

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

PROGRESSIVE TRAINING, INC.

Form 10-Q

October 15, 2009

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

Form 10-Q

(Mark One)

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended August 31, 2009

Transition Report under Section 13 or 15(d) of the Exchange Act for the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-50333

PROGRESSIVE TRAINING, INC.

(Exact name of small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

32-0186005  
(I.R.S. Employer  
Identification No.)

17337 Ventura Boulevard, Suite 305  
Encino, California 91316

Issuer's Telephone Number: (818) 784-0040  
(Address and phone number of principal executive offices)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if smaller reporting company)

Smaller reporting company

Check whether the issuer is a "shell company" as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes  No

As of August 31, 2009 the issuer had of 2,280,000 shares of common stock outstanding.

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

Traditional Small Business Disclosure Format (check one) Yes [ ] No [X]

1

INDEX TO QUARTERLY REPORT

-----  
ON FORM 10-Q  
-----

PART I		FINANCIAL INFORMATION	Page
			----
Item 1.	Financial Statements.....		3
	Condensed Balance Sheets		
	August 31, 2009 (Unaudited) and May 31, 2009.....		4
	Condensed Statements of Operations and Accumulated Deficit		
	For the Three Months Ended		
	August 31, 2009 and 2008 (Unaudited).....		5
	Condensed Statements of Shareholders' Deficit		
	For the Three Months Ended August 31, 2009 (Unaudited).....		6
	Condensed Statements of Cash Flows		
	For the Three Months Ended		
	August 31, 2009 and 2008 (Unaudited).....		7
	Condensed Notes to Financial Statements (Unaudited).....		8
Item 2.	Management's Discussion and Analysis or Plan of Operation.....		11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk		15
Item 4T.	Controls and Procedures.....		16
PART II		OTHER INFORMATION	
Item 1.	Legal Proceedings.....		18
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.....		18
Item 3.	Defaults upon Senior Securities.....		18
Item 4.	Submission of Matters to a Vote of Security Holders.....		18
Item 5.	Other Information.....		18
Item 6.	Exhibits .....		18
	Signatures.....		19

2

PART I  
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

(Financial Statements Commence on Following Page)

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

3

PROGRESSIVE TRAINING, INC.

CONDENSED BALANCE SHEETS

	August 31, 2009 (Unaudited)	May 31, 2009
<b>ASSETS</b>		
Cash.....	\$ 1,527	\$ 2,318
Accounts receivable, net of allowance for doubtful accounts of \$4,000.....	4,220	5,424
Property and equipment, Net of accumulated depreciation of \$11,709	--	--
Prepaid expenses and other assets .....	1,850	1,946
<b>TOTAL ASSETS .....</b>	<b>\$ 7,597</b>	<b>\$ 9,688</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>LIABILITIES:</b>		
Line of credit .....	\$ 39,338	\$ 38,726
Accounts payable and accrued expenses.....	47,565	57,582
Accrued interest due to shareholder.....	7,378	6,848
Note payable due to shareholder .....	34,040	16,262
<b>Total liabilities .....</b>	<b>128,321</b>	<b>119,418</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' DEFICIT:</b>		
Common stock, par value - \$.0001; 100,000,000 shares authorized; 5,280,000 shares issued and outstanding, .....	528	528
Additional paid-in capital .....	1,567,123	1,556,723
Accumulated deficit .....	(1,688,375)	(1,666,981)
<b>Total shareholders' deficit .....</b>	<b>(120,724)</b>	<b>(109,730)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT .....</b>	<b>\$ 7,597</b>	<b>\$ 9,688</b>

See accompanying notes to financial statements.

4

PROGRESSIVE TRAINING, INC.

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

CONDENSED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED AUGUST 31, 2009 AND 2008 (UNAUDITED)

	2009	2008
REVENUES .....	\$ 31,873	\$ 46,965
COST OF REVENUES .....	7,709	4,107
GROSS PROFIT .....	24,164	42,858
EXPENSES:		
Selling and marketing .....	3,877	19,484
General and administrative ..	39,817	66,806
Research and development ...	--	36
Interest expense .....	1,064	4,443
Total expenses .....	44,758	90,769
INCOME (LOSS) BEFORE INCOME TAXES .....	(20,594)	(47,911)
INCOME TAXES .....	800	800
NET INCOME (LOSS) .....	\$ (21,394)	\$ (48,711)
BASIC AND DILUTED INCOME (LOSS) PER SHARE .....	\$ (0.00)	\$ (0.02)
WEIGHTED AVERAGE SHARES OUTSTANDING .....	5,280,000	2,280,000

See accompanying notes to financial statements.

