

OPEXA THERAPEUTICS, INC.

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 02/18/00 for the Period Ending 12/31/99

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 2/18/2000 For Period Ending 12/31/1999

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

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 1999

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

SPORTAN UNITED INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Commission file number: 000-25223

Texas

760333165

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification No.)

3170 Old Houston Road, Huntsville, Texas

77340

(Address of Principal Executive Office)

(Zip Code)

409-295-2726

(Registrant's Telephone Number, Including Area Code)

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 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 ☐

As of January 20, 2000, registrant had 7,035,000 shares of Common Stock outstanding.

PART I

ITEM 1. FINANCIAL STATEMENTS

SPORTAN UNITED INDUSTRIES, INC. BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 6,531
Trade accounts receivable, net of allowance for doubtful accounts of \$62,994	86,668
Stockholder & employee receivables	13,216
Inventory	350,669

Total current assets	457,084
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PROPERTY AND EQUIPMENT, net

of \$84,150 accumulated depreciation	38,587
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OTHER ASSETS

715

TOTAL ASSETS

\$ 496,386

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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Trade accounts payable	\$ 336,450
Accrued expenses	27,847
Notes payable to stockholders	53,500
Note payable to bank	99,000

Total current liabilities

516,797

STOCKHOLDERS' EQUITY:

Common stock: par value, \$.001; 50,000,000 shares authorized, 7,035,000 shares issued and outstanding	7,035
Additional paid-in capital	259,228
Retained earnings (deficit)	(286,674)

Total stockholders' equity

(20,411)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 496,386

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See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	1999	1998
SALES	\$ 250,770	\$ 997,710
COST OF SALES	189,114	845,942
GROSS PROFIT	61,656	151,768
OPERATING EXPENSES		
General and administrative	155,878	177,249
TOTAL OPERATING EXPENSES	155,878	177,249
INCOME (LOSS) FROM OPERATIONS	(94,222)	(25,481)
OTHER INCOME (EXPENSE)		
Interest expense	(2,256)	(2,055)
Miscellaneous income (expense)	693	(683)
TOTAL OTHER INCOME (EXPENSE)	(1,563)	(2,738)
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES	(95,785)	(28,219)
FEDERAL INCOME TAXES	-	-
NET INCOME (LOSS)	\$ (95,785)	\$ (28,219)
NET LOSS PER SHARE	(0.014)	(0.004)
WEIGHTED AVERAGE SHARES OUTSTANDING	7,011,667	7,000,000

See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

Three Months Ended December 31,

	1999	1998
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$(95,785)	\$ (28,219)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,792	4,583
(Gain) loss on sale of fixed assets	(1,206)	-
Stock issued as compensation	13,000	-
Changes in assets and liabilities:		
Increase in trade accounts receivable	(23,205)	(83,308)
Increase in stockholder & employee receivables	(2,981)	(719)
(Increase) decrease in inventory	(85,413)	48,987
Increase in prepaids	-	(8,675)
Increase in other assets	(715)	-
Increase in trade accounts payable	117,340	260,230
Decrease in accounts payable - stockholder	(1,482)	(41,464)
Decrease in accrued expenses	(9,971)	(12,712)
Total adjustments	9,159	166,922
Net cash provided (used) by operating activities	\$(86,626)	\$ 138,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	2,250	-
Purchases of property and equipment	(16,583)	(7,367)
Net cash used by investing activities	\$(14,333)	\$ (7,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) from line of credit	89,000	(95,000)
Principal payments on notes to stockholders	-	(10,000)
Decrease in drafts outstanding	-	(24,782)
Net cash provided (used) by financing activities	\$ 89,000	\$(129,782)

See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	1999	1998
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,959)	1,554
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,490	6,663
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 6,531	\$8,217

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited interim 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 disclosure contained in the audited financial statements for the most recent fiscal year, 1999, as reported in the Form 10-KSB, have been omitted.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Some of the statements contained in this Form 10-QSB, discuss future expectations, contain projections of results of operations or financial condition or state other "forward-looking" information. These statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and is derived using numerous assumptions. Important factors that may cause actual results to differ from projections include, for example:

- the success or failure of management's efforts to implement their business strategy;
- the ability of the Company to raise sufficient capital to meet operating requirements;
- the ability of the Company to protect its intellectual property rights;
- the effect of changing economic conditions;
- the ability of the Company to attract and retain quality employees; and
- other risks which may be described in future filings with the SEC.

