger on April, 2003 valued at \$1.00 per share   | 50,000                    | 50                        | 49,950                           | -                      | 50,000      |
| Issuance of common stock in exchange for cash, net of costs in April, 2003 at \$1.00 per share                                    | 30,000                    | 30                        | 29,970                           | -                      | 30,000      |
| Operating expenses paid by Company's principal shareholders   | -                         | -                         | 73,638                           | -                      | 73,638      |
| Net Loss  | -                         | -                         | -                                | (586,223)              | (586,223)   |
| Balance at September 30, 2003   | 10,495,845                | \$ 10,496                 | \$ 568,815                       | \$(1,168,695)          | \$(589,384) |

The accompanying notes to unaudited condensed consolidated Financial Information.

**HESPERIA HOLDING, INC**  
**(Formerly Saveyoutime.com, Inc.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**SEPTEMBER 30, 2003**  
**(UNAUDITED)**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

General

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the nine-month period ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated December 31, 2002 financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

Basis of Presentation

Hesperia Holding, Inc. (the "Company") was formed on March 3, 2000 under the laws of the State of Nevada as Saveyoutime.com, Inc. Hesperia Holding, Inc. is engaged in the business of manufacturing and distributing trusses for residential home builders. On April 10, 2003, Hesperia Holding Corp. entered into an Agreement and Plan of Merger ("Agreement") with Saveyoutime.com, Inc. ("Saveyoutime.com"), an inactive publicly registered shell corporation with no significant assets or operations organized under the laws of the Nevada. As a result of the acquisition, Hesperia Holding Corp. is the surviving entity and Saveyoutime.com is the acquiring entity. As a part of the merger, saveyoutime.com changed its name to Hesperia Holding, Inc. (see Note B).

The condensed consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, Hesperia Truss, Inc. Significant intercompany transactions have been eliminated in consolidation. In addition, on October 14, 2003, the Company formed a wholly-owned subsidiary, Pahrump Valley Truss, Inc. ("PVT"). PVT is currently inactive.

Stock Based Compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

**HESPERIA HOLDING, INC**  
**(Formerly Saveyoutime.com, Inc.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**SEPTEMBER 30, 2003**  
**(UNAUDITED)**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)**

Stock Based Compensation (Continued)

The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the year ended December 31, 2002 and has adopted the interim disclosure provisions for its financial reports for subsequent periods. The Company has no stock based awards of compensation issued and outstanding as of September 30, 2003.

Reclassification

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

New Accounting Pronouncements

In April 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 149, AMENDMENT OF STATEMENT 133 ON DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. SFAS 149 amends SFAS No. 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires that contracts with similar characteristics be accounted for on a comparable basis. The provisions of SFAS 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of SFAS 149 will not have a material impact on the Company's results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY. SFAS 150 establishes standards on the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS 150 are effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. The adoption of SFAS 150 will not have a material impact on the Company's results of operations or financial position.

**NOTE B – BUSINESS COMBINATION**

On April 10, 2003, Hesperia Holding Corp. completed an Agreement and Plan of Merger (“Agreement”) with Saveyoutime.com, Inc. (“Saveyoutime.com”), an inactive publicly registered shell corporation with no significant assets or operations organized under the laws of the State of Nevada. As a result of the acquisition, there was a change in control of the public entity. As part of the merger, Saveyoutime.com changed its name to Hesperia Holding, Inc.

**HESPERIA HOLDING, INC**  
**(Formerly Saveyoutime.com, Inc.)**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
**SEPTEMBER 30, 2003**  
**(UNAUDITED)**

For accounting purposes, Hesperia Holding Corp. shall be the surviving entity and in accordance with Accounting Principles Opinion No. 16, Saveyoutime.com is the acquiring entity. The transaction is accounted for using the purchase method of accounting. As Saveyoutime.com was an inactive corporation with no significant operations, the Company recorded the carryover historical basis of net tangible assets acquired, which did not differ materially from their historical cost. The results of operations subsequent to the date of merger are included in the Company's condensed consolidated statement of losses.

Effective with the Agreement, all but 50,000 shares of previously outstanding common stock, preferred stock, options and warrants owned by Saveyoutime.com's sole stockholder were returned to the Company for cancellation. The value of the 50,000 shares of common stock that were retained by the Saveyoutime.com stockholder was based upon management's estimate of the fair value of Hesperia Holding, Inc.'s common stock of \$1.00 per share. In accordance with SOP 98-5, the Company has expensed \$50,000 in the current period as organization costs.