5

PROGRESSIVE TRAINING, INC.  
CONDENSED STATEMENTS OF SHAREHOLDERS' DEFICIT  
FOR THE THREE MONTHS ENDED AUGUST 31, 2009 (UNAUDITED)

COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	SHAREHOLDER (DEFICIT)	TOTAL
SHARES	AMOUNT			

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

BALANCE, MAY 31, 2009 ...	5,280,000	\$	528	\$ 1,556,723	\$ (1,666,981)	\$ (109,
CONTRIBUTED CAPITAL .....	--		--	10,400	--	10,
NET LOSS .....	--		--	--	(21,394)	(21,
	-----		-----	-----	-----	-----
BALANCE, AUGUST 31, 2009	5,280,000	\$	528	\$ 1,567,123	\$ (1,688,375)	\$ (120,
	=====		=====	=====	=====	=====

See accompanying notes to financial statements.

6

PROGRESSIVE TRAINING, INC.  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED AUGUST 31, 2009 AND 2008 (UNAUDITED)

	2009	2008
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss .....	\$ (21,394)	\$ (48,711)
Adjustments to reconcile net loss to net cash used by operating activities:		
Contribution of capital for services.....	10,400	10,400
Changes in operating assets and liabilities:		
Accounts receivable .....	1,204	(10,671)
Prepaid Expenses	96	--
Accounts payable and accrued expenses .....	(9,487)	10,967
	-----	-----
Net cash used by operating activities .....	(19,181)	(38,015)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) from (to) shareholder ..	17,778	37,674
Net borrowings (repayments) on line of credit .....	612	50
	-----	-----
Net cash provided by financing activities.....	18,390	37,724
	-----	-----
NET DECREASE IN CASH .....	(791)	(291)
CASH, BEGINNING OF PERIOD .....	2,318	1,610
	-----	-----
CASH, END OF PERIOD.....	\$ 1,527	\$ 1,319
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest .....	\$ 535	\$ 698
Cash paid for income taxes .....	\$ --	\$ --

See accompanying notes to financial statements

7

PROGRESSIVE TRAINING, INC.

# Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BUSINESS BACKGROUND

Progressive Training, Inc. (the "Company") was incorporated under this name in Delaware on October 31, 2006. The Company is engaged in the development, production and distribution of training and educational video products and services. From August 10, 2004 through December 11, 2006 the business of the development, production and distribution of management and general workforce training videos was previously conducted under the name Advanced Media Training, Inc.

### 2. INTERIM CONDENSED FINANCIAL STATEMENTS

#### FISCAL PERIODS

The Company's fiscal year-end is May 31. References to a fiscal year refer to the calendar year in which such fiscal year ends.

#### PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements for the three months ended August 31, 2009 and 2008 have been prepared by the Company's management, without audit, in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, these interim condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise noted) necessary to present fairly the Company's financial position, results of operations and cash flows for the fiscal periods presented. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in these interim financial statements pursuant to the SEC's rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading. The financial position, results of operations and cash flows for the interim periods disclosed herein are not necessarily indicative of future financial results. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10K for the fiscal year ended May 31, 2009.

#### RECLASSIFICATIONS

Certain 2008 amounts have been reclassified to conform to presentation in 2009.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenue and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

#### SIGNIFICANT CUSTOMERS

During the three months ended August 31, 2009 the Company had two customers that

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

accounted for 36% and 11% of the Company's revenues. During the three months ended August 31, 2008, the Company had one customer that accounted for 36% of the Company's revenues. The Company had two customers whose accounts receivable were 12% and 21% of gross accounts receivable as of August 31, 2009. Foreign sales (primarily royalty income from Canada) amounted to \$8,799 and \$23,729 for the three months ended August 31, 2009 and 2008, respectively.

