

Edgar Filing: SKTF ENTERPRISES INC - Form 10QSB

SKTF ENTERPRISES INC  
Form 10QSB  
November 14, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

COMMISSION FILE NUMBER: 000-49688

SKTF ENTERPRISES, INC.  
(Exact name of registrant as specified in its charter)

FLORIDA 33-0961488  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1059 E. SKYLER DRIVE 84020  
DRAPER, UTAH (Address of principal executive offices) (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (801) 361-7644

Check whether the issuer (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  
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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be  
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of  
securities under a plan confirmed by a court. Yes\_\_\_\_ No\_\_\_\_

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of



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SKTF ENTERPRISES, INC.  
(A FLORIDA DEVELOPMENT STAGE CORPORATION)

BALANCE SHEET

	09/30/02
ASSETS	-----
Cash . . . . .	\$ 21,889
	-----
Total Assets . . . . .	\$ 21,889
	=====
LIABILITIES AND EQUITY	
Accounts payable and accrued liabilities . . . . .	\$ -
Commitments and contingencies (See Note 4) . . . . .	-
Shareholders' equity:	
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; No shares issued or outstanding at September 30, 2002	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 6,044,750 shares issued and outstanding at September 30, 2002	6,045
Additional paid in capital . . . . .	50,480
Deficit accumulated during development . . . . .	(34,636)
	-----
Total shareholders' equity . . . . .	21,889
	-----
Total Liabilities and Shareholders' Equity . . . . .	\$ 21,889
	=====

The accompanying notes and accountant's report are an integral part of these statements.

SKTF ENTERPRISES, INC.  
(A FLORIDA DEVELOPMENT STAGE CORPORATION)

STATEMENT OF OPERATIONS

	THREE MONTHS ENDED 09/30/02	THREE MONTHS ENDED 09/30/01	NINE MONTHS ENDED 09/30/02
	-----	-----	-----
Revenue . . . . .	\$ -	\$ -	\$ -
Costs and expenses - Organization costs . . . . .	\$ 4,667	\$ 11,408	\$ 13,892
	-----	-----	-----

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Net Loss. . . . .	\$	(4,667)	\$	(11,408)	\$	(13,892)
		=====		=====		=====
Net loss per share available to common stockholders						
Basic and Diluted. . . . .	\$	(0.00)	\$	(0.00)	\$	(0.00)
Weighted average number of common shares outstanding.		6,013,000		6,007,416		6,013,000

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SKTF ENTERPRISES, INC.  
(A FLORIDA DEVELOPMENT STAGE CORPORATION)

STATEMENT OF STOCKHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL	DEFICIT
	SHARES	PAR VALUE	PAID-IN	ACCUMULATED
	-----	-----	-----	DURING
			CAPITAL	DEVELOPMENT
	-----	-----	-----	-----
Founder stock, \$0.0001 per share, issued April 20, 2001. . . . .	6,000,000	\$ 6,000	\$ (5,400)	\$
Common stock, \$0.10 per share, issued August 8, 2001. . . . .	12,000	12	1,188	
Common stock, \$0.10 per share, issued August 24, 2001 . . . . .	1,000	1	99	
Contributed capital-services . . . . .			14,199	
Net loss . . . . .				(27,74)
Balance, December 31, 2001 . . . . .	6,013,000	\$ 6,013	\$ 10,086	\$ (20,74)
	=====	=====	=====	=====
Contributed capital-services . . . . .			2,569	
Net loss . . . . .				(7,19)
Balance, March 31, 2002. . . . .	6,013,000	\$ 6,013	\$ 12,655	\$ (27,93)
	=====	=====	=====	=====
Contributed capital-services. . . . .			1,440	
Net loss. . . . .				(2,03)
Balance, June 30, 2002. . . . .	6,013,000	\$ 6,013	\$ 14,095	\$ (29,96)
	=====	=====	=====	=====
Common stock, \$1.00 per share issued September 30, 2002 . . . . .	31,750	32	31,718	
Contributed capital-services. . . . .			4,667	
Net loss. . . . .				(4,66)
Balance, September 30, 2002 . . . . .	6,044,750	\$ 6,045	\$ 50,480	\$ (34,63)
	=====	=====	=====	=====

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SKTF ENTERPRISES, INC.  
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STATEMENT OF CASH FLOWS

	NINE MONTHS 09/30/02	INCEPTION 03/27/01 THROUGH 09/30/01	INCEP 03/27 THROU 09/30
Cash flows from operating activities -			
Net loss . . . . .	\$ (13,892)	\$ (11,716)	\$ (34,000)
Adjustments to reconcile net loss to cash used in operating activities - . . . . .	-	-	-
Contributed capital for services rendered at no charge . .	8,676	6,856	22,000
Changes in assets and liabilities -			
Increase in payables . . . . .	(4,645)	2,960	-
Cash used in operating activities. . . . .	(9,861)	(1,900)	(11,000)
Cash flows from investing activities - . . . . .	-	-	-
Cash provided by investing activities. . . . .	-	-	-
Cash flows from financing activities -			
Proceeds from issuance of common stock . . . . .	31,750	1,900	33,000
Cash provided by financing activities. . . . .	31,750	1,900	33,000
Net increase in cash . . . . .	21,889	-	21,000
Cash, beginning of the period. . . . .	-	-	-
Cash, end of the period. . . . .	\$ 21,889	\$ -	\$ 21,000

Supplemental information -

No amounts were paid for interest or taxes during the period.

