

Edgar Filing: VOLT INC - Form 10QSB/A

VOLT INC
Form 10QSB/A
March 01, 2004

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

FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended December 31, 2003

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.)

41667 Yosemite Pines Dr., Oakhurst CA 93644

(Address of principal executive offices)

(559) 692-2474

(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

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: 4,919,422 Common Shares \$0.001 par value as of December 31, 2003

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

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

The information required by Item 310(b) of Regulation S-B is attached hereto as Exhibit One.

Edgar Filing: VOLT INC - Form 10QSB/A

Item 2. Management's Discussion and Analysis or Plan of Operation.

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES, AND THE COMPANY'S ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING, BUT NOT LIMITED TO COMPETITION AND OVERALL MARKET AND ECONOMIC CONDITIONS.

RESULTS OF CONTINUING OPERATIONS

The Company generated \$612,172 of revenue, \$35,233 of net earnings from continuing operations and \$0.01 in earnings per weighted-average common share from continuing operations for the three months ended December 31, 2003.

For total operations, net income for the three months ended December 31, 2003, was \$35,233 or \$0.01 in earnings per weighted-average common share compared with net income of \$82,110 or \$0.02 in earnings per fully diluted common share for the three months ended December 31, 2002.

| | Three Months Ended December 31 | |
|---|-----------------------------------|-----------|
| | 2003 | 2002 |
| Revenue | \$612,172 | \$543,966 |
| Cost | 371,056 | 221,810 |
| Gross profit | \$241,116 | \$322,156 |
| Gross profit margin | 39% | 59% |
| Income from continuing operations | \$ 35,233 | \$ 82,110 |
| Earnings per share per share of common stock | \$ 0.01 | \$ 0.02 |

Revenue for the three months ended December 31, 2003, increased \$68,206 from the same period last year. Cost of revenue for the three months ended December 31, 2003, increased \$149,246 from the same period last year. Management attributes the increase in cost of revenue for the current period to the discontinuation of operations in the Washington D.C. area.

Earnings per weighted-average common share was \$0.01 for the three months ended December 31, 2003 based on weighted-average common shares outstanding of 4,419,422, and earnings per fully diluted common share was \$0.02 for the three months ended December 31, 2002 based upon fully diluted common shares outstanding of 3,919,422.

The Company's primary source of revenue is its mortgage business. In late summer of 2003, the Company determined to discontinue its mortgage business operations in the Washington D.C. metropolitan area due to increasing cost of revenue,

Edgar Filing: VOLT INC - Form 10QSB/A

increasing operating expenses and decreasing revenues. The Company determined that the increased costs and decreasing revenues were a direct consequence of lack of senior management oversight. The Company determined to move its mortgage business to California's Central Valley for two reasons; the California Central Valley is the fastest growing housing market in California, and senior management is located in central California. To facilitate the move to Central California, the Company acquired Yosemite Mortgage Brokers, Inc. The Company expects increases in revenue from its mortgage business in the year ending September 30, 2004. The company also expects to expand the energy side of the business.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

There are no pending or threatened legal proceedings against the Company or any of its subsidiaries.

Item 2. Changes in Securities.

In November 2003, the Company issued 1,000,000 shares of common stock. The stock was an additional payment on the Wind Farm. The company charged additional paid-in capital.

Item 3. Defaults Upon Senior Securities

NONE

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

NONE

Item 5. Other Information.

NONE

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

INDEX TO EXHIBITS.

EXHIBIT

| EXHIBIT NUMBER | DESCRIPTION OF DOCUMENT |
|----------------|--|
| 1 | VOLT INC AND SUBSIDIARIES FINANCIAL STATEMENTS |
| 33.01 | Section 302 Certification |

No Forms 8-K were filed during the quarter for which this report is filed.

