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SKTF ENTERPRISES INC
Form 10KSB
March 28, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 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
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

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.

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

State issuer's revenues for its most recent fiscal year. The issuer had no revenues for the year ended December 31, 2002.

State the aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in rule 12b-2 of the Exchange Act.) There was no market for our common stock.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 27, 2003, there

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were 6,044,750 shares of common stock, par value \$0.001, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990). None.

Transitional Small Business Disclosure Format (check one):

Yes	No	X
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SKTF ENTERPRISES, INC.

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PART I

This Annual 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 - DESCRIPTION OF BUSINESS

RECENT DEVELOPMENTS

Through December 31, 2002, the Company's business was the development, marketing, and distribution of branded and licensed hats and clothing at major events such as sporting events, concerts, and conventions. A description of this historical business is included below.

Recently, however, 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.

HISTORICAL BUSINESS

INTRODUCTION

SKTF Enterprises, Inc., a Florida corporation, was incorporated in the State of Florida on March 27, 2001.

We are a development stage company with no assets and no revenues, and we have not begun our operations. Our business plan is to develop, market and distribute branded and licensed hats and clothing at major events such as sporting events, concerts, and conventions. We do not have any agreements with hat or clothing manufacturers, or with any event coordinators, and we have not developed any of our products. We will focus on high-end events such as the World Series, the Super Bowl, the Indianapolis 500, concerts, the Republican and Democratic National Conventions, and others.

We expect to acquire appropriate licenses to manufacture and sell hats and clothing, then have the products manufactured. We have not contacted any potential licensors or manufacturers.

MARKETING AND DISTRIBUTION

We will hire personnel in the local area surrounding the respective event who will put together a temporary sales force to market the products. We have

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not taken any steps to identify potential members of our sales force, nor do we have any estimate of how much they will cost. After each respective event, we expect to continue to market our products using the local sales force, mail-order catalog sales, and Internet web site sales. In our opinion, we expect that the market for licensed products will continue for up to six months following a major event.

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COMPETITION

We have not yet commenced operations, and are entering into a very competitive marketplace. The following is a list of the top 10 licensed apparel companies based on 1998 actual sales, as published by the Sporting Goods Business, November 1999:

	1998 Sales (e)	% Change from 1997
Starter	\$345 million	+6%
Champion.	\$245 million	+50%
VF Knitwear	\$230 million	0%
Logo Athletic	\$228 million	+15%
Fruit of the Loom	\$220 million	+10%
Russell	\$120 million	+70%
Nike.	\$100 million	+66%
Mighty Mac.	\$ 75 million	+20%
Winning Ways.	\$ 60 million	+15%
Sports Specialties.	\$ 60 million	+5%

In our opinion, we are not competitive with the companies described above. We do not expect, in either the short or long term, to have sales similar to the competition described above.

MANUFACTURING

We do not intend to manufacture any of our products. Once we obtain the rights to manufacture products, we will contract with third-party manufacturers. We have not contacted any manufacturers, and do not know what our costs of goods will be.

KEY CUSTOMERS AND AGREEMENTS

In order to be successful, we will have to obtain the rights to manufacture branded products, then we will have to obtain permission to deploy our sales force in and around each event, and finally we will have to enter into agreements to manufacture the products at profitable levels. Only after we have done all three of these things can we begin to generate sales to our customers.

Our success is dependent on our ability to enter into key agreements as described above. We currently do not have any such agreements. Our management believes, however, that they can develop relationships with key event coordinators/licensors, however we can make no guaranty of our success. In the event we are unable to develop these key relationships, our business will likely fail.

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We do not have, nor do we intend to obtain, any patents or trademarks of our own until such time as we begin to develop our own custom designs. At that

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time, we expect to apply for trademark and service mark protection.

GOVERNMENT APPROVALS AND REGULATION

Other than customary labor laws and local ordinances regarding sales of products in public, we are not subject to any government regulation. Further, we are not subject to any environmental laws or regulations.

RESEARCH AND DEVELOPMENT

We have not spent any material amount of time or money on research and development, and do anticipate doing so in the future.