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SKTF ENTERPRISES, INC.

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(A FLORIDA DEVELOPMENT STAGE CORPORATION)

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES

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**NATURE OF OPERATIONS.** The Company incorporated in Florida on March 27, 2001. The fiscal year end of the Company is December 31. Planned principal operations of the Company have not yet commenced; activities to date have been limited to forming the Company, developing its business plan, and obtaining initial capitalization. Initially, the Company will focus its efforts to develop, market and distribute branded and licensed headwear targeting niche markets. The Company plans to focus on high-end events such as, the World Series, the Super Bowl, the Indianapolis 500, the Republican and Democratic National Conventions, and others.

**PRINCIPLES OF ACCOUNTING.** The accompanying financial statements have been prepared in conformity with generally accepted accounting principles.

**ACCOUNTING ESTIMATES.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**SHARES ISSUED IN EXCHANGE FOR SERVICES.** The fair value of shares issued in exchange for services rendered to the Company is determined by the Company's officers and directors, as there is currently no market for the Company's stock. As of September 30, 2002, no shares have been issued for services.

**CASH AND CASH EQUIVALENTS.** The Company includes cash on deposit and short-term investments with original maturities less than ninety days as cash and cash equivalents in the accompanying financial statements.

**ORGANIZATION COSTS.** Organization costs, primarily professional fees, of approximately \$34,636 have been charged against operating income.

**RESEARCH AND DEVELOPMENT.** Research and development costs are expensed as incurred as required by Statement of Financial Accounting Standards No. 2, "Accounting for Research and Development Costs." As of September 30, 2002, no costs had been incurred.

**STOCK-BASED COMPENSATION.** In accordance with the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," (FAS 123), the Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," (APB 25) and related interpretations in accounting for its employee stock option plans. Under APB 25, if the exercise price of the Company's employee stock options equals or exceeds the fair value of the underlying stock on the date of grant, no compensation is recognized. As of September 30, 2002, no options had been issued for services.

**INCOME TAXES.** The Company has made no provision for income taxes because of financial statement and tax losses since its inception. A valuation allowance has been used to offset the recognition of any deferred tax assets due to the uncertainty of future realization. The use of any tax loss carryforward benefits may also be limited as a result of changes in Company ownership.

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### 1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

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FAIR VALUE OF FINANCIAL INSTRUMENTS. The Company considers all liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. Short-term investments generally mature between three months and six months from the purchase date. All cash and short-term investments are classified as available for sale and are recorded at market using the specific identification method; unrealized gains and losses are reflected in other comprehensive income. Cost approximates market for all classifications of cash and short-term investments; realized and unrealized gains and losses were not material.

NET LOSS PER COMMON SHARE. Basic loss per common share (Basic EPS) excludes dilution and is computed by dividing net loss available to common shareholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Diluted loss per common share (Diluted EPS) is similar to the computation of Basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In addition, in computing the dilutive effect of convertible securities, the numerator is adjusted to add back the after-tax amount of interest recognized in the period associated with any convertible debt. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net loss per share. All potential common shares are anti-dilutive; therefore, Basic EPS equals Diluted EPS.

### 2. STOCKHOLDERS' EQUITY

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FOUNDERS' STOCK. The Company issued 6,000,000 shares of common stock on April 20, 2001 for cash totaling \$600.

STOCK-BASED COMPENSATION. The Company did not issue nor did it recognize stock-based compensation from Inception, March 27, 2001, through September 30, 2002.

PRIVATE PLACEMENT MEMORANDUM. On June 1, 2001, the Company began offering 100,000 shares of common stock at \$0.10 per share pursuant to a Private Placement Memorandum. All proceeds from the offering are to be used for pre-incorporation expenditures, consulting fees and working capital. Through September 30, 2002, a total of 13,000 shares were sold for \$1,300 cash.

REGISTERED OFFERING. On September 30, 2002, the Company sold 31,750 shares of common stock for \$1.00 per share, totaling \$31,750. Proceeds were used to pay back advances and to establish working capital.

STOCK OPTION PLAN. The Company's Board and shareholders approved a Stock Option Plan, effective June 1, 2001. The plan limits the aggregate number of shares available to 600,000. Each award under the plan will be evidenced by a Stock Purchase Agreement; each agreement will establish the vesting requirements and the maximum term of the options granted. As of September 30, 2002, no options had been granted.