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 February 23, 2004

/s/Denis C. Tseklenis

Edgar Filing: VOLT INC - Form 10QSB/A

Denis Costa Tseklenis
Chief Executive Officer
Chairman of the Board

EXHIBIT 1

VOLT INC. AND SUBSIDIARIES

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) :

BALANCE SHEETS AS OF DECEMBER 31, 2003 (UNAUDITED)
AND SEPTEMBER 30, 2003 (AUDITED)

STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED
DECEMBER 31, 2003 AND 2002 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR THREE MONTHS ENDED
DECEMBER 31, 2003 AND 2002 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VOLT INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2003 (UNAUDITED) AND SEPTEMBER 30, 2003 (AUDITED)

ASSETS

| | (Unaudited) December 31, 2003 | (Audited) September 30, 2003 |
|-----------------------------------|-------------------------------------|------------------------------------|
| | ----- | ----- |
| Current Assets: | | |
| Cash and cash equivalents | \$ 243,947 | \$249,993 |
| Commissions receivable | 86,000 | 30,022 |
| Prepaid expenses and other assets | 2,000 | 2,000 |
| | ----- | ----- |
| Total Current Assets | 231,947 | 282,015 |
| Property and equipment, net | 5,799,645 | 5,806,927 |
| Other Assets: | | |
| Goodwill | 3,031,840 | 3,031,840 |
| Advances receivable | 342,826 | 347,326 |
| | ----- | ----- |
| Total Other Assets | 3,374,666 | 3,379,166 |
| | ----- | ----- |
| Total Assets | \$9,506,258 | \$9,468,108 |
| | ===== | ===== |

Edgar Filing: VOLT INC - Form 10QSB/A

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2003 (UNAUDITED) AND SEPTEMBER 30, 2003 (AUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

| | (Unaudited) December 31, 2003 | (Audited) September 30, 2003 |
|--|-------------------------------------|------------------------------------|
| | ----- | ----- |
| Current Liabilities: | | |
| Accounts payable | \$ 26,580 | \$ 51,663 |
| | ----- | ----- |
| Total Current Liabilities | 26,580 | 51,663 |
| Commitments and Contingencies | | |
| Stockholders' Equity (Deficit): | | |
| Class A Preferred Stock, \$.001 par value, 10,000,000 shares authorized at December 31, 2003 and September 30, 2003, respectively, and 1,000,000 issued and outstanding at December 31, 2003 and September 30, 2003, respectively | 1,000 | 1,000 |
| Class B Preferred Stock, no par value, 125,000 shares authorized at December 31, 2003 and September 30, 2003, respectively, and 0 shares issued and outstanding at December 31, 2003 and September 30, 2003, respectively | - | - |
| First Washington Class A Preferred Stock, no par value, 500,000 shares authorized at December 31, 2003 and September 30, 2003, respectively, and 500,000 shares issued and outstanding at December 31, 2003 and September 30, 2003, respectively | - | - |
| Common Stock - \$.001 par value; 25,000,000 shares authorized at December 31, 2003 and September 30, 2003, respectively and 4,919,422 and 3,919,422 shares issued and outstanding at December 31, 2003 and September 30, 2003, respectively | 4,919 | 3,919 |
| Additional paid-in capital | 13,051,019 | 13,024,019 |
| Accumulated deficit | (3,577,260) | (3,612,493) |
| | ----- | ----- |
| Total stockholders' equity | 9,479,678 | 9,416,445 |
| | ----- | ----- |
| Total Liabilities and Stockholders' Equity | \$9,506,258 | \$9,468,108 |
| | ===== | ===== |

The accompanying notes are an integral part of the condensed consolidated

Edgar Filing: VOLT INC - Form 10QSB/A

financial statements.

VOLT INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002 (Unaudited)

| | 2003 | 2002 |
|--|------------|------------|
| | ----- | ----- |
| Revenues | \$ 612,172 | \$ 543,966 |
| Cost of Revenue | 371,056 | 221,810 |
| | ----- | ----- |
| Gross Profit (Loss) | 241,116 | 322,156 |
| Operating Expenses | | |
| General and administrative costs | 205,883 | 240,046 |
| | ----- | ----- |
| Total operating expenses | 205,883 | 240,046 |
| | ----- | ----- |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 35,233 | 82,110 |
| Income taxes | - | - |
| | ----- | ----- |
| NET INCOME AVAILABLE TO COMMON STOCKHOLDERS | \$35,233 | \$82,110 |
| | ===== | ===== |
| BASIS AND DILUTED EARNINGS PER SHARE: | | |
| NET INCOME AVAILABLE TO COMMON STOCKHOLDERS | \$ 0.01 | \$ 0.02 |
| | ===== | ===== |
| WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING | 4,419,422 | 3,919,422 |
| | ===== | ===== |