8

### NET LOSS PER SHARE

Basic and diluted net loss per share has been computed by dividing net loss by the weighted average number of common shares outstanding during the applicable fiscal periods. At August 31, 2009 and 2008, the Company had no potentially dilutive shares.

### RECENTLY ISSUED ACCOUNTING STANDARDS

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments. The guidance applies to investments in debt securities for which other-than-temporary impairments may be recorded. If an entity's management asserts that it does not have the intent to sell a debt security and it is more likely than not that it will not have to sell the security before recovery of its cost basis, then an entity may separate other-than-temporary impairments into two components: 1) the amount related to credit losses (recorded in earnings), and 2) all other amounts (recorded in other comprehensive income). This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The Company adopted this FSP for its period ending August 31, 2009. There was no impact on the Company's financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board (APB) 28-1, Interim Disclosures about Fair Value of Financial Instruments. The FSP amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments to require an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP is to be applied prospectively and is effective for interim and annual periods ending after June 15, 2009 with early adoption permitted for periods ending after March 15, 2009. The Company has no financial instruments that would qualify for such disclosure as of August 31, 2009.

Effective January 1, 2009, the Company adopted Financial Accounting Standard Board's (FASB) Statement No. 160 (FAS 160), Noncontrolling Interests in Consolidated Financial Statement—an Amendment of ARB No. 51. FAS 160 changed the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. FAS 160 requires retrospective adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of FAS 160 will be applied prospectively. The adoption of FAS 160 did not have a material impact on the Company's financial statements.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events, which requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds with the release of its financial statements. The statement established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009, and shall be applied prospectively. The adoption of SFAS No. 165 did not have a

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

material impact on the Company's financial statements.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets ("SFAS 166"). Statement 166 is a revision to FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and will require more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS 166 enhances information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets.

9

SFAS 166 will be effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009. Early application is not permitted. The Company does not anticipate the adoption of SFAS 166 will have an impact on its consolidated results of operations or consolidated financial position.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) ("SFAS 167"). Statement 167 is a revision to FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities, and changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. SFAS 167 will require a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity's financial statements. SFAS 167 will be effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009. Early application is not permitted. The Company is currently evaluating the impact, if any, of adoption of SFAS 167 on its financial statements.

In June 2009, the FASB issued Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("SFAS 168"). SFAS 168 will become the single source authoritative nongovernmental U.S. generally accepted accounting principles ("GAAP"), superseding existing FASB, American Institute of Certified Public Accounts ("AICPA"), Emerging Issues Task Force ("EITF"), and related accounting literature. SFAS 168 reorganized the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. SFAS 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. The Company does not expect the adoption of the Codification to have an impact on its financial position or results of operations.

### 3. LINE OF CREDIT

The Company has a revolving line of credit with a bank which permits borrowings up to \$40,000. The line is guaranteed by the Company's President. Interest is payable monthly at 2.22% above the bank's prime rate of interest (5.48% at



## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

August 31, 2009). The line is callable upon demand.

### 4. COMMITMENTS AND CONTINGENCIES

The Company has agreements with companies to pay a royalty on sales of certain videos (co produced with these companies). The royalty is based on a specified formula, which averages approximately 35% of net amounts collected.

The Company leased its operating facility for \$2,500 per month in Encino, California under an operating lease which expired on August 31, 2009. The Company relocated to a smaller space and is renting the space for \$900 per month on a month-to-month basis. Rent expense was \$7,500 and \$7,209 for the three months ended August 31, 2009 and 2008 respectively.

### 5. RELATED PARTY TRANSACTIONS

The Company had a consulting agreement with Howard Young, the son of Buddy Young (the Company's Chief Executive Officer) for administrative and sales consultation through November 2008. The fee was allocated equally between General and Administrative and Selling and Marketing expense in the Statement of Operations for the three months ended August 31 2008. Total expense was \$-0- and \$25,200 for the three months ended August 31, 2009 and 2008, respectively.

The Company has an agreement with its President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2010. The note is secured by all right, title and interest in and to the Company's video productions and projects, regardless of their state of production, including all related contracts, licenses, and accounts receivable. Any unpaid principal and interest under the Note will be due and payable on December 31, 2010. On March 16, 2009, the Company issued 3,000,000 shares of its common stock to its President in payment of \$180,000 on this note. As of August 31, 2009, the balance on the note and related accrued interest was \$34,040 and \$7,378, respectively.