EMPLOYEES

Other than our current sole director and officer, we do not have any employees because our business has not commenced operations. We intend to market our products through a temporary sales force consisting of residents of the local area where we will be selling products.

All internet and catalog sales following an event will be outsourced to third parties for order-taking, inventory management, and distribution. Because we have not commenced operations, we do not have any agreements nor have we entered into negotiations concerning these functions.

ITEM 2 - DESCRIPTION OF PROPERTY

During our pre-operating period, we utilize the office of our founder, Carl M. Berg, under a verbal agreement where we do not pay rent or reimburse him for expenses incurred. When we are successful in raising sufficient capital to begin executing our business plan, we will identify and lease appropriate office space at market rates.

We anticipate the need to lease a small amount of temporary storage space for our products, to hold them until they are sold. Management intends to negotiate with the manufacturers of the products to hold them until they are to be shipped to the location of sales, however, in the event we are not successful in doing so, we anticipate renting temporary space as necessary.

ITEM 3 - LEGAL PROCEEDINGS

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

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

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

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PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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.

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There are no outstanding options or warrants to purchase, or securities convertible into, shares of our common stock. We recently registered, under the Securities Act of 1933 for sale by selling security holders, 13,000 shares of our common stock acquired by twelve shareholders in a private placement.

Of the 6,044,750 shares of common stock outstanding, (i) 31,750 shares held by 50 shareholders of record were sold pursuant to an effective registration statement and may be sold without restriction, (ii) 13,000 shares held by 12 shareholders of record were sold in a private placement over one year ago and the resale of those shares was subsequently registered, and thus the shares may be sold either pursuant to the effective registration statement or pursuant to Rule 144, and (iii) 450,000 shares are held by one shareholder who may sell up to 60,447 shares every 90 days pursuant to Rule 144. In addition to the above, Mr. Carl Berg, our sole officer and director, is the holder of 5,550,000 shares and may sell up to 60,447 shares every 90 days pursuant to Rule 144.

The number of holders of record of shares of our common stock is sixty four (64).

There have been no cash dividends declared on our common stock. Dividends are declared at the sole discretion of our Board of Directors.

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

ITEM 6 - MANAGEMENT'S 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.

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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.

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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.

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.

ITEM 7 - FINANCIAL STATEMENTS

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ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no events required to be reported by this Item 8.

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PART III

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The following table sets forth the name and age of the current sole director and executive officer of the Company, the principal office and position with the Company held by him and the date he became a director or executive

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officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers.

Name	Age	Position(s)
-----	---	-----
Carl M. Berg	35	Chairman of the Board, President, Secretary, and Treasurer (2001)

CARL M. BERG has served as our sole director and officer since our inception. He also currently serves as a company executive with Sandlot Corporation, a startup subscription management software company. Sandlot is involved in managing subscription-based e-commerce. Mr. Berg has directed business initiatives as the Business Development Manager, which have resulted in growth of the company from 10 to 75 employees worldwide with offices in the U.S. and Windsor, United Kingdom. Prior to Sandlot Corporation, from 1992 to 1999, Mr. Berg served in various management positions in the technology division of Ameritech Corporation. His roles varied from the overall management of library automation implementation projects to directing the implementation division of roughly 75 technical staff. Job titles included Project Coordinator, Project Manager and Director of Implementation.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, none of the required parties are delinquent in their 16(a) filings.

Board Meetings and Committees

During the fiscal year ended December 31, 2002, the Board of Directors did not meet but took written action on numerous other occasions. The written actions were by unanimous consent.

The Company presently has no executive committee, nominating committee or audit committee of the Board of Directors.

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ITEM 10 - EXECUTIVE COMPENSATION

None of our employees are subject to a written employment agreement, and we have not paid compensation to any employees, executive officers, or directors for services rendered to us.

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On May 15, 2001, our directors and shareholders approved the SKTF, Inc. 2001 Stock Option Plan, effective June 1, 2001. The plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. The plan allows for the award of stock and options, up to 600,000 shares of our common stock. Following the effectiveness of this registration statement, we intend to register with the Commission the shares of common stock covered by the plan. We have not issued any options or stock awards under the plan.

