

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

FORM 10-QSB

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

For the quarterly period ended September 30, 2000

Commission file number: 0-27862

REALITY INTERACTIVE, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA

41-1781991

State or other jurisdiction of
incorporation of organization

I.R.S. Employer Identification No.

SUITE 121
7885 FULLER ROAD
EDEN PRAIRIE, MINNESOTA 55345

(612) 253-4713

Address of principal executive offices

Registrant's telephone number

Check 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 past 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
----- -----

At October 31, 2000, 4,677,407 shares of registrant's \$.01 par value Common
Stock were outstanding.

Transitional Small Business Issuer Format Yes No X
----- -----

FORM 10-QSB INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.....3

Item 2. Management's Discussion and Analysis of Financial Condition and
Results of Operations.....7

Item 4. Submission of Matters to a Vote of Security Holders.....9

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.....10

SIGNATURES.....11

EXHIBIT INDEX.....12

SAFE HARBOR STATEMENT UNDER THE
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties that may cause the Company's actual results to differ materially from the results discussed in the forward-looking statements.

On April 30, 1999, the Company ceased business operations. Management of the Company believes this action was necessary in light of the Company's current liquidity needs and lack of short-term revenue opportunities.

Since April 30, 1999, the Company has been exploring potential uses of its public shell. While the Company seeks potential uses for the public shell, the primary factor that might cause such difference in results is the Company's inability to find a suitable acquisition or merger candidate or other use for its public shell in the near future.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REALITY INTERACTIVE, INC.
BALANCE SHEET

	September 30, 2000	December 31, 1999
	----- (Unaudited)	----- (Audited)
ASSETS		
Cash and cash equivalents.....	\$ 12,415	\$ 40,986
Prepaid expenses and other current assets.....	895	2,921
	-----	-----
Total assets.....	\$ 13,310	\$ 43,907
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 8,460	\$ 9,688
Accrued liabilities.....	7,953	7,953
	-----	-----
Total current liabilities.....	16,413	17,641
	-----	-----
Stockholders' equity:		
Common stock, \$.01 par value, 25,000,000 shares authorized; 4,677,407 shares outstanding at both dates.....	46,774	46,774
Additional paid-in capital.....	15,386,692	15,386,692
Accumulated deficit.....	(15,436,569)	(15,407,200)
	-----	-----
Total stockholders' equity.....	(3,103)	26,266
	-----	-----
Total liabilities and stockholders' equity.....	\$ 13,310	\$ 43,907
	=====	=====

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Product revenues.....	\$ 0	\$ 21,914	\$ 0	\$ 112,033
Service revenues.....	0	6,121	0	142,166
	-----	-----	-----	-----
Total revenues.....	0	28,035	0	254,199
	-----	-----	-----	-----
Cost of product revenues.....	0	3,065	0	21,750
Cost of service revenues.....	0	0	0	108,024
	-----	-----	-----	-----
Total cost of revenues..	0	3,065	0	129,774
	-----	-----	-----	-----
Gross profit.....	0	24,970	0	124,425
	-----	-----	-----	-----
Operating expenses:				
Sales and marketing.....	0	0	0	99,284
Research and development..	0	0	0	103,456
General and administrative	10,691	131,470	42,991	539,625
	-----	-----	-----	-----
Total operating expenses	10,691	131,470	42,991	742,365
	-----	-----	-----	-----
Operating loss.....	(10,691)	(106,500)	(42,991)	(617,940)
Gain on sale of domain name.....	0	0	13,105	0
Gain on sale of intellectual property...	0	85,000	0	85,000
Interest income.....	141	1,250	517	6,369
	-----	-----	-----	-----
Net loss.....	\$ (10,550)	\$ (20,250)	\$ (29,369)	\$ (526,571)
Basic and diluted earnings (loss) per share.....	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.11)
	=====	=====	=====	=====
Weighted average common shares outstanding.....	4,677,407	4,677,407	4,677,407	4,677,407
	=====	=====	=====	=====

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss.....	\$ (29,369)	\$ (526,571)
Reconciliation of net loss to net cash used by operating activities:		
Depreciation and amortization.....	0	30,000
Changes in assets and liabilities:		
Accounts receivable.....	0	227,327
Prepaid expenses and other assets....	2,026	44,865
Accounts payable.....	(1,228)	(22,224)
Accrued liabilities.....	0	(23,985)
Deferred revenue.....	0	(49,495)
Other current liabilities.....	0	(1,572)
	(28,571)	(321,655)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets.....	0	28,814
Cash restricted for operating leases....	0	111,000
	0	139,814
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bridge notes payable.....	0	86,335
Forgiveness of bridge notes payable.....	0	(86,335)
	0	0
Net cash provided (used) during period.....	(28,571)	(181,841)
CASH AND CASH EQUIVALENTS:		
Beginning of period.....	40,986	291,697
	\$ 12,415	109,856
End of period.....	\$ 12,415	109,856

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2000
(UNAUDITED)

NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Reality Interactive, Inc. (the "Company") was incorporated on May 24, 1994 for the purpose of developing technology-based knowledge solutions for the corporate marketplace.

On April 30, 1999, the Company ceased business operations and terminated all remaining employees. This action was necessary in light of the Company's liquidity needs and lack of revenue opportunities.

Since the Company ceased its business operations, it has sold a majority of its physical assets and intellectual property. Currently, the Company is exploring potential uses of its public shell. While the Company pursues such opportunities, it intends to comply with all future SEC reporting requirements in order to maintain its status as a public company.

Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. The preparation of financial statements in accordance with generally accepted accounting principles require management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, including the disclosure of contingent assets and liabilities at the date of the accompanying interim financial statements, and the reported amounts of revenue and expenses during the reporting period. In the opinion of management, the interim financial statements include all adjustments necessary for a fair presentation of the results of operations for the interim periods presented.

Operating results for the three and nine months ended September 30, 2000 are not necessarily indicative of the operating results to be expected for the year ending December 31, 2000.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted. The statements should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

The following presentation of management's discussion and analysis of the Company's financial condition and results of operation should be read in conjunction with the Company's financial statements and notes contained herein for the three and nine months ended September 30, 2000 and 1999.

RESULTS OF OPERATIONS

REVENUES. Revenues were \$0 for the third quarter of 2000 compared to \$28,035 for the third quarter of 1999. For the nine-month period ended September 30, 2000, revenues were \$0 compared to \$254,199 for the comparable period of 1999. This decrease was due to the Company's decision to cease its business operations effective April 30, 1999.

COST OF REVENUES. Cost of revenues were \$0 for the third quarter of 2000 compared to \$3,065 for the third quarter of 1999. For the nine-month period ended September 30, 2000, cost of revenues were \$0 compared to \$129,774 for the comparable period of 1999. This decrease was due to the Company's decision to cease its business operations effective April 30, 1999.

OPERATING EXPENSES. Operating expenses were \$10,691 for the third quarter of 2000 compared to \$131,470 for the third quarter of 1999. For the nine-month period ended September 30, 2000, operating expenses were \$42,991 compared to \$742,365 for the comparable period of 1999. Expenses incurred during the three and nine months ended September 30, 2000 were entirely for general and administrative purposes, including rent for a small office, professional fees and miscellaneous office expenses.

The Company expects that it will continue to incur general and administrative expenses for the remainder of 2000 as it continues to maintain a small administrative office, pursues opportunities for its public shell and maintains its status as a fully reporting company with the Securities and Exchange Commission.

GAIN ON SALE OF DOMAIN NAME. During the second quarter of 2000, the Company received a final payment of \$7,130 in connection with the sale of one of its Internet domain names. Including the initial payment of \$5,975 received during the first quarter of 2000, the Company has received total proceeds of \$13,105.

INTEREST INCOME. Interest income was \$141 for the third quarter of 2000 compared to interest income of \$1,250 for the third quarter of 1999. For the nine-month period ended September 30, 2000, interest income was \$517, compared to interest income of \$6,369 for the same period of 1999. The decrease between periods is attributed to declining cash reserves.

NET LOSS. Net loss was \$10,550 for the third quarter of 2000 compared to a net loss of \$20,250 for the third quarter of 1999. For the nine-month period ended September 30, 2000, net loss was \$29,369 compared to a net loss of \$526,571 for the same period of 1999. Since the Company has ceased business operations, it does not expect to incur additional substantial losses in 2000, except for expenses relating to the operation of a small office, pursuing opportunities for its public shell and SEC public filing requirements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents were \$12,415 as of September 30, 2000, compared to \$40,986 as of December 31, 1999. This decrease in cash and cash equivalents was due primarily to the net loss from operations for the nine-months ended September 30, 2000.

The Company expects that its current cash balance will allow it to meet its operating expenditures through December 31, 2000.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NO. DESCRIPTION

27.1	Financial Data Schedules
99.1	Cautionary Statement

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended September 30, 2000

SIGNATURES

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

REALITY INTERACTIVE, INC.

Dated: November 14, 2000

By /s/ Paul J. Wendorff

Paul J. Wendorff
Its Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Cautionary Statement

9-MOS

	DEC-31-2000	SEP-30-2000
		12,415
		0
		0
		0
	13,310	0
	0	0
	13,310	0
	16,413	0
	0	0
		46,774
13,310		(49,877)
		0
	13,622	0
		0
	42,991	0
	0	0
	(29,369)	0
(29,369)		0
	0	0
		0
	(29,369)	0
	(.01)	0
	(.01)	0

CAUTIONARY STATEMENT

Reality Interactive, Inc. (the "Company"), or persons acting on behalf of the Company, or outside reviewers retained by the Company making statements on behalf of the Company, or underwriters, from time to time make, in writing or orally, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in conjunction with an identified forward-looking statement, this Cautionary Statement is for the purpose of qualifying for the "safe harbor" provisions of such sections and is intended to be a readily available written document that contains factors which could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statement.

The following matter, among others, may have a material adverse effect on the business, financial condition, liquidity, results of operations or prospects, financial or otherwise, of the Company. Reference to this Cautionary Statement in the context of a forward-looking statement or statements shall be deemed to be a statement that may cause actual results to differ materially from those in such forward-looking statement or statements:

DISCONTINUATION OF CURRENT OPERATIONS. The Company ceased its business operations effective April 30, 1999. Management of the Company believes this action was necessary in light of the Company's current liquidity needs and lack of short-term revenue opportunities. The Company is currently exploring potential uses for the Company in its current form as an inoperative public company. In the meantime, the Company intends to comply with all SEC filing requirements in order to maintain the Company's good standing under the Securities Exchange Act of 1934, as amended. In the event the Company is unable to find a suitable acquisition or merger candidate or other suitable use for the Company in the near future, the Company will be liquidated and its remaining assets will be distributed to its creditors in satisfaction of its then-current obligations and, if any assets remain thereafter, to its shareholders. There can be no assurance that any such candidate or other suitable use for the Company or its assets will be found.