

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

ARBOR ENTECH CORP
Form 10QSB
March 09, 2006

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended January 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____

Commission file number 0-3338

ARBOR ENTECH CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware 22-2335094

(State or other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

PO Box 656, Tuxedo Park, New York 10987

(Address of Principal Executive Office) (Zip Code)

(201) 782-9237

(Registrant's telephone number including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Registrant's Common Stock, \$0.001 par value, outstanding as of March 6, 2006, was 7,050,540 shares.

ARBOR ENTECH CORPORATION AND SUBSIDIARY

INDEX

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

	Page Number

PART 1 - FINANCIAL INFORMATION	
Item 1 Financial Statements (unaudited)	
Condensed Balance Sheet - January 31, 2006	4
Condensed Statements of Operations - Three and Nine months ended January 31, 2006 and 2005	5
Condensed Statements of Cash Flows - Nine months ended January 31, 2006 and 2005	6
Notes to Condensed Financial Statements	7
Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 3 Controls and Procedures	10
PART II - OTHER INFORMATION	11
SIGNATURES	12

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying financial statements are unaudited for the interim periods, but include all adjustments (consisting only of normal recurring accruals), which we consider necessary for the fair presentation of results for the three and nine months ended January 31, 2006.

Moreover, these financial statements do not purport to contain complete disclosure in conformity with U.S. generally accepted accounting principles and should be read in conjunction with our audited financial statements at, and for the fiscal year ended April 30, 2005.

The results reflected for the three and nine months ended January 31, 2006 are not necessarily indicative of the results for the entire fiscal year.

ARBOR ENTECH CORPORATION
 CONDENSED BALANCE SHEET
 JANUARY 31, 2006
 (Unaudited)

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 471,071
Prepaid Expenses	711

Total Current Assets	471,782

Total Assets	\$ 471,782
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 4,839

Total Current Liabilities	4,839

Commitments and Contingencies	
Stockholders' Equity:	
Common Stock, \$.001 Par Value; Authorized 10,000,000 Shares; Issued and Outstanding 7,050,540 Shares	7,050
Additional Paid-In Capital	2,365,441
Retained Earnings (Deficit)	(1,905,548)

Total Stockholders' Equity	466,943

	\$ 471,782
	=====

The accompanying notes are an integral part of the financial statements.

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

4

ARBOR ENTECH CORPORATION
CONDENSED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine
	January 31,		
	2006	2005	2006
Net Sales	\$ --	\$ --	\$
Costs and Expenses:			
Selling, General and Administrative Expenses	3,411	6,024	18,8
	3,411	6,024	18,8
Loss from Operations	(3,411)	(6,024)	(18,8
Other Income:			
Interest	480	255	1,2
Other	--	--	
	480	255	1,2
Net Loss	\$ (2,931)	\$ (5,769)	\$ (17,5
Loss Per Common Share - Basic	\$ (.00)	\$ (.00)	\$ (.0
Weighted Average Shares Outstanding	7,050,540	7,050,540	7,050,5

The accompanying notes are an integral part of the financial statements.

5

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

ARBOR ENTECH CORPORATION CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

	Nine Months Ended	
	January 31,	
	2006	2005
Cash Flows from Operating Activities:		
Net Loss	\$ (17,564)	\$ (24,957)
Adjustments to Reconcile Net Loss to Net Cash (Used) by Operating Activities:		
Depreciation	--	862
Decrease in Deferred Tax Assets	81,762	--
Decrease in Deferred Tax Liabilities	(81,762)	--
Changes in Operating Assets and Liabilities:		
Decrease in Miscellaneous Receivable	826	--
Decrease in Prepaid Expenses	1,531	--
(Decrease) in Accounts Payable and Accrued Liabilities	(12,382)	(13,387)
Total Adjustments	(10,025)	(12,525)
Net Cash (Used) by Operating Activities	(27,589)	(37,482)
Cash Flows from Investing Activities:		
Proceeds from Receivable from Sale of Real Property	213,589	--
Net Cash Provided by Investing Activities	213,589	--
Cash Flows from Financing Activities:		
Proceeds of Loans to Related Parties	--	1,019,850
Dividends Paid	--	(1,057,581)
Net Cash Provided (Used) by Financing Activities	--	(37,731)
Increase (Decrease) in Cash and Cash Equivalents	186,000	(75,213)
Cash and Cash Equivalents - Beginning of Period	285,071	365,128
Cash and Cash Equivalents - End of Period	\$ 471,071	\$ 289,915
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ --	\$ --
Cash Paid for Income Taxes	\$ --	\$ --

The accompanying notes are an integral part of the financial statements.

6

ARBOR ENTECH CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - Unaudited Interim Financial Statement

In the opinion of the Company's management, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These financial statements are condensed and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

NOTE 2 - Discontinued Operations - Sale of Real Property

On July 20, 2005, the Company closed on the sale of real property located in Tioga County, Pennsylvania pursuant to a contract entered into on April 15, 2005. The Company recognized a gain of \$185,820 on the sale during the year ended April 30, 2005. The proceeds were collected in July 2005.