The total consideration paid was \$50,000 and the significant components of the transaction are as follows:

|  |                  |
|--|------------------|
| Common stock retained                              | \$ 50,000        |
| Excess of liabilities assumed over assets acquired | <u>-</u>         |
| Total consideration paid                           | <u>\$ 50,000</u> |

**NOTE C – CAPITAL STOCK**

The Company has authorized 5,000,000 shares of preferred stock, with a par value of \$.001 per share. As of September 30, 2003, the Company has no preferred stock issued and outstanding. The Company has authorized 20,000,000 shares of common stock, with a par value of \$.001 per share. As of September 30, 2003, the Company has 10,495,845 shares of common stock issued and outstanding.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

This report contains forward-looking statements. Actual results and events could differ materially from those projected, anticipated, or implicit, in the forward-looking statements as a result of the risk factors set forth below and elsewhere in this report.

With the exception of historical matters, the matters discussed herein are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements concerning anticipated trends in revenues and net income, projections concerning operations and available cash flow. Our actual results could differ materially from the results discussed in such forward-looking statements. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto appearing elsewhere herein.

### Overview

Hesperia Holding, Inc. (formerly Saveyoutime.com, Inc.) entered into a merger agreement dated January 20, 2003 (the "Merger Agreement") with Hesperia Holding Corp., a California corporation. Pursuant to the terms of the Merger Agreement Hesperia Holding Corp. merged with and into Hesperia Holding, Inc. on April 10, 2003.

The Merger was consummated on April 10, 2003, at which time a Certificate of Merger was filed in the State of Nevada and State of California. Under the terms of the Merger, the Company issued 10,415,845 shares of its common stock to the stockholders of Hesperia Holding Corp. in exchange for 100% of the issued and outstanding common stock of Hesperia Holding Corp. The then sole stockholder of the Company retained 50,000 shares of common stock and cancelled 6,454,370 shares resulting in 10,465,845 being issued and outstanding. The shares of common stock were issued unrestricted without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption from registration provided by Section 3(a)(10) of the Securities Act.

### **Critical Accounting Policies**

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon the consolidated financial statements of Hesperia Holding, Inc., which have been prepared in conformity with accounting principles generally accepted in the United States of America.

The preparation of these financial statements requires the appropriate application policies, many of which require Hesperia Holding, Inc. to make estimates and assumptions about future events and their impact on amounts reported in its financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from its estimates. Such differences could be material to the financial statements. Management believes its application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are constantly reevaluated, and adjustments are made when facts and circumstances dictate a change.

Hesperia Holding Inc.'s accounting policies are more fully described in Note A to the financial statements attached hereto.

***Results of Operations for the Three and Nine Months Ended September 30, 2003 and 2002 Compared.***

|                                     | Three Months<br>Ended<br>September 30,<br>2003 | Three Months<br>Ended<br>September 30,<br>2002 | Nine Months<br>Ended<br>September 30,<br>2003 | Nine Months<br>Ended<br>September<br>30, 2002 |
|-------------------------------------|--|--|---|---|
| Revenues                            | \$ 1,898,274                                   | \$ 1,749,449                                   | \$ 5,957,596                                  | \$ 4,527,556                                  |
| Cost of Goods Sold                  | (1,713,338)                                    | (1,216,434)                                    | (4,365,689)                                   | (3,167,930)                                   |
| Depreciation and Operating Expenses | (744,245)                                      | (446,586)                                      | (2,166,710)                                   | (1,237,956)                                   |
| Other Income (Expense)              |  |  |   |   |
| Interest and Other Income           | 424  | --   | 31,715  | --  |
| Interest Expense                    | (23,990)                                       | (19,988)                                       | (43,135)                                      | (59,963)                                      |
| Net Income (Loss)                   | \$ (582,875)                                   | \$ 66,441                                      | \$ (586,223)                                  | \$ 61,707                                     |

**Revenues**

Revenues for the three months ended September 30, 2003 were \$1,898,274 compared to revenues of \$1,749,449 in the three months ended September 30, 2002. This resulted in an increase in revenues of \$148,825 or 9% in the same three-months of the prior year. The increase in revenues was due to increased sales in the tract home building market.

Revenues for the nine months ended September 30, 2003 were \$5,957,596 compared to revenues of \$4,527,556 in the nine months ended September 30, 2002. This resulted in an increase in revenues of \$1,430,040, or 32% in the same nine months of the prior year. The increase in revenues was due to increased sales in the tract home building market.

**Cost of goods sold/Gross profit percentage of revenue**

|                                     | 2003         | 2002         | Increase/(decrease) |     |
|-------------------------------------|--------------|--------------|---------------------|-----|
|                                     |              |              | \$                  | %   |
| For the three months ended June 30: |              |              |                     |     |
| Cost of goods sold                  | \$ 1,713,338 | \$ 1,216,434 | \$ 496,904          | 41% |
| Gross profit % of revenue           | 10%          | 30%          |                     |     |

Cost of goods sold for the three months ended September 30, 2003 was \$1,713,338, an increase of \$496,904, or 41%, from \$1,216,434 for the same three months of the prior year. The increase in cost of goods sold was primarily due to the increase in revenues and sales in the tract home building market coupled with a significant increase in truss manufacturing materials.