Our Directors do not receive compensation for serving as a Director, but they are entitled to reimbursement for their travel expenses.

ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 27, 2003, certain information with respect to the Company's equity securities owned of record or beneficially by (i) the sole Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common Stock	Carl M. Berg (2)	5,550,000	91.8%
Common Stock	Brian A. Lebrecht (3)	450,000	7.4%
	All Officers and Directors as a Group (1 Person)	5,550,000	91.8%
		=====	=====

- (1) Based on 6,044,750 shares outstanding.
- (2) Mr. Berg is our sole director and officer.
- (3) Mr. Lebrecht is President of The Lebrecht Group, APLC, which serves as our securities counsel.

There are no current arrangements that will result in a change in control.

ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On April 20, 2001, our founder, Carl M. Berg, purchased 5,550,000 shares of common stock for \$555.00. Also on April 20, 2001, Brian A. Lebrecht, our legal counsel, purchased 450,000 shares of common stock for \$45.00.

Mr. Berg and Mr. Lebrecht have, from time to time, advanced us funds to cover certain expenses. The amount of these advances has not exceeded, and is not expected to exceed, \$25,000. These advances do not bear interest, and although they have no maturity date, are expected to be repaid as soon as

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reasonably possible. During 2002 and 2001, the Company incurred legal expenses of \$33,054 and \$12,699, respectively, to Mr. Lebrecht's firm for certain out-of-pocket legal expenses.

On October 4, 2001, Mr. Berg executed a Lock-Up Agreement wherein he agreed not to sell any of his shares of common stock until at least thirty days after the termination of our registered offering. The Lock-Up Agreement expired on October 30, 2002.

ITEM 13 - 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.

ITEM 14 - 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 annual 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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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 27, 2003

/s/ Carl M. Berg

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

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: March 27, 2003

/s/ Carl M. Berg

Carl M. Berg
President, Director,

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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 annual report on Form 10-KSB of SKTF Enterprises, Inc.;
2. Based on my knowledge, this annual 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 annual 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 annual 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 annual 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 annual report (the "Evaluation Date"); and
 - c) presented in this annual 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
6. The registrant's other certifying officers and I have indicated in this annual 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

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weaknesses.

Dated: March 27, 2003 /s/ Carl M. Berg

Carl M. Berg
Chief Executive Officer
and Chief Financial Officer

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Financial Statements and Report of
Independent Certified Public Accountants

SKTF ENTERPRISES, INC.
(A Development Stage Enterprise)

December 31, 2002 and 2001

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To: The Board of Directors
of SKTF ENTERPRISES, INC.

We have audited the accompanying balance sheets of SKTF ENTERPRISES, INC. (the "Company") (a Development Stage Corporation) as of December 31, 2002 and 2001 and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 2002 and the period from inception (March 27, 2001) through December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes

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assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SKTF ENTERPRISES, INC. as of December 31, 2002 and 2001 and the results of its operations and cash flows for the year ended December 31, 2002 and the period from inception (March 27, 2001) through December 31, 2001, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has no established source of revenue and is dependent on its ability to raise substantial amounts of capital. Management's plans in regard to these matters are also described in Note 2. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Ramirez International

RAMIREZ INTERNATIONAL

March 26, 2003
Irvine, CA

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SKTF ENTERPRISES, INC.
(A Development Stage Corporation)

Balance Sheet
December 31,

	2002	2001
	-----	-----
ASSETS		
Current assets		
Cash	\$ 2,104	\$ -
Total assets	\$ 2,104	\$ -
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 20,260	\$ 4,645
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, \$0.001 par value;		

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5,000,000 shares authorized; no shares issued or outstanding at December 31, 2002 . . .	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 6,044,750 and 6,013,000 shares issued and outstanding	6,045	6,013
Additional paid in capital	41,804	10,086
Deficit accumulated during the development stage	(66,005)	(20,744)
	<u>(18,156)</u>	<u>(4,645)</u>
Total liabilities and stockholders' equity . . .	\$ 2,104	\$ -
	<u>=====</u>	<u>=====</u>

