

Edgar Filing: VOLT INC - Form 10QSB

VOLT INC
Form 10QSB
August 20, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-28555

VOLT INC.

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

NEVADA

86-0960464

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

P.O. Box 116, Catheys Valley CA 95306

(Address of principal executive offices)

(209) 374-3485

(Issuer's telephone number)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,919,422 Common Shares \$0.001 par value as of June 30, 2002

Transitional Small Business Disclosure Format (Check one): Yes No

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

VOLT, INC. AND SUBSIDIARIES
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) :

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2002 (UNAUDITED)
AND SEPTEMBER 30, 2001 (AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE AND
THREE MONTHS ENDED JUNE 30, 2002 AND 2001 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR NINE MONTHS
ENDED JUNE 30, 2002 AND 2001 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

VOLT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2002 (UNAUDITED) AND SEPTEMBER 30, 2001

ASSETS

	(Unaudited)	(Audited)
	June 30, 2002 ----	September 30 2001 ----
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,572	\$ 85,792
Commissions receivable	50,000	-
Prepaid expenses and other assets	2,800	2,800
TOTAL CURRENT ASSETS	59,372	88,592
PROPERTY AND EQUIPMENT - Net	5,751,047	5,724,399
OTHER ASSETS		
Goodwill	1,500,000	-
Deferred financing fees, net of amortization	7,500	-
Loans receivable	154,500	71,000
TOTAL ASSETS	\$ 7,472,419	\$ 5,883,991

See accompanying notes to condensed
consolidated financial statements.

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VOLT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30 2002 (UNAUDITED) AND SEPTEMBER 30, 2001

LIABILITIES AND STOCKHOLDERS' EQUITY

	(Unaudited) June 30 2002 -----	(Audited) September 30, 2001 -----
CURRENT LIABILITIES		
Accounts payable	\$ 26,649	\$ 43,500
TOTAL CURRENT LIABILITIES	26,649	43,500
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$.001 par value, 10,000,000 shares authorized; 1,000,000 shares and -0- shares issued and outstanding at June 30, 2002 and September 30, 2001 respectively	1,000	1,000
Common stock, \$.001 par value 25,000,000 shares authorized; 3,919,422 shares and 1,694,442 issued and outstanding at June 30, 2002 and September 30, 2001 respectively	3,919	1,694
Additional paid-in capital	11,278,619	9,780,844
Accumulated deficit	(3,837,768)	(3,943,047)
Total stockholders' equity	7,445,770	5,840,491
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 7,472,419	\$ 5,883,991

See accompanying notes to condensed consolidated financial statements.

VOLT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED JUNE 30, 2002 AND 2001

	(UNAUDITED) SIX MONTHS ENDED JUNE 30		(UNAUDITED) THREE MONTHS ENDED JUNE 30	
	2002	2001	2002	2001
REVENUE	\$359,111	\$ -	\$ 317,711	\$ -

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COST OF REVENUE	112,065	-	112,065	-

GROSS PROFIT	247,046	-	205,646	-
OTHER EXPENSES				
General and administrative	157,767	124,161	138,665	75,179
Interest expense	-	5,934	-	5,156
Loss on disposal of assets	-	7,845	-	-

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	87,279	(137,940)	66,981	(80,335)
Income taxes	-	-	-	-
LOSS FROM DISCONTINUED OEPRATIONS	-	(2,235)	-	-
EXTRAORDINARY ITEM				
Reveersal of debt and payables	18,000	379,476	-	116,876

NET INCOME	105,279	239,301	66,981	36,541
Dividends	-	(167,435)	-	-

NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 105,279	\$ 71,866	\$66,981	\$ 36,541
	=====	=====	=====	=====
BASIC AND DILUTED EARNINGS PER SHARE:				
Income from continuing operations available to common stockholders	0.04	(0.14)	0.02	(0.08)
Extraordinary item	0.01	0.40	-	0.12
	----	----	----	----
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.05	\$0.26	\$ 0.02	\$ 0.04
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	2,219,422	952,411	2,919,422	952,411
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