Gross profit as a percentage of revenue decreased from 30% during the three months ended September 30, 2002 to 10% for the same three months ended September 30, 2003 due primarily to truss material increases.

|   | 2003         | 2002         | Increase/(decrease) |     |
|---|--------------|--------------|---------------------|-----|
|   |              |              | \$                  | %   |
| For the nine months ended September 30: |              |              |                     |     |
| Cost of goods sold                      | \$ 4,365,689 | \$ 3,167,930 | \$ 1,197,759        | 38% |
| Gross profit % of revenue               | 27%          | 30%          |                     |     |

Cost of goods sold for the nine months ended September 30, 2003 was \$4,365,689, an increase of \$1,197,759, or 38%, from \$3,167,930 for the same nine months of the prior year. The increase in cost of goods sold was primarily due to the increase in revenues and sales in the tract home building market coupled with increases in truss manufacturing materials.

Gross profit as a percentage of revenue decreased from 30% during the nine months ended September 30, 2002 to 27% for the same nine months ended September 30, 2003.

### Selling and Administrative expenses

|  | 2003       | 2002       | Increase/(decrease) |     |
|--|------------|------------|---------------------|-----|
|  |            |            | \$                  | %   |
| For the three months ended September 30: |            |            |                     |     |
| General & Administrative expenses        | \$ 732,281 | \$ 436,377 | \$ 295,904          | 68% |

General and administrative expenses were \$732,281 for the three months ended September 30, 2003 versus \$436,377 for the same three months ended September 30, 2002, which resulted in an increase of \$295,904 or 68%. The increase in selling and administrative expenses was primarily due to the increase in the Company's worker's compensation insurance premiums and additional operational and administrative personnel.

|   | 2003         | 2002         | Increase/(decrease) |     |
|---|--------------|--------------|---------------------|-----|
|   |              |              | \$                  | %   |
| For the nine months ended September 30: |              |              |                     |     |
| General & Administrative expenses       | \$ 2,115,580 | \$ 1,207,327 | \$ 908,253          | 75% |

General and administrative expenses were \$2,115,580 for the nine months ended September 30, 2003 versus \$1,207,327 for the same nine months ended September 30, 2002, which resulted in an increase of \$908,253 or 75%. The increase in selling and administrative expenses was partly due to the Company's issuance of 214,000 shares of common stock for legal and consulting services valued at \$1.00 per share, which approximated the fair value of the shares issued during the period the services were completed and rendered. Compensation costs of \$214,000 were charged to income during the period ended September 30, 2003. The Company also incurred \$34,156 in connection with the merger with saveyoutime.com, Inc. These costs were expensed in the period incurred in accordance with SOP 98-5

In addition, the increases were due to increases in operational and administrative personnel added and increase in the Company's workers compensation insurance.

## Net Income (Loss)

|  | 2003         | 2002      | Increase/(decrease) |      |
|--|--------------|-----------|---------------------|------|
|  |              |           | \$                  | %    |
| For the three months ended September 30: |              |           |                     |      |
| Net income (loss)                        | \$ (582,875) | \$ 66,441 | \$ (649,316)        | 977% |

The net loss for the three months ended September 30, 2003 was \$582,875, versus a net income of \$66,441 for the same three-months ended September 30, 2002, an increase of net loss of \$649,316, or 977%.

|   | 2003         | 2002      | Increase/(decrease) |       |
|---|--------------|-----------|---------------------|-------|
|   |              |           | \$                  | %     |
| For the nine months ended September 30: |              |           |                     |       |
| Net income (loss)                       | \$ (586,223) | \$ 61,707 | \$ (647,930)        | 1050% |

The net loss for the nine months ended September 30, 2003 was \$586,223, versus a net income of \$61,707 for the same nine months ended September 30, 2002, an increase of net loss of \$647,930 or 1050%.

## Off-Balance Sheet Arrangements

The Company does not maintain off-balance sheet arrangements nor does it participate in non-exchange traded contracts requiring fair value accounting treatment.

## Certain Relationships and Related Transactions

### *Facilities*

Hesperia Holding, Inc.'s wholly-owned subsidiary Hesperia Truss (HTI) occupies a 3,900 square-foot building and warehouse on five acres in Hesperia, California. The building and land are owned by two of the Company's directors and shareholders, Mark Presgraves and Donald Shimp. The Company rents the facility and surrounding land for \$36,000 per year.

Hesperia Holding, Inc.'s second wholly-owned subsidiary, Pahrump Valley Truss, Inc.(PVT) leases a 5 acre plot of land in Pahrump, Nevada which is owned by three of the Company's directors and shareholders, Mark Presgraves, Donald Shimp, Fred Smith and one officer, Steve Chaussy. The Company rents the land for approximately \$31,000 per year.