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

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SKTF ENTERPRISES, INC.
(A Development Stage Corporation)

Statement of Operations

	Cumulative from inception (March 27, 2001) through December 31, 2002	Year ended December 31, 2002	Period from inception (March 27, 2001) to December 31, 2001
Revenue	\$ -	\$ -	\$ -
General and administrative expenses.	66,005	45,261	20,744
Net loss	<u>\$ (66,005)</u>	<u>\$ (45,261)</u>	<u>\$ (20,744)</u>
Basic and diluted net loss per share		\$ (0.01)	\$ (0.00)
Weighted average shares outstanding.		6,021,090	5,490,570

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

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SKTF ENTERPRISES, INC.
(A Development Stage Corporation)

Statement of Stockholders' Equity

Deficit

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	Common Stock Shares	Par Value	Additional Paid-in Capital	Accumulated During the Development Stage	Tot
Issuance of common stock to founders on April 20, 2001	6,000,000	\$ 6,000	\$ (5,400)	\$ -	\$
Issuance of common stock for cash in August 2001. . . .	13,000	13	1,287		
Contributed capital-services.			14,199		1
Net loss.				(20,744)	(2)
Balance, December 31, 2001. .	6,013,000	6,013	10,086	(20,744)	(
Issuance of common stock for cash in September 2002 . .	31,750	32	31,718		3
Net loss.				(45,261)	(4)
Balance, December 31, 2002. .	6,044,750	\$ 6,045	\$ 41,804	\$ (66,005)	\$ (1)

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

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SKTF ENTERPRISES, INC.
(A Development Stage Corporation)

Statement of Cash Flows

	Cumulative from inception (March 27, 2001) to December 31, 2002	Year ended December 31, 2002	Period incepti 27, 200 Decembe
Cash flows from operating activities:			
Net loss.	\$ (66,005)	\$ (45,261)	\$
Adjustments to reconcile net loss to cash used in operating activities:			
Contributed capital for services rendered	14,199	-	
Increase in accounts payable and accrued liabilities	20,260	15,615	
Net cash used by operating activities	(31,546)	(29,646)	
Cash flows from financing activities:			
Proceeds from issuance of stock	33,650	31,750	

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Net increase in cash.	2,104	2,104	
Cash and cash equivalents, beginning of period. . .	-	-	
Cash and cash equivalents, end of period.	\$ 2,104	\$ 2,104	\$

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

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SKTF ENTERPRISES, INC.
(A Development Stage Corporation)

Notes to Financial Statements

December 31, 2002 and 2001

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 December 31, 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.

General and Administrative Expenses. The Company's general and administrative expenses consisted primarily of legal and accounting fees in 2002 and 2001 related to organization purposes.

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 December 31, 2002, no research and development costs had been incurred.

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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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1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES - Continued

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.

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.

2. REALIZATION OF ASSETS

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 December 31, 2002, the Company had negative working capital of \$18,156. In addition, the Company is a development stage entity 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. Management believes actions currently being taken provide the opportunity for the Company to

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continue as a going concern. However, there is no assurance that the Company will be able to obtain such financing. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. STOCKHOLDERS' EQUITY

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 December 31, 2002.

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3. STOCKHOLDERS' EQUITY - Continued

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 December 31, 2002, no options had been granted.

4. RELATED PARTY TRANSACTIONS

Legal and Administrative Services. The Company has engaged a shareholder as its corporate counsel. In 2002 and for the period from inception (March 27, 2001) to December 31, 2001, total legal services and out of pocket costs were \$33,054 and \$12,699, respectively. As of December 31, 2002 and 2001, the Company had amounts due to its corporate counsel of \$15,136 and \$4,645, 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 \$5,125 and \$1,500 for the year ended December 31, 2002 and for the period from inception (March 27, 2001) to December 31, 2001, respectively. As of December 31, 2002 and 2001, the Company had amounts due to its president of \$5,125 and nil, 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

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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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