VOLT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2002 AND 2001

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	NINE MONTHS ENDED JUNE 30	
	2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 105,279	\$ 239,301
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	6,293	1,732
Loss on disposal of assets	-	7,845
Inventory distributed as dividend	-	(112,246)
Common stock issued for acquisition costs, services, payables and accrued payroll	-	278,000
Non cash interest expense	-	5,934
Change in net assets of discontinued operations	-	(42,645)
Discontinued operations	-	44,880
Reversal of debt and payables	(18,000)	(116,876)
Changes in assets and liabilities:		
Prepaid expenses and other	-	41,000
Commissions receivable	(50,000)	-
Inventory	-	107,571
Accounts payable	1,149	(68,694)
Accrued payroll	-	(513,647)
Other liabilities	-	(31,492)
Total adjustments	(60,558)	(398,638)
Net cash provided by (used in) operating activities	44,721	(159,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(30,441)	(40,300)
Net cash used by investing activities	(30,441)	(40,300)

See accompanying notes to condensed
consolidated financial statements.

VOLT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED JUNE 30, 2002 AND 2001

	NINE MONTHS ENDED JUNE 30	
	2002	2001
	-----	-----
CASH FLOWS FROM FINANCING		

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ACTIVITIES:		
Stockholders advance	(83,500)	(71,000)
Deferred financing fees	(10,000)	-
Proceeds from issuance of common stock	-	280,808
	-----	-----
Net cash provided by financing activities	(93,500)	209,808
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(79,220)	10,171
	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	85,792	596
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 6,572	\$ 10,767
	=====	=====
NON CASH INVESTING AND FINANCING ACTIVITIES		
Common stock issued for the acquisition of First Washington		
	\$1,500,000	\$ -
	=====	=====

See accompanying notes to condensed
consolidated financial statements.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2002 AND 2001

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

The condensed consolidated unaudited interim financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The consolidated financial statements and notes are presented as permitted on Form 10-QSB and do not contain information included in the Company's annual consolidated statements and notes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The results for the nine and three months ended June 30, 2002 may not be indicative of the results for the entire year.

These statements reflect all adjustments, consisting of normal recurring adjustments which, in the opinion of management, are necessary for fair presentation of the information contained herein.

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Volt, Inc., and Subsidiaries is a power provider and marketer of alternative energy and financial services. The Company is in the initial stages of implementing its business plan.

Deerbrook Publishing Group, Inc. was a distributor of fine arts. Effective March 31, 2001, Deerbrook Publishing Group, Inc. entered into an agreement to spin off its subsidiaries; Inter Arts, Inc. and Cimmaron Studios, Inc. On April 23, 2001, the Company effected a 1 for 100 reverse stock split for its \$.001 par value common stock. Upon this spin off, the name was officially changed to Volt, Inc. when on April 25, 2001, Denis C. Tseklenis acquired 127,995 shares of the Company's common stock, \$.001 par value per share, which constituted approximately 53% of the Company's issued and outstanding common stock for \$255,000.

On May 17, 2002, the Company acquired First Washington Financial Corporation, a mortgage company in Bethesda, Maryland ("First Washington"). First Washington, is a mortgage company that's emphasis lies in residential mortgages in the greater Washington D.C. service area. First Washington was acquired for 2,000,000 shares of the Company's common stock.

In the Company's fiscal third quarter of 2001, two inactive wholly-owned subsidiaries, Sun Volt, Inc. and Sun Electronics, Inc. were incorporated. Another wholly-owned subsidiary is Arcadian Renewable Power, Inc. This subsidiary is the corporation that holds the Altamont Wind Farm in the Altamont Pass in Livermore, California.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The unaudited condensed consolidated balance sheet as of June 30, 2002, and unaudited statements of operations for the nine and three months ended June 30, 2002, and unaudited cash flows for the nine months ended June 30, 2002 includes Volt, Inc. and its wholly-owned subsidiaries, First Washington, Sun Volt, Inc., Sun Electronics, Inc. and Arcadian Renewable Power, Inc.

