

Edgar Filing: SKTF ENTERPRISES INC - Form 10QSB

SKTF ENTERPRISES INC  
Form 10QSB  
May 15, 2003

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 MARCH 31, 2003

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  
(State or other jurisdiction of  
incorporation or organization)

33-0961488  
(I.R.S. Employer  
Identification No.)

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

84020  
(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  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   
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APPLICABLE ONLY TO CORPORATE ISSUERS

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

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common equity, as of the latest practicable date. As of May 13, 2003, there were 6,044,750 shares of common stock, par value \$0.001, issued and outstanding.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT  
(check one):

Yes \_\_\_\_\_ No  .  
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SKTF ENTERPRISES, INC.

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## PART I

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider" or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 FINANCIAL STATEMENTS

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

BALANCE SHEET

	MARCH 31, 2003	DECEMBER 31, 2002
	-----	-----
ASSETS	(UNAUDITED)	
Cash	\$ -	\$ 2,104
	-----	-----
Total Assets	\$ -	\$ 2,104
	=====	=====
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	\$ 31,450	\$ 20,260
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; No shares issued or outstanding	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 6,044,750 shares issued and outstanding at March 31, 2003	6,045	6,045
Additional paid in capital	41,804	41,804
Deficit accumulated during development	(79,299)	(66,005)
	-----	-----
	(31,450)	(18,156)
	-----	-----
Total liabilities and shareholders' equity	\$ -	\$ 2,104
	=====	=====

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

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STATEMENT OF OPERATIONS

	THREE MONTHS ENDED MARCH 31, 2003	THREE MONTHS ENDED MARCH 31, 2002	ACC I (MAR MAR
	-----	-----	-----
Revenue	\$ -	\$ -	\$
General and administrative expenses	13,294	7,194	
	-----	-----	
Net loss	\$ (13,294)	\$ (7,194)	\$
	=====	=====	=====
Net loss per share available to common stockholders			
Basic and diluted	\$ (0.00)	\$ (0.00)	
Weighted average number of common shares outstanding	6,044,750	6,013,000	

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

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

STATEMENT OF CASH FLOWS

	CUMULATIVE FROM INCEPTION (MARCH 27, 2001) THROUGH	
	MARCH 31, 2003	-----
	-----	-----
Cash flows from operating activities -		
Net loss	\$ (79,299)	\$
Adjustments to reconcile net loss to cash		
used in operating activities -		
Contributed capital for services rendered	14,199	
Changes in assets and liabilities -		
Increase (decrease) in accounts payable		
and accrued liabilities	31,450	
	-----	-----
Cash used in operating activities	(33,650)	

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Cash flows from financing activities -			
Proceeds from issuance of common stock		33,650	
		-----	-----
Cash provided by financing activities		33,650	
Net decrease in cash		-	
Cash, beginning of the period		-	
		-----	-----
Cash, end of the period	\$	-	\$
		=====	=====

Supplemental information -

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

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

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

CONDENSED NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES

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. The Company's business plan is to develop, market and distribute branded and licensed hats and clothing at major events such as sporting events, concerts and conventions. 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.

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 March 31, 2003, no shares have been issued for services provided to the Company.

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.

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General and Administrative Expenses. The Company's general and administrative expenses consisted primarily of legal and accounting fees for the three months ended March 31, 2003 and 2002.

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 March 31, 2003, no research and development costs had been incurred.

Stock-Based Compensation. Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation, encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in previously issued standards. Accordingly, compensation cost for stock options issued to employees is measured as the excess, if any, of the fair market value of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Compensation is charged to expense over the shorter of the service or vesting period. Stock options issued to non-employees are recorded at the fair value of the services received or the fair value of the options issued, whichever is more reliably measurable, and charged to expense over the service period.

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

CONDENSED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES - Continued  
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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 carry-forward benefits may also be limited as a result of changes in Company ownership.

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. Net loss per share is calculated in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that options are included in the calculation of diluted earnings per share, except when their effect would be anti-dilutive. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

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### 2. GOING CONCERN

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The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has no established source of revenue, and as of March 31, 2003, the Company has no assets and negative working capital of \$31,450. In addition, the Company has been in the development stage since its inception on March 27, 2001 and is dependent on outside financing to fund its operations. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to these matters are to continue to raise additional capital from selling the Company's stock. However, there is no assurance that the Company will be able to obtain such financing. Management believes actions currently being taken provide the opportunity for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### 3. 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 March 31, 2003.