GENERAL

The Company's fiscal year was changed from December 31 to September 30 in 1997. The Company recognizes 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.

Historically the Company has concentrated on the distribution of sports cards and memorabilia. In June 1999, the Company sold the sports cards and supplies segment of its product line. Management estimates that the sold product line represented approximately 80% of its revenues. Management believes that it can achieve greater margins on its remaining products.

RESULTS OF OPERATIONS

Three Months Ended December 31, 1999 Compared to the Three Months Ended December 31, 1998

Sales. Sales decreased to \$250,770 for the three months ended December 31, 1999 from \$997,710 for the three months ended December 31, 1998, a decrease of \$746,940 or 75%. Cost of sales decreased to \$189,114 for the three months ended December 31, 1999 from \$845,942 for the three months ended December 31, 1998, a decrease of \$656,828 or 78%. Gross profit margins increased to 25% for the three months ended December 31, 1999 from 15% for the three months ended December 31, 1998. The decrease in sales was due to the Company's divestiture in June 1999 of its sports card and supplies segment, which management estimated represented 80% of its products. The Company believes the increase in gross margins was attributable to focusing on the profitable segments of the Company and divesting the trading card division with less margins.

General and Administrative Expenses. General and administrative expenses decreased to \$155,878 for the three months ended December 31, 1999 from \$177,249 for the three months ended December 31, 1998, a decrease of \$21,371 or 12%. Management believes the reduction in general and administrative expenses is due to reduced overhead expenses in connection with the Company divesting all of its trading card product lines.

Net Income (Loss). The Company had a net loss of \$95,785 for the three months ended December 31, 1999, as compared to a net loss of \$28,219 for the three months ended December 31, 1998. The loss was due to the decrease in product sales due to the Company's divestiture in June 1999 of its sports card and supplies segment, then restructuring the new design of the Company, which was not accompanied by a corresponding decrease in general and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow from Operating Activities. The Company's net cash flow from operating activities resulted in cash used by operations of \$86,626 for the three months ended December 31, 1999, from cash provided by operations of \$138,703 for the three months ended December 31, 1998. The decrease is primarily the result of: (a) an increase in net losses, as described above, (b) an increase in inventory, and (c) a decrease in accounts payable.

Cash Flow from Investing Activities. The Company's net cash used from investing activities during the three months ended December 31, 1999 increased to \$14,333 from \$7,367 for the three months ended December 31, 1998. The increase was primarily due to an increase in purchases of property and equipment.

Cash Flow from Financing Activities. The Company's net cash flows provided in financing activities for the three months ended December 31, 1999 increased to \$99,000 from a net cash flows used of \$129,782 for the three months ended December 31, 1998. The increase is primarily due to an increase in net proceeds from the Company's line of credit of \$89,000 from repayments on the line of credit of \$95,000 in the prior period.

As of December 31, 1999, the Company had negative working capital of \$59,713, and cash and cash equivalents of \$6,531. The Company is currently attempting to obtain external equity financing, but there is no assurance that it will be able to do so. If the Company is unable to raise additional capital, it will be forced to reduce growth. Management estimates its current monthly operating costs after the sale of its sports card product line are approximately \$50,000. The Company does not have any other material commitments for capital expenditures. Management estimates that its current product sales will not raise sufficient profits to meet such operating costs, and the Company believes it will need to add additional product lines to increase revenues.

The Company has established a line of credit in the amount of \$100,000 with First National Bank of Huntsville. At December 31, 1999, the Company had a balance of approximately \$89,000 on the line of credit. There can be no assurance that the Company will be able to obtain additional funding from other external sources on suitable terms, if at all.