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002 (UNAUDITED)

| | 2003 | 2002 |
|--------------------------------------|-------|-------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |

Edgar Filing: VOLT INC - Form 10QSB/A

| | | |
|---|------------|------------|
| Net income | \$ 35,233 | \$ 82,110 |
| Adjustments to reconcile net income to net cash used by operating activities: | | |
| Depreciation and amortization | 7,282 | 7,243 |
| Changes in assets and liabilities | | |
| Prepaid expenses and other | - | - |
| Commissions receivable | (55,978) | - |
| Accounts payable | (25,083) | (22,000) |
| | ----- | ----- |
| Total adjustments | (73,779) | (14,757) |
| | ----- | ----- |
| Net cash provided by (used in) operating activities | (38,546) | 67,353 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net change in advances receivable | 4,500 | - |
| | ----- | ----- |
| Net cash provided by investing activities | 4,500 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from contributed capital | 28,000 | 25,000 |
| | ----- | ----- |
| Net cash provided by (used in) financing activities | 28,000 | 25,000 |
| | ----- | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 6,046 | 92,353 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 249,993 | 172,521 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 243,947 | \$ 264,874 |
| | ===== | ===== |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

| | | |
|--|----------|-------|
| Cash paid during the year for interest | \$ 4,340 | \$ - |
| | ===== | ===== |

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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

Edgar Filing: VOLT INC - Form 10QSB/A

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 three months ended December 31, 2003 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.

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. As of March 31, 2001, the Company ceased its printing and publishing business and the shares of stock of its former operating subsidiaries were distributed to certain shareholders. The Company did not spin off Deerbrook Publishing, Deerbrook Publishing changed its name to Volt, Inc. when on April 6, 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 and there was a change in control. At this time, the Company effected a 1 for 100 reverse stock split for its \$.001 par value common stock.

In May, 2001, Mr. Tseklenis sold shares of stock of Arcadian Renewable Power which owns the wind farm to the Company in exchange for 1,000,000 shares of Preferred Convertible Stock. The wind farm had a historical value of \$5,700,000.

On May 17, 2002, the Company acquired First Washington Financial Corporation, a company which provides financial services in Bethesda, Maryland ("First Washington"). First Washington, is a mortgage company whose emphasis lies in residential mortgages in the greater Washington D.C. service area. The combination was treated as a purchase with First Washington becoming a wholly owned subsidiary of Volt, Inc. Volt, Inc. recognized an intangible asset (goodwill) which represented the amount of value received over the net assets acquired. The operations of First Washington are included in the consolidated statements of income for the year ended September 30, 2002 from the date of inception May 17, 2002 to September 30, 2002. There was no predecessor entity of First Washington. The fair value of the transaction was recorded based on the number of shares issued to First Washington (2,000,000) at the fair value of the stock of Volt on the date of acquisition net of a discount since the stock issued in the acquisition was restricted stock (\$1.50).

Edgar Filing: VOLT INC - Form 10QSB/A

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

The cost of the net assets purchased and liabilities assumed approximated zero, however, the value of \$3,000,000 was based on the mortgage company's future earnings.

The Company acquired Opportunity Knocks, LLC. 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, and Opportunity Knocks is a wholly owned subsidiary of the Company.

In fiscal 2003, the Company expanded its financial services business, and brought in two businesses, that operationally failed to meet the Company's business model. Subsequent to these agreements being in force, the Company spun them out. Additionally, the Washington Metropolitan Area market had not met Company expectations, so the Company's subsidiary First Washington acquired Yosemite Brokerage, Inc. in Oakhurst, California, a few miles from the Company's headquarters. The Company had issued Preferred Stock Class B, which has been cancelled by the Company.

In July 2003 (effective August 1, 2003), First Washington acquired Yosemite Brokerage, Inc. ("Yosemite"), a California corporation for 500,000 shares of First Washington Class A Preferred Stock. The acquisition was recorded for accounting purposes as a purchase acquisition. The Company valued this transaction at \$200,000 (\$.40 per share), which included the recognition of \$31,840 in goodwill.