The unaudited condensed consolidated statements of operations for the nine months ended June 30, 2001, and cash flows for the nine months ended June 30, 2001 also include the wholly-owned subsidiaries of Deerbrook Publishing Group, Inc., Signature Editions, Inc., Inter Arts, Incorporated, and Cimmaron Studios, Inc.

Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash or cash equivalents.

The Company maintains cash and cash equivalent balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful life of the assets.

Office and Computer	5 years
Furniture and Fixtures	7 years
Wind Farm	40 years

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company sold merchandise and revenue was recorded under the accrual method of accounting.

First Washington records commission income upon the closing of their respective transactions.

Advertising

Advertising costs are typically expensed as incurred.

Income Taxes

The income tax benefit is computed on the pretax loss based on the current tax law. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates.

Fair Value of Financial Instruments

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The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, notes receivable, and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments.

Deferred Financing Fees

The Company paid a \$10,000 financing fee in connection with a line of credit in April 2002. This fee will be written off over a one-year period of time. The unamortized balance at June 30, 2002 is \$7,500.

Earnings (Loss) Per Share of Common Stock

Historical net income (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (Loss) Per Share of Common Stock (Continued)

The following is a reconciliation of the computation for basic and diluted EPS:

	June 30, 2002 ----	June 30, 2001 -----
Net income	\$ 105,279 -----	\$ 71,866 -----
Weighted- average common shares Outstanding (Basic)	2,219,422	952,411
Weighted-average common stock Equivalents:		
Stock options	-	-
Warrants	-	-
Weighted-average common shares Outstanding (Diluted)	2,219,422	952,411

Goodwill

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In June 2001, the FASB issued Statement No. 142 "Goodwill and Other Intangible Assets". This Statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This statement has been considered when determining impairment of goodwill in certain transactions. As of June 30, 2002, there are no adjustments of goodwill due to impairment.

Reclassifications

Certain amounts for the nine and three months ended June 30, 2001 have been reclassified to conform with the presentation of the June 30, 2002 amounts. The reclassifications have no effect on net income for the nine and three months ended June 30, 2001.

VOLT, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2002 AND 2001

NOTE 3- NOTES RECEIVABLE

As of June 30, 2002, notes receivable were \$154,500. There was no interest due the Company on these loans, and the amounts due at June 30, 2002, are deemed by management to have no specific repayment terms.

NOTE 4- COMMITMENTS AND CONTINGENCIES

The Company entered into a lease agreement in April 2001 in Pleasanton, California. The Company paid \$2,800 per month for rent. This lease was terminated by the Company in October 2001, and all operations now run through the Cathey's Valley, California location.

NOTE 5- STOCKHOLDERS' EQUITY

Common and Preferred Stock

Effective April 23, 2001, the Registrant effected a 1 for 100 reverse stock split for its common stock, \$.001 par value per share.

On April 25, 2001, Denis C. Tseklenis acquired 127,995 original issue shares of the Company's common stock, \$.001 par value per share, which constituted approximately 53% of the Company's issued and outstanding common stock. Mr. Tseklenis paid the Company \$255,000 for the common stock.

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The Company also issued 1,000,000 shares of preferred stock to Denis C. Tseklenis in consideration for the Wind Farm.

During the year ended September 30, 2001, in addition to the initial acquisition by Denis C. Tseklenis, the Company had issued 1,678,000 shares and cancelled 225,000 of common stock for \$366,711.

Prior to the initial acquisition by Denis C. Tseklenis, the Company had issued 1,850,000 shares of common stock for accrued payroll, accounts payable and services.

During the quarter ended December 31, 2001, 225,000 shares were issued as a share exchange With American Powerhouse.