The Company has borrowed from its stockholders \$53,500 in the form of a note payable due on demand, at an annual interest rate of 5% with principal plus accrued interest to be paid on repayment. Presently, the stockholders do not intend to demand payment of the loan. There can be no assurance that stockholder funds will be available in the future.

The Company may in the future experience significant fluctuations in its results of operations. Such fluctuations may result in volatility in the price and/or value of the Company's common stock if any market develops. Results of operations may fluctuate as a result of a variety of factors, including demand for the Company's products, introduction of new products by the Company or its competitors, the variety of products distributed by the Company, the number and timing of the hiring of additional personnel, the timing of acquisitions, general competitive conditions in the industry and general economic conditions. Shortfalls in revenues may adversely and disproportionately affect the Company's results of operations because a high percentage of the Company's operating expenses are relatively fixed. Accordingly, the Company believes that 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 the Company's operating results will be below the expectations of the investor.

SEASONALITY

Sales of sports-related memorabilia products tend to be more constant, with sales peaks during holiday seasons and the then current sport season.

YEAR 2000 COMPLIANCE

Even though the date is now past January 1, 2000, and the Company has not experienced any immediate adverse impact from the transition to the year 2000, the Company cannot provide any assurance that its suppliers and customers have not been affected in a manner that is not yet apparent. In addition, some computer programs which were date sensitive to the year 2000 may not have been programmed to process the year 2000 as a leap year, and any negative consequential effects remain unknown. As a result, the Company will continue to monitor its year 2000 compliance. The costs related to verifying and testing our year 2000 compliance have been nominal and immaterial to our business.

PART II

Pursuant to the Instructions to Part II of the Form 10-QSB, Items 1, 3-5 are omitted.

Item 2. CHANGES IN SECURITIES

The following information sets forth certain information, as of January 20, 2000, for all securities the Company sold since September 30, 1999, without registration under the Act, excluding any information "previously reported" as defined in Rule 12b-2 of the Securities Exchange Act of 1934. There were no underwriters in any of these transactions, nor were any sales commissions paid thereon.

In November 1999, the Company issued 35,000 shares of common stock to three sophisticated investors and a corporation. The Company believes these transactions were exempt from registration pursuant to Section 4(2) of the Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibits are to be filed as part of this Form 10-QSB:

EXHIBIT NO. IDENTIFICATION OF EXHIBIT

Exhibit 3.1(1) Amended and Restated Articles of Incorporation of Sportan United Industries, Inc.

Exhibit 3.2(1) Bylaws of Sportan United Industries, Inc.

Exhibit 4.1(1) Common Stock Certificate, Sportan United Industries, Inc.

Exhibit 10.1(1) Sportan United Industries, Inc. 1999 Stock Option

			Plan
	Exhibit 27.1	Financial	Data Schedule
(1)	Filed	previously.	

(b) There have been no reports filed on Form 8-K.

SIGNATURES

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the undersigned, thereunto duly authorized.

Sportan United Industries, Inc.

Date: February 18, 2000

/s/ Jason G. Otteson

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Jason G. Otteson, Chief Executive Officer*

ARTICLE 5

MULTIPLIER: 1

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 2000
PERIOD START	OCT 01 1999
PERIOD END	DEC 31 1999
CASH	6531
SECURITIES	0
RECEIVABLES	149662
ALLOWANCES	62994
INVENTORY	350669
CURRENT ASSETS	457084
PP&E	122737
DEPRECIATION	84150
TOTAL ASSETS	496386
CURRENT LIABILITIES	516797
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	7035
OTHER SE	(27446)
TOTAL LIABILITY AND EQUITY	(20411)
SALES	250770
TOTAL REVENUES	250770
CGS	189114
TOTAL COSTS	189114
OTHER EXPENSES	155185
LOSS PROVISION	0
INTEREST EXPENSE	2256
INCOME PRETAX	(95785)
INCOME TAX	0
INCOME CONTINUING	(95785)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(95785)
EPS BASIC	(.01)
EPS DILUTED	(.01)

End of Filing

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