

OPEXA THERAPEUTICS, INC.

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 03/08/01 for the Period Ending 12/31/00

Address	2635 TECHNOLOGY FOREST BLVD. THE WOODLANDS, TX 77381
Telephone	(281) 272-9331
CIK	0001069308
Symbol	OPXA
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	12/31

PHARMAFRONTIERS CORP

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 3/8/2001 For Period Ending 12/31/2000

Address	2408 TIMBERLOCH PLACE, SUITE B-7 THE WOODLANDS, Texas 77380
Telephone	(281)272-9331
CIK	0001069308
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 2000

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number: 000-25513

SPORTAN UNITED INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

TEXAS
(State of Incorporation)

760333165
(IRS Employer
Identification Number)

**3170 OLD HOUSTON ROAD
HUNTSVILLE, TEXAS 77340**
936-295-2726

(Address and telephone number of principal executive offices)

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 filing requirements for the past 90 days.

Yes ☒ No ☐ .

The number of shares of common stock of the Registrant outstanding at January 22, 2001 was 5,867,447.

SPORTAN UNITED INDUSTRIES, INC.
BALANCE SHEET
December 31, 2000

ASSETS

Current Assets	
Cash	\$ 10,886
Accounts receivable, net of allowance for doubtful accounts of \$68,279	126,900
Accounts receivable-stockholder and employees	10,990
Inventory	177,889

Total Current Assets	326,665
Property and Equipment, net of \$77,578 accumulated depreciation	51,265
Other assets	1,419

TOTAL ASSETS	\$ 379,349
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable	\$ 391,526
Accounts payable to stockholder	14,785
Accrued expenses	67,677
Dividends payable	31,279
Accrued salary due to stockholder	25,652
Notes payable to stockholders	314,500
Note payable to bank	99,000

Total Current Liabilities	944,419
Stockholders' Equity	
Convertible preferred stock, \$.001 par value, 10,000,000 shares authorized, 2,144,006 shares issued and outstanding	2,144
Common stock, \$.001 par value, 50,000,000 shares authorized, 5,834,113 issued and outstanding	5,834
Paid in capital	702,664
Retained earnings (deficit)	(1,275,712)

Total Stockholders' Equity	(565,070)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 379,349
	=====

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF OPERATIONS
Three Months Ended December 31, 2000 and 1999

	2000	1999
	-----	-----
Revenues	\$ 186,899	\$ 250,770
Cost of Sales	144,447	189,114
	-----	-----
Gross Margin	42,452	61,656
Operating Expenses		
General and administrative	196,554	155,878
	-----	-----
Total Operating Expenses	196,554	155,878
	-----	-----
Operating Loss	(154,102)	(94,222)
Other Income and (Expense)		
Gain (Loss) on sale of assets	(1,137)	
Interest expense	(12,987)	(2,256)
Miscellaneous income(expense)		693
	-----	-----
Total Other Income (Expense)	(14,124)	(1,563)
	-----	-----
NET (LOSS)	\$ (168,226)	\$ (95,785)
Preferred dividends	(13,443)	
	-----	-----
NET (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	\$ (181,669)	\$ (95,785)
	=====	=====
Net (loss) per common share	\$ (0.031)	\$ (0.014)
Weighted average common shares outstanding	5,811,890	7,011,667
	=====	=====

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2000 and 1999

	2000	1999
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$(168,226)	\$ (95,785)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	4,760	3,792
Securities issued for services	56,618	13,000
(Gain) loss on disposal of property and equipment	1,137	(1,206)
Net (increase) decrease in:		
Accounts receivable	(10,868)	(23,205)
Inventory	45,562	(85,413)
Accounts receivable - stockholder and employees	(5,699)	(2,981)
Other current assets	0	(715)
Net increase (decrease) in:		
Accounts payable	55,906	117,340
Accrued expenses	271	(9,971)
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(20,539)	(85,144)
	-----	-----
CASH FLOWS (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	1,732	2,250
Cash paid for property and equipment	(1,082)	(16,583)
	-----	-----
NET CASH (USED) BY INVESTING ACTIVITIES	650	(14,333)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) from line of credit	0	89,000
Net proceeds from notes to stockholders	(1,449)	(1,483)
Collection of stock subscription receivable	4,359	0
Net increase in accrued salary to shareholder	13,000	0
	-----	-----
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	15,910	87,518
	-----	-----
NET INCREASE IN CASH	(3,979)	(11,959)
CASH BALANCES		
-Beginning of period	14,865	18,490
	-----	-----
-End of period	\$ 10,886	\$ 6,531
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Interest paid in cash	\$ 12,987	\$ 2,256
Income taxes paid in cash	\$ 0	\$ 0

SPORTAN UNITED INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements of Sportan United Industries, Inc. have been prepared in accordance with generally accepted accounting principles and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the company's latest Annual Report filed with the SEC on Form 10-KSB, as amended. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year 2000, as reported in the 10-KSB, have been omitted.

NOTE B - COMMON STOCK ISSUANCES

On September 29, 2000, the Company contracted with a firm to provide financial consulting services for a period of six months. This firm is to be compensated with 100,002 shares of restricted common stock. Shares have been issued as follows: 33,333 shares issued October 2000 with the remainder being issued at 16,667 shares per month. As of December 2000, 66,668 shares have been issued and 33,334 shares will be issued by February 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis as of December 31, 2000 and for the three-month period ended December 31, 2000 and 1999 should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto set forth in Item 1 of this report.