CONTRIBUTED CAPITAL. The Company's president elected to forego a salary during the early developmental stages. Additionally, he does not charge the Company for the use of his home office. The Company estimates the value of these services, since inception, at \$3,400 and has recorded contributed capital and the related organizational expense in the accompanying financial statements.

The Company's corporate counsel has elected to provide professional services to the Company free of charge; however, the Company must reimburse him for all out

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of pocket costs. The value of contributed services, since inception, determined based on hours incurred, were \$19,475 and has been recorded as organizational costs (and contributed capital) in the accompanying financial statements.

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### 3. RELATED PARTY TRANSACTIONS

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LEGAL SERVICES. The Company has engaged a shareholder as its corporate counsel. All out of pocket costs are billed as incurred; billings to date total \$1,485. See "Contributed Capital" and "Stockholder Loans and Advances" for more information about transactions with the Company's corporate counsel.

STOCKHOLDERS LOANS AND ADVANCES. From time to time, certain Company stock holders loan or advance monies to the Company. Loans bear interest at rates established at the time of the loan; advances bear no interest. While these loans and advances have no maturity dates, they are expected to be repaid as early as practicable. At September 30, 2002, all monies advanced by the Company's corporate counsel had been repaid.

### 4. COMMITMENTS, CONTINGENCIES, RISKS AND UNCERTAINTIES

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GOING CONCERN CONTINGENCY. The Company has minimal capital resources presently available to meet obligations that normally can be expected to be incurred by similar companies, and with which to carry out its planned activities. These factors raise doubt about the Company's ability to continue as a going concern. Management is seeking additional equity financing to fund planned operations; management believes actions currently being taken provide the opportunity for the Company to continue as a going concern. However, there is no assurance that the Company will be able to obtain such financing. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### 5. SUBSEQUENT EVENTS

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The Company's outstanding offering was closed subsequent to September 30, 2002.

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## ITEM 2 MANAGEMENTS DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The Company recently closed a public offering of up to \$1,000,000 pursuant to a Form SB-2 filed with the Securities and Exchange Commission. A total of 31,750 shares of our common stock were sold under the offering, which subsequently closed. Following completion of the offering, for at least the next quarter, management anticipates that SKTF will engage in very little business activity, will not hire any employees, and will not enter into any material contracts. As a result, our cash requirements will be minimal, related only to the cost of maintaining the company in good standing. Our two primary shareholders, Mr. Berg and Mr. Lebrecht, have agreed to advance funds to us to fund these minimal cash requirements that cannot otherwise be covered by the proceeds from the offering.

Management has identified a market maker file an application to list our securities on the OTC Bulletin Board.

Although we had hoped to offer products focused on the 2002 Winter Olympics, we did not take any steps to obtain the necessary licenses or



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manufacture the products to do so, and did not successfully market any products at that event. During the fourth quarter of this year, we will develop a timetable of steps to be taken in order offer products for future events.

It is not anticipated that current management will be paid a salary during the next twelve months.

Management does not anticipate that we will engage in any material product research and development because we will negotiate for the acquisition of licenses to manufacture and sell products that are already in existence.

Management does not anticipate that we will purchase a plant or significant equipment because we will enter into agreements with existing hat and clothing manufacturers to manufacture the products.

Management anticipates that over the next twelve months we will hire up to five full-time employees to oversee a temporary sales force at each location where we will sell our products. The temporary sales people will either be paid a commission based on sales, or will be paid an hourly wage plus a commission based on sales, depending on applicable laws at that location. The temporary sales people will not be offered benefits.

Our financial statements have been prepared assuming we will continue as a going concern. Because we have not generated any revenues to date and have minimal capital resources, our auditors included an explanatory paragraph in their report raising substantial doubt about our ability to continue as a going concern. We have not identified any critical accounting issues.

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### PART II

#### ITEM 1 LEGAL PROCEEDINGS

None.

#### ITEM 2 CHANGES IN SECURITIES AND USE OF PROCEEDS

On September 30, 2002, SKTF's offering as registered on Form SB-2 automatically terminated. On October 3, 2002, Post-Effective Amendment No. 1 was filed with the SEC terminating the offering and de-registering the 968,250 unsold shares in the offering. SKTF sold 31,750 shares in the offering at \$1.00 per share, resulting in net proceeds to SKTF of \$31,750, all of which was used for general working capital purposes and to pay legal and accounting expenses.

#### ITEM 3 DEFAULTS UPON SENIOR SECURITIES

There have been no events that are required to be reported under this Item.

#### ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no events that are required to be reported under this Item.

#### ITEM 5 OTHER INFORMATION

None.

#### ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted

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Pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SKTF ENTERPRISES, INC.

/s/ Carl M. Berg

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Carl M. Berg  
President, Director,  
Chief Executive Officer,  
Chief Financial Officer

Dated: November 12, 2002