10

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

-----

You should read this section together with our financial statements and related notes thereto included elsewhere in this report. In addition to the historical information contained herein, this report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. Certain statements contained in this Form 10, including, without limitation, statements containing the words "believe," "anticipate," "estimate," "expect," "are of the opinion that" and words of similar import, constitute "forward-looking statements." You should not place any undue reliance on these forward-looking statements.

You should be aware that our results from operations could materially be effected by a number of factors, which include, but are not limited to the following: economic and business conditions specific to the workforce training industry, competition from other producers and distributors of training videos; our ability to control costs and expenses, access to capital, and our ability to meet contractual obligations. There may be other factors not mentioned above or

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

included elsewhere in this report that may cause actual results to differ materially from any forward-looking information.

### CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In consultation with our Board of Directors, we have identified two accounting policies that we believe are key to an understanding of our financial statements. These are important accounting policies that require management's most difficult, subjective judgments.

The first critical accounting policy relates to revenue recognition. We recognize revenue from product sales upon shipment to the customer. Rental income is recognized over the related period that the videos are rented. Based on the nature of our product, we do not accept returns. Damaged or defective product is replaced upon receipt. Such returns have been negligible since the Company's inception.

The second critical accounting policy relates to production costs. The Company periodically incurs costs to produce new management training videos and to enhance current videos. Historically, the Company has been unable to accurately forecast revenues to be earned on these videos and has, accordingly, expensed such costs as incurred. No such costs were incurred in the periods ended August 31, 2009 or 2008.

11

### RESULTS OF OPERATIONS

#### GENERAL

Our principal customers are companies having 100 or more employees with an established training department. In many cases, training departments are part of and supervised by the company's human resource department.

We face competition from numerous other providers of training videos. We believe many of these competitors are larger and better capitalized than the Company. Additionally, if the Company is to grow its business by financing and producing additional training videos, it will require additional capital. Further, as reflected in our financial statements, our revenues have been severely impacted by the current general economic condition. Corporations tend to reduce their training budgets during an economic slowdown.

To date our cash flows from operations have been minimal. Other than from operations and our line of credit, our only source of capital is an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2010. Repayment is to be made when funds are available with the balance of principal and interest due December 31, 2010. On March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$180,000 of debt due to the Company's President. As a result, the Company owes Mr. Young \$34,040 as of August 31, 2009.

We anticipate that the cash flow from operations, together with the available funds under the above referenced agreement with our president will be sufficient

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

to fulfill our capital requirements through fiscal year 2010.

Our efforts during the next 12 months will mainly be focused on, increasing revenue by (a) seeking to retain additional free lance commissioned sales representatives, (b) improve the functionality of our website by adding features such as providing customers the ability to preview videos online, and by enhancing the website's search capabilities and user interface, and (c) by allocating a portion of available cash flow for the production of new training videos. Further, in all probability, we will attempt to raise additional funds through the sale of equity, which may have a substantial dilutive effect on the holdings of existing shareholders.

If during the next twelve months our revenue is insufficient to continue operations, and we are unable to raise funds through the sale of additional equity, or from traditional borrowing sources, we may be required to totally abandon our business plan and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholders to be severely diluted.

12

### SELECT FINANCIAL INFORMATION

	For the Three Months Ended	
	08/31/09	08/31/08
	(Unaudited)	(Unaudited)
	-----	-----
Statement of Operations Data		
Total revenue	\$ 31,873	\$ 46,965
Net loss	\$ (21,394)	\$ (48,711)
Net loss per share	\$ (0.00)	\$ (0.02)
Balance Sheet Data		
Total assets	\$ 7,597	\$ 35,842
Total liabilities	\$ 128,321	\$ 265,979
Stockholder's deficit	\$ (120,724)	\$ (230,137)

Three-Month Period Ended August 31, 2009 Compared to Three-Month Period Ended August 31, 2008

#### Revenues

Our revenues for the three month period ended August 31, 2009 were \$31,873. Revenues for the prior three month period ended August 31, 2008, were \$46,965. This represents a decrease of \$15,092. This substantial decrease is mainly the result of the following factors:(a) the slowdown in the general economy which has a direct impact on corporate training budgets, (b) the aging of the videos produced by us and the fact that we have not introduced any new videos into the marketplace during fiscal years 2009 and 2008, and (c) the loss of the full time services of two of our sales personnel.