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. For example, words such as, "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statement. Factors that might cause or contribute to such a discrepancy include, but are not limited to the risks discussed in our other SEC filings, including those in our annual report on Form 10-KSB for the year ended September 30, 2000. These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

GENERAL

We recognize revenues from sales of sports memorabilia at the time of shipment. General and administrative costs are charged to expense as incurred. Property, plant and equipment are recorded at cost and depreciated using an appropriate accounting method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over the estimated useful lives. The cost and related accumulated depreciation of the assets are removed from the accounts upon disposition.

RESULTS OF OPERATIONS

Three months ended December 31, 2000 compared to the same period in 1999

Our sales for the three months ended December 31, 2000 was \$186,899, a decrease of 26% from the same period in 1999, and our gross margin percentage declined for three months ended December 31, 2000 to 23% from 26% during the same period in 1999. We believe the decrease in sales was due to lack of funding, which reduced our sales and marketing capability. We reduced purchases because of poor cash flow therefore resulting in lower sales.

Our general and administrative expenses grew during the three months ended December 31, 2000, 26% to \$196,554 from the same period in 1999. We believe the increase in general and administrative expenses is due to an increase in consulting fees for funding.

As our general and administrative expenses increased in spite of a decrease in our sales, our net loss grew 90% from to \$181,669 for the three months ended December 31, 2000.

Cash used by operations for the three-month period decreased from \$85,144 to \$20,539 because of a substantially decrease in our inventory for the three months ended December 31, 2000.

Cash provided by investing activities was \$650 for the three months ended December 31, 2000, compared to \$14,333 used by investing activities for the three months ended December 31, 1999. The decrease was due to the purchase of equipment for the three months ended December 31, 1999.

Cash provided from financing activities was \$15,910 during the three-month period ended December 31, 2000, as compared to cash flows provided of \$87,518 during the three-month period ended December 31, 1999. The decrease was due to an \$89,000 decrease in our bank line of credit for the three months ended December 31, 2000. During the three months ended December 31, 2000, we also accrued \$13,000 in salary due to our president.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2000, we had negative working capital of \$617,754, and cash of \$10,886. We completed a private placement during 2000, which netted approximately \$240,000, through the issuance of common stock and warrants.

In connection with this funding, we asked five shareholders related to our founder to convert 2,144,006 shares of common stock held by them to the same number of preferred shares. During the next five years, we have the sole option of converting these preferred shares back to the same number of common shares or we may purchase any or all of them at the \$.418 per share stated value, or up to \$896,195. In addition, we must pay a monthly 6% annualized dividend on the \$.418 per share stated value, or \$4,481 per month, with minimum total minimum dividends of \$250,000 due regardless of when we elect to purchase or convert this stock. As of January 2001, we are ten months behind on our dividend payments. At the end of five years, if we have taken no action, this preferred stock automatically converts back to the same number of common shares.

We have established a line of credit in the amount of \$100,000 with First National Bank of Huntsville. At December 31, 2000, we had a balance of approximately \$99,000 on the line of credit. We have borrowed \$214,500 from our stockholders in the form of notes payable, of which \$83,500 is presently due on demand, with the remainder to come due during fiscal 2001. We have borrowed working capital from our stockholders in the past, but it should not be assumed that such funds will be available in the future.

The funds obtained in our private placement were used to speed up growth, which we believe was hampered by a lack of capital. Based on our current operating plan, we must raise at least \$500,000 in additional funding to pay our outstanding accounts payables and to continue to operate our business through September 30, 2001. At the present time, we have no commitments for capital. If we are unable to obtain additional financing in the near future, we may be required to scale back or cease operations, or find some other way to bring cash flows into balance.

In the future, we may continue to experience significant fluctuations in our results of operations. These fluctuations may result in volatility in the price or value of our common stock. Our results of operations may fluctuate as a result of a variety of factors, including, our ability to obtain needed financing, demand for our products, introduction of new products, the variety of products distributed, the number and timing of the hiring of additional personnel, general competitive conditions in the industry and general economic conditions. Shortfalls in revenues may adversely and disproportionately affect our results of operations because a high percentage of our operating expenses are relatively fixed. Accordingly, period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as an indication of future results of operations. Due to the foregoing factors, it is likely that in one or more future periods our operating results will be below the expectations of investors.

PART II
OTHER INFORMATION

Pursuant to the Instructions to Part II of the Form 10-Q, Items 1, 2, and 5 are omitted.

ITEM 2. LEGAL PROCEEDINGS

In February 2001, Riddell, Inc sued us in the 61st Judicial District Court of Harris County, for the amount of approximately \$124,000, alleging that we owed them money for delivered goods and merchandise. We are in the process of evaluating the merits of the claim.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

We currently have outstanding 2,144,006 shares of Series A Convertible Preferred Stock. We must pay a monthly 6% annualized dividend on the \$.418 per share stated value, or \$4,481 per month. As of the date of this report, we are currently ten months behind on our dividend payments, or \$41,275.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

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

Sportan United Industries, Inc.

Date: March 8, 2001

By: /s/ Jason G. Otteson .

Jason G. Otteson, President

End of Filing

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