The Company has three other power related wholly-owned subsidiaries, Sun Volt, Inc., Sun Electronics, Inc. and Arcadian Renewable Power, Inc. Arcadian Renewable Power, Inc. is the corporation that holds the Altamont Wind Farm in the Altamont Pass in Livermore, California.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The condensed consolidated balance sheet for December 31, 2003 and consolidated balance sheet for September 30, 2003 and condensed consolidated statements of income and cash flows for the three months ended December 31, 2003 includes Volt Inc. and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the

Edgar Filing: VOLT INC - Form 10QSB/A

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

| | |
|-------------------------------|-----------|
| Furniture and fixtures | 5-7 years |
| Office and computer equipment | 3-5 years |
| Wind Farm | 40 years |

Revenue Recognition

For the Company's power division, sold merchandise and revenue was recorded under the accrual method of accounting.

For the Company's financial services division, they record commission income upon the closing of their respective transactions.

Advertising

Advertising costs are typically expensed as incurred. Advertising expense was approximately \$4,973 and \$0 for the three months ending December 31, 2003 and 2002, respectively.

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

The carrying amount reported in the condensed consolidated balance sheet for cash and cash equivalents, advances receivable, commissions receivable, accounts payable and

Edgar Filing: VOLT INC - Form 10QSB/A

accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments.

VOLT INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings Per Share of Common Stock

Historical net income 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.

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

| | 2003 ---- | 2002 ---- |
|---|--------------------|--------------------|
| Net income | \$35,233 ----- | \$82,110 ----- |
| Weighted- average common shares Outstanding (Basic) | 4,419,422 | 3,919,422 |
| Weighted-average common stock Equivalents: | | |
| Stock options | - | - |
| Warrants | - | - |
| | ----- | ----- |
| Weighted-average common shares Outstanding (Diluted) | 4,419,422 ===== | 3,919,422 ===== |

Deferred Financing Fees

The Company paid a \$10,000 financing fee in connection with a line of credit in April 2002. This fee was written off over a one-year period of time. The unamortized balance at December 31, 2003 was \$ -0-. Amortization of these fees were \$-0- and \$2,500, respectively for the three months ended December 31, 2003 and 2002.

Goodwill

In June 2001, the FASB issued Statement No. 142 "Goodwill and Other Intangible Assets". This Statement addresses financial

Edgar Filing: VOLT INC - Form 10QSB/A

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. During fiscal 2003, the Company recognized \$31,840 of goodwill acquired in the Yosemite transaction. There was no recognition of impairment of goodwill during the three months ended December 31, 2003 and 2002.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncement

On October 3, 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), that is applicable to financial statements issued for fiscal years beginning after December 15, 2001. The FASB's new rules on asset impairment supersede SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and portions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations." This Standard provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. Classification as held-for-sale is an important distinction since such assets are not depreciated and are stated at the lower of fair value and carrying amount. This Standard also requires expected future operating losses from discontinued operations to be displayed in the period (s) in which the losses are incurred, rather than as of the measurement date as presently required.

Reclassifications

Certain amounts for the three months ended December 31, 2002 have been reclassified to conform with the presentation of the December 31, 2003 amounts. The reclassifications have no effect on net income for the three months ended December 31, 2002.

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2003:

Edgar Filing: VOLT INC - Form 10QSB/A

| | |
|--------------------------------|-------------|
| Wind Farm | \$5,700,000 |
| Furniture and fixtures | 16,000 |
| Leasehold improvements | 8,885 |
| Computer and office equipment | 116,293 |
| | ----- |
| | 5,841,178 |
| Less: accumulated depreciation | 41,533 |
| | ----- |
| Net book value | \$5,799,645 |
| | ===== |

Depreciation expense for the three months ended December 31, 2003 and 2002 was \$7,252 and \$4,743, respectively. There is no depreciation recognized on the Wind Farm as it is non operational until placed in service. In the Company's acquisition of Yosemite in their fourth quarter of 2003, they acquired \$55,261 office and computer equipment.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

NOTE 4- ADVANCES RECEIVABLE

As of December 31, 2003, advances receivable were \$342,826. There was no interest due the Company on these loans, and the amounts due at December 31, 2003, are deemed by management to have no specific repayment terms.