Domestic product sales and rentals, royalties resulting from the closed circuit telecast of our videos, and royalties derived from international sales made up 100% of the total revenue in the three-month periods ended August 31, 2009 and 2008. Sales of videos produced by other companies accounted for approximately 70% of revenues in the three-month period ended August 31, 2009 and

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

approximately 54% in the same period in 2008. As a result of our limited financial resources which prevent us from financing and producing many new videos, we expect that the sale of videos produced by others will continue to represent approximately 60 to 75% of revenues.

### Costs and Expenses

Our cost of goods sold during the three month period ended August 31, 2009, increased to \$7,709 from \$4,107 during the three months ended August 31, 2008. This represents an increase of \$3,602. The cost of goods sold as a percent of sales increased by approximately 15% (9% in 2008 to 24% in 2009). This increase is a direct result of the sales mix during the quarter ended August 31, 2009 shifting to lower gross profit items (i.e., videos produced by other companies).

13

Approximately 70% of our revenue is generated from the sale of training videos produced by companies with which we have distribution contracts with. The terms of these distribution contracts vary with regard to percentage of discount we receive. These discounts range from a low of 35% to a high of 50% of gross receipts. As we cannot predict which companies will produce better selling videos in any one period, we cannot predict future product mix. However, we anticipate that excluding production costs, the cost of goods sold as a percentage of revenues will be approximately within the 15 to 35 percent range.

Total operating expenses decreased to \$44,758 during the three months ended August 31, 2009 from \$90,769 in the three month period ended August 31, 2008. This represents a decrease of \$46,011.

Selling and marketing expenses decreased to \$3,877 during the three months ended August 31, 2009 from \$19,484 during the three months ended August 31, 2008. This represents a decrease of \$15,607. Our selling and marketing costs are substantially related to the introduction of new videos produced by us. These costs are mainly comprised of the creation of advertising and publicity materials, the making of preview copies of the video to be sent to other distributors, advertising space in trade publications, and commissions on sales.

General and administrative expenses decreased to \$39,817 during the three months ended August 31, 2009 from \$66,806 during the three months ended August 31, 2008. This represents a decrease of \$26,989. The main components in these general and administrative expenses are salaries for our employees, consulting fees, and professional fees for accounting and legal services, and rent. We anticipate that our general and administrative expenses will remain at this level until we generate additional revenues to support an increase in our infrastructure.

The Company incurred no significant research and development expenses in either period. This was due to the fact that we did not research any new training products during these periods due to negative cash flows in 2009 and 2008.

Interest expense decreased to \$1,064 during the three months ended August 31, 2009 from \$4,443 during the three months ended August 31, 2008. This represents a decrease of \$3,379. This decrease is primarily due to the Company entering into an agreement in March 2009, to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$180,000 of debt due to the Company's President. As a result, the Company owes Mr. Young \$34,040 as of August 31, 2009, pursuant to an agreement to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2010. Repayment is to be made when

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

funds are available with the balance of principal and interest due December 31, 2010.

14

Our net loss decreased to \$21,394 during the three months ended August 31, 2009 from \$48,711 during the three months ended August 31, 2008. This is a decrease of \$27,317. The primary cause of this decrease is due to the decrease in sales which was partially offset by the increase in cost of sales as a percentage due to the change in the sales mixture, along with a general decrease in the remaining operating expenses.

### PLAN OF OPERATION

We will continue to devote our very limited resources to marketing and distributing workforce training videos and related training materials, through our website. At this time these efforts are focused on the sale of videos produced by third parties. Approximately 70% of our revenue is derived from these sales. Additionally, we will continue to market videos produced by us, Among these are "The Cuban Missile Crisis: A Case Study In Decision Making And Its Consequences," "What It Really Takes To Be A World Class Company," "How Do You Put A Giraffe In The refrigerator?." If cash flow permits we will spend some of our resources on the production and marketing of additional training videos produced by us. The amount of funds available for these expenditures will be determined by cash flow from operations, as well as, our ability to raise capital through an equity offering or further borrowing from our President, and other traditional borrowing sources. There can be no assurance that we will be successful in these efforts.