7

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this report which are not historical fact are "forward-looking statements" that involve various important assumptions, risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed in such forward-looking statements. These important factors include, without limitation, competitive factors and pricing pressures, changes in legal and regulatory requirements, technological change or difficulties, product development risks, commercialization and trade difficulties and general economic conditions, as well as other risks previously

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

disclosed in our securities filings and press releases.

These forward-looking statements often can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," or similar terms.

PLAN OF OPERATION

We were a wood products company that had been in business since 1980. Our business fluctuated over the years. We were almost wholly dependent on sales to The Home Depot, Inc. As discussed below in "Discontinued Operations," on September 2, 2003, we discontinued our wood products business.

At present, we are seeking other business opportunities, but there can be no assurance that such opportunities will be identified, engaged in, or result in any profits. Unless and until we find a business opportunity, we believe that we can satisfy our cash requirements over the next 12 months. As of January 31, 2006, we had cash and cash equivalents of \$471,071 and working capital of \$466,943. We currently have no employees. Mr. Shefts, one of our three officers, devotes a small portion of his time to us. Since the sale of our real estate, we have no principal executive office. We utilize a mailing address in Tuxedo Park, New York and we utilize a telephone number at Mr. Shefts' office.

QUARTER ENDED JANUARY 31, 2006 COMPARED TO THE QUARTER ENDED JANUARY 31, 2005

Since we discontinued our wood products business, there were no sales from continuing operations during the quarter ended January 31, 2006 or 2005.

Selling, general and administrative expenses were \$3,411 for the quarter ended January 31, 2006, a decrease of \$2,613 over selling, general and administrative expenses of \$6,024 for the quarter ended January 31, 2005. The decrease in selling, general and administrative expenses is primarily a result of decreases in utilities, depreciation, professional and filing fees. As our selling general and administrative expenses decreased, our net loss decreased from \$5,769 for the quarter ended January 31, 2005 to \$2,931 for the quarter ended January 31, 2006.

8

NINE MONTHS ENDED JANUARY 31, 2006 COMPARED TO THE NINE MONTHS ENDED JANUARY 31, 2005

As noted above, since we discontinued our wood products business, there were no sales from continuing operations during the nine months ended January 31, 2006 or 2005.

Selling, general and administrative expenses were \$18,852 for the nine months ended January 31, 2006, a decrease of \$6,924 over selling, general and administrative expenses of \$25,776 for the nine months ended January 31, 2005. The decrease in selling, general and administrative expenses is primarily a result of a decrease in expenses (insurance, real estate taxes, utilities and depreciation) related to real property that we sold in April 2005 offset by increases in professional and filing fees. As we had no revenues other than de minimis interest income and no other expenses, our net loss decreased from \$24,957 for the nine months ended January 31, 2005 to \$17,564 for the nine months ended January 31, 2006.

DISCONTINUED OPERATIONS

On September 2, 2003, we informed Home Depot that we would no longer do

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

business with that company due to increased difficulties in transacting business with Home Depot on a profitable basis. We stated to Home Depot that these difficulties included Home Depot's prohibition against price increases despite increases in our costs of production, a diminution in the Home Depot territories we were allowed to sell product to, and Home Depot's demands regarding returns of ordered products that we were unwilling to accede to for economic reasons. As a result, on September 2, 2003, we discontinued our wood products business.

LIQUIDITY AND CAPITAL RESOURCES

In periods prior to those discussed above, our working capital requirements were met primarily from sales generated by our discontinued wood products business. At January 31, 2006, we had working capital of \$466,943.

As at January 31, 2006, we had cash and cash equivalents of \$471,071, which represented 99.9% of total assets. We believe we have adequate working capital to fund our operations for at least the next 12 months unless and until we find a business opportunity.

Off-Balance Sheet Transactions

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

Application Of Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for use of estimates, accounting for stock-based compensation and environmental remediation costs.

9

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within the required time periods. Our Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this quarterly report. They have concluded that, as of that date, our disclosure controls and procedures were effective at ensuring that required information will be disclosed on a timely basis in our reports filed under the Exchange Act.

(b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

- None

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

- None

Item 3 Defaults Upon Senior Securities

- None

Item 4 Submission of Matters to a Vote of Securities' Holders

- None

Item 5 Other Information

- None

Item 6 Exhibits

- 31.1 Certification of Harvey Houtkin, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Mark Shefts, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Harvey Houtkin, Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
- 32.2 Certification of Mark Shefts, Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

Edgar Filing: ARBOR ENTECH CORP - Form 10QSB

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.

ARBOR ENTECH CORPORATION

Date: March 8, 2006

By: /s/ Mark Shefts

Mark Shefts
Chief Financial Officer
Chief Accounting Officer