On May 17, 2002, the Company issued 2,000,000 shares of restricted common stock to acquire First Washington and thus it became a wholly-owned subsidiary. The shares were valued at a sixty percent discount of the Company's fair value at the time of the transaction (\$.75 per share) or \$1,500,000.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2002 AND 2001

NOTE 6- LITIGATION

At September 30, 2000, Inter Arts, Inc. was involved in litigation with Copelco Capital, Inc. ("Copelco") the lessor of silk screens. Copelco brought suit against the company to recover its damages for the return of the leased equipment. Inter Arts filed a motion to dismiss presenting defenses of improper value and insufficiency of service of process and alternatively for change of venue. In April 2001 upon the recapitalization by Volt, Inc., the subsidiary, Inter Arts was not part of the transaction. Management, with the advice of legal counsel, has written off the liability.

NOTE 7- PENDING ACQUISITIONS, MERGERS AND BUSINESS COMBINATIONS

The Company is currently negotiating and concluding its due diligence with Wolverine Power Corporation, which owns hydroelectric plants in Michigan. Wolverine Power Corporation has long-term power sales contracts to Consumers Electric Corp., a NYSE company. Revenue approximating \$1,000,000 annually, will be realized by the Company when and if the transaction is completed.

The Company has completed the acquisition of Opportunity Knocks, Inc. during the third fiscal quarter of 2002 to rehab HUD homes and other properties in Washington D.C., Maryland and Virginia under the HUD Gift Program. This acquisition was done simultaneously with the acquisition of First Washington.

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Item 2. Management Discussion and Analysis or Plan of Operation

The company is continuing its focus on the mortgage and real estate segment of the business because that is where it believes it will experience the most growth and profit potential at this time in the current market. Our mortgage subsidiary, First Washington Financial Corporation (FWF) is currently licensed in 18 states. We are undergoing the normal regulatory review, and through our banking affiliates, expect to be licensed in 50 states by the end of our fiscal year, which is September 30th. This will allow us to substantially increase the number of loans we can book per month. The economic indicators for FHA and first time homebuyers which we concentrate on show strong demand now and for the foreseeable future. Because the First Washington acquisition occurred on May 17th we could only book one half (1/2) of the quarter's revenue and earnings. Fourth quarter business is growing and we expect it to continue to grow into the next fiscal year and beyond. The energy division remains slow and we do not plan to continue construction on the new wind facilities or incur any debt until the political climate in California clears and we know the long term power contracts will be secure. The real estate and construction rehab business through our Opportunity Knocks subsidiary should show strong growth through strategic alliances and partnerships which we feel will benefit earnings with a positive impact both short and long term. Updates on the progress of the company can be found on our website: www.voltinc.com.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

At September 30, 2000, Inter Arts, Inc. was involved in litigation with Copelco Capital, Inc. ("Copelco") the lessor of silk screens. Copelco brought suit against the company to recover its damages for the return of the leased equipment. Inter Arts filed a motion to dismiss presenting defenses of improper value and insufficiency of service of process and alternatively for change of venue. In April 2001 upon the recapitalization by Volt, Inc., the subsidiary, Inter Arts was not part of the transaction. Management, with the advice of legal counsel, has written off the liability.

Item 2. Changes in Securities.

On May 17, 2002, the Company issued 2,000,000 shares of restricted common stock to acquire First Washington and thus it became a wholly-owned subsidiary. The shares were valued at a sixty percent discount of the Company's fair value at the time of the transaction (\$.75 per share) or \$1,500,000.

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Security Holders.

NONE

Item 5. Other Information.

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NONE

Item 6. Exhibits and Reports on Form 8-K.

INDEX TO EXHIBITS.

EXHIBIT
NUMBER

DESCRIPTION OF DOCUMENT

NONE

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.

VOLT INC.
(Registrant)

Date August 20, 2002

Denis Costa Tseklenis, Sole Director