Management expects that sales of videos and training materials, along with available funds under an agreement with its President and majority shareholder should satisfy our cash requirements through fiscal 2010. The Company's marketing expenses and the production of new training videos will be adjusted accordingly.

As previously stated, if during the next twelve months our revenue is insufficient to continue operations, and we are unable to raise funds through the sale of additional equity, or from traditional borrowing sources, we may be required to totally abandon our business plan and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholders to be severely diluted.

We currently have no full time employees. We do have two part time consultants who assist with the administration functions. We mainly utilize outside services to handle our accounting and other administrative requirements, and commissioned sales personnel to handle the selling and marketing of our videos. Mr. Buddy Young, our Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors works on a part-time basis. During the quarter ended August 31, 2009, Mr. Young contributed non-cash compensation (representing the estimated value of services contributed to the Company) of \$10,400.

15

### Liquidity and Capital Resources

Our working capital deficit decreased to \$79,306 during the three months ended

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

August 31, 2009 from \$106,422 during the three months ended August 31, 2008. This is the result of a decrease in our accounts receivable that was offset by a decrease in our accounts payable.

Our cash flows used by operations were \$19,181 during the three months ended August 31, 2009. This is the result of our net loss of \$21,394 partially offset by a contribution of capital for services in the amount of \$10,400 and a decrease in accounts payable and accrued expenses of \$9,487.

Our cash flows used by operations were \$38,015 during the three months ended August 31, 2008. This is the result of our net loss of \$48,711 partially offset by a contribution of capital for services in the amount of \$10,400, and an increase in accounts receivable in the amount of \$10,671 that was partially offset by an increase in accounts payable and accrued expenses of \$10,967.

During 2009 and 2008 we did not use any cash for investing activities.

Our cash flows provided by financing activities were \$18,390 during the three months ended August 31, 2009. During the three months ended August 31, 2009 we borrowed an additional \$17,778, from our shareholder and an additional \$612 on our line of credit.

Our cash flows provided by financing activities were \$37,724 during the three months ended August 31, 2008. During the three months ended August 31, 2008 we borrowed an additional \$37,674 from our shareholder and an additional \$50 on our line of credit.

We currently have no material commitments at this time to fund development of new videos or to acquire any significant capital equipment

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Based on the nature of our current operations, we have not identified any issues of market risk at this time.

### ITEM 4T. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of August 31, 2009 (the "Evaluation Date"). This evaluation was carried out under the supervision and with the participation of Buddy Young, who serves as both our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, Mr. Young concluded that our disclosure controls and procedures were not effective as of the Evaluation Date as a result of the material weaknesses in internal control over financial reporting discussed below.

Disclosure controls and procedures are those controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

Notwithstanding the assessment that our internal control over financial reporting was not effective and that there were material weaknesses as identified in our annual report on Form 10-K, for our year ended May 31, 2009, we believe that our financial statements contained in our Quarterly Report on Form 10-Q for the quarter ended August 31, 2009 accurately present our financial condition, results of operations and cash flows in all material respects.

### Changes in Internal Control over Financial Reporting

As of the Evaluation Date, there were no changes in our internal control over financial reporting that occurred during the quarter ended August 31, 2009 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

### Limitations on the Effectiveness of Controls and Procedures

Our management, including Buddy Young our Chief Executive Officer and the Chief Financial Officer, do not expect that our controls and procedures will prevent all potential errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

17

## PART II OTHER INFORMATION

- ITEM 1. LEGAL PROCEEDINGS None.
- ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS None.
- ITEM 3. DEFAULTS UPON SENIOR SECURITIES None.
- ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
- During the quarter ended August 31, 2009, no matters were submitted to the Company's security holders.
- ITEM 5. OTHER INFORMATION None.
- ITEM 6. EXHIBITS
- 31.1 Certification of CEO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

18

## 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.

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

PROGRESSIVE TRAINING, INC.  
(Registrant)

Dated: October 15, 2009

/s/ Buddy Young

-----  
Buddy Young, President and Chief  
Executive Officer