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

CONDENSED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. STOCKHOLDERS' EQUITY - Continued

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Private Placement Memorandum. On June 1, 2001, the Company began an offering to sell up to 100,000 shares of common stock at \$0.10 per share pursuant to a Private Placement Memorandum. In August 2001, the Company sold 13,000 shares of its common stock at \$0.10 under this private placement. All proceeds from the offering are to be used for pre-incorporation expenditures, consulting fees and working capital.

Registered Stock Offering. During the quarter ended September 30, 2002, the Company sold 31,750 shares of its common stock at \$1.00 per share for total proceeds of \$31,750. The stock offering was pursuant to the Company's effective Form SB-2/A registration statement dated December 12, 2001. The Company used the proceeds to repay advances and general and administrative expenses. The Company's registered offering expired on September 30, 2002.

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 March 31, 2003, no options had been granted.

### 4. RELATED PARTY TRANSACTIONS

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Legal and Administrative Services. The Company has engaged a shareholder as its corporate counsel. For the three months ended March 31, 2003 and 2002, total legal services and out of pocket costs were \$9,690 and \$2,494, respectively. As of March 31, 2003, and December 31, 2002, the Company had amounts due to its corporate counsel of \$24,826 and \$15,136, respectively, which are recorded in accounts payable and accrued liabilities in the accompanying financial statements.

The Company's president elected to forego a salary during the early developmental stages. The Company's president also provides office space for the Company. The Company estimates the value of these services to be \$1,500 and zero for the three months ended March 31, 2003 and 2002, respectively. As of March 31, 2003, and December 31, 2002, the Company had amounts due to its president of \$6,625 and \$5,125, respectively, which are recorded in accounts payable and accrued liabilities in the accompanying financial statements.

Stockholders Loans and Advances. From time to time, certain Company stockholders 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.

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### ITEM 2 MANagements Discussion and Analysis or Plan of Operation

We recently closed a public offering of up to \$1,000,000 pursuant to a Form SB-2 originally filed with the Securities and Exchange Commission on August 30, 2001 and declared effective on December 12, 2001. A total of 31,750 shares of our common stock were sold under the offering, which closed on September 30, 2002. For at least through the quarter ending June 30, 2003, 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 verbally agreed to advance funds to us to fund these minimal cash requirements that cannot otherwise be covered by the proceeds from the offering.

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 manufacture the products to do so, and did not successfully market any products at that event. Recently, the Board of Directors of the Company has undertaken an analysis of whether or not the historical business plan is economically viable, and whether or not it should continue to be pursued. If the historical business plan is not pursued, the Board of Directors will decide whether or not to pursue other lines of business, either from start up or through acquisitions. No decisions have been reached by the Board of Directors.

On December 19, 2002, the National Association of Securities Dealers notified our market maker that its request to submit a quote for our common stock on the Over the Counter Bulletin Board had been cleared. The trading symbol for our common stock is SKTE. As of the date of this filing, to the best of our knowledge, no transactions in our common stock have taken place. Trading in our common stock, if any, is anticipated to be very sporadic and should not be deemed to constitute an established public trading market. There is no assurance that there will be liquidity in the common stock.

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



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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, if the historical business is pursued, 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 Certified Public Accountants 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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### ITEM 3 CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer (or those persons performing similar functions), after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) as of a date within 90 days of the filing of this quarterly report (the "Evaluation Date"), have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the Evaluation Date.

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## PART II

### ITEM 1 LEGAL PROCEEDINGS

We are not a party to or otherwise involved in any legal proceedings.

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

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

### 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

No matters were submitted to a vote of the security holders during the

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quarter.

ITEM 5 OTHER INFORMATION

None.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification of Carl M. Berg, Chief Executive Officer and Chief Financial Officer of the Company

(b) Reports on Form 8-K

None.

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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.

Dated: May 12, 2003

/s/ Carl M. Berg

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

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CERTIFICATION OF CHIEF EXECUTIVE  
AND  
CHIEF FINANCIAL OFFICER

I, Carl M. Berg, Chief Executive Officer and Chief Financial Officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of SKTF Enterprises, Inc.;
2. Based on my knowledge, this quarterly report 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this

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quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-14 and 15d-14) for the registrant and have:
- a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons fulfilling the equivalent functions):

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

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6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 12, 2003

/s/ Carl M. Berg

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Carl M. Berg  
Chief Executive and  
Chief Financial Officer

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