NOTE 5- DEPOSITS

During the quarter ended March 31, 2003, the Company's subsidiary, Opportunity Knocks placed deposits down on four homes in Virginia Beach, Virginia. Opportunity Knocks placed \$500 down per home for a total of \$2,000.

NOTE 6- 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.

The Company issued 1,000,000 shares of Class A Preferred Stock to Denis C. Tseklenis in consideration for the Wind Farm.

On April 6, 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

Edgar Filing: VOLT INC - Form 10QSB/A

paid the Company \$255,000 for the common stock.

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 reissued that were cancelled from the prior year ended September 30, 2001.

VOLT INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2003 AND 2002

NOTE 6- STOCKHOLDERS' EQUITY (CONTINUED)

Common and Preferred Stock (Continued)

On May 17, 2002, the Company issued 2,000,000 shares of common stock to acquire First Washington and thus it became a wholly-owned subsidiary. The shares were valued at a fair value at the time of the transaction (\$1.50 per share) or \$3,000,000.

On January 1, 2003, the Company issued a board resolution for the authorization of a new class of preferred stock, Class B Preferred Stock, no par value. The Company authorized the issuance of 125,000 shares of Class B Preferred Stock.

On July 1, 2003, First Washington issued a board resolution for the authorization of a new class of preferred stock, Class A Preferred Stock, no par value. First Washington authorized the issuance of 500,000 shares of Class A Preferred Stock.

During fiscal 2003, the Company had issued shares of Class B Preferred Stock, only to cancel them later in that fiscal year. As of September 30, 2003, there were no shares of Class B Preferred Stock issued and outstanding.

In July 2003 (effective August 1, 2003), First Washington issued 500,000 shares of the Class A Preferred Stock, to acquire Yosemite Brokerage, Inc. ("Yosemite"). The acquisition was recorded for accounting purposes as a purchase acquisition. The transaction was valued at \$200,000 (\$.40 per share), which included goodwill of \$31,840.

In November 2003, the Company issued 1,000,000 shares of common stock. The stock was an additional payment on the Wind Farm. The Company charged additional paid-in capital.

NOTE 7- RELATED PARTY TRANSACTIONS

Edgar Filing: VOLT INC - Form 10QSB/A

On January 1, 2003, the Company entered into a lease agreement for the rental of office space for its home office. An officer of the Company is a partner in the partnership that rents this space to the Company. The lease is a five-year lease with a five-year option, with rent of \$2,750 per month. Rent expense for the year ended September 30, 2003 of \$24,750 was forgiven by the company at September 30, 2003. Rent expense for the three months ended December 31, 2003 and 2002 was \$8,250 and \$-0-, respectively.

Yosemite Brokerage, rents space from its officer. The lease commenced February 1, 2000 and runs through January 31, 2005. The monthly rents commenced at \$5,600 per month and calls for increase annually up to 3%. Rent expense for the three months ended December 31, 2003 was \$16,800. No rent expense was incurred for the three months ended December 31, 2002.

The President of the Company owns a controlling percentage of the common stock outstanding.

VOLT INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2003 AND 2002

NOTE 8- PROVISION FOR INCOME TAXES

Deferred income taxes will be determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes will be measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's consolidated tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At December 31, 2003 and 2002, deferred tax assets consist of the following:

| | 2003 ---- | 2002 ----- |
|----------------------------------|--------------|---------------|
| Net operating loss carryforwards | \$139,963 | \$165,889 |
| Less: valuation allowance | (139,963) | (165,889) |
| | ----- | ----- |
| | \$ -0- | \$ -0- |
| | ===== | ===== |

At December 31, 2003 and 2002, the Company had federal net operating loss carryforwards in the approximate amounts of \$424,129 and \$414,723, respectively, available to offset

Edgar Filing: VOLT INC - Form 10QSB/A

future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

NOTE 9-

SUBSEQUENT EVENT

The Company in January 2004 reached an agreement to purchase all of the outstanding shares of the Whittlesey hydro-electric project on the Salmon River in Malone, New York from Franklin Hydro for cash. The purchase will include the real estate, turbines and power purchase agreement which runs approximately seven more years at 8.25 cents per KWH produced.