### *Loans Payable/Receivable*

The Company had outstanding loans payable to Donald Shimp and Mark Presgraves the Company's current President and Secretary and Treasurer. in the amount of \$243,826 as of September 30, 2003.

### *Corporate Reacquisition of Stock*

On June 14, 2000, HTI entered into an Agreement for Corporate Reacquisition of Stock to purchase 1,000 shares of common stock from Donald Keith Jones, one of the co-founders of

HTI. As consideration for Mr. Jones' shares and a covenant to not compete with HTI for a period of 4 years, HTI agreed to compensate Mr. Jones with \$480,000, plus pay for automobile insurance coverage for Mr. Jones for the operation of a certain 1999 Ford Taurus for as long as the subsidiary owes money under the Agreement or 3 years, whichever period is less.

At the time of the execution of the Agreement, Mr. Jones had received from HTI \$35,838.58 in cash and a corporate asset (1999 Ford Taurus) valued at \$20,698.95 leaving \$423,463.37 to be paid by HTI over the following 4-year period in the form of a Secured Promissory Note. The shares of common stock purchased by HTI were pledged as security for payments due under the Note. Such payments are payable in weekly installments in the amount of \$2,000, with the first payment being made on June 16, 2000 and the last payment due on June 16, 2004.

If HTI defaults on a weekly payment, Mr. Jones shall have the right, upon five (5) days written notice, to demand immediate payment of the remaining balance due under the Note. The default provisions outlined in the Note would allow Mr. Jones to dispose of all or any part of the collateral security property (the 1,000 shares of common stock) at public or private sale, without advertisement, or notice to HTI. Should HTI default on the Note and Mr. Jones exercise his default remedies as they pertain to the foreclosure or sale of the shares, HTI would no longer be a wholly-owned subsidiary of the Company as their ownership would be reduced to 90%. HTI is current on its payments to Mr. Jones.

Mr. Jones has received \$402,537 pursuant to the terms of this agreement, with a balance due of \$77,463 as of September 30, 2003 to be paid through June 16, 2004 at the rate of \$2,000 per week.

### **Liquidity and Capital Resources at September 30, 2003 Compared with December 31, 2002.**

The Company's current liabilities exceeded its current assets by \$738,669 as of September 30, 2003. For the period from inception through September 30, 2003, the Company has an accumulated deficit of \$1,168,695.

The Company generated \$269,714 of cash flow from operating activities during the nine months ended September 30, 2003. The Company used the cash proceeds to acquire \$87,564 of property and equipment and repaid \$232,655 in previously incurred debt during this period. During the nine months ended September 30, 2003 the Company also received \$30,000 through the private placement of its common stock.

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. We are seeking financing in the form of equity in order to provide the necessary working capital. We currently have no commitments for financing. There is no guarantee that we will be successful in raising the funds required.

By adjusting its operations and development to the level of capitalization, management believes it has sufficient capital resources to meet projected cash flow deficits through the next twelve months. However, if thereafter, we are not successful in generating sufficient liquidity

from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The effect of inflation on the Company's revenue and operating results was not significant. The Company's operations are located in California and Nevada and there are no seasonal aspects that would have a material effect on the Company's financial condition or results of operations.

The Company's independent certified public accountants have stated in their report included in the Company's December 31, 2002 Form 10-KSB, that the Company has a limited operating history and had not commenced operations. These factors among others may raise substantial doubt about the Company's ability to continue as a going concern.

### **Item 3. Controls and Procedures**

- (a) Under the supervision and with the participation of our management, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended, within 90 days prior to the filing date of this report.
- (b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

## **PART II--OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None

### **Item 2. Changes in Securities**

None

### **Item 3. Defaults by the Company upon its Senior Securities**

None

### **Item 4. Submission of Matter to a Vote of Security Holders**

None

### **Item 5. Other Information**

None

## **Item 6. Exhibits and Reports of Form 8-K**

### Exhibits

Ex 3i – Articles of Incorporation for Pahrump Valley Truss, Inc.

Ex3ii – Bylaws for Pahrump Valley Truss, Inc.

Ex 31 -Certification pursuant to Section 302 of the Sarbanes-Oxley Act

Ex 32 -Certification pursuant to Section 906 of the Sarbanes-Oxley Act

### (b) Form 8-K

Form 8-K filed Subsequent to quarter end

a) Change of Auditor 8-K filed on August 7, 2003

## SIGNATURES

Pursuant to 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.

HESPERIA HOLDING, INC.  
(Registrant)

By: \_\_\_\_\_  
Donald Shimp, President

By: \_\_\_\_\_  
Steve Chaussy, Chief Financial Officer

Date: November 14, 2003