

ARBOR ENTECH CORP  
Form 10QSB  
September 12, 2007

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-QSB

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**Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**

**For The Quarterly Period Ended July 31, 2007**

**Commission File Number: 000-30432**

**ARBOR ENTECH CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State of jurisdiction of Incorporation)

**22-2335094**

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

**PO Box 656**

**Tuxedo Park, NY 10987**

(Address of principal executive offices)

**(201) 782-9237**

(Registrant's telephone number)

**Not Applicable**

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

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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 such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of July 31, 2007, the registrant had a total of 7,050,540 shares of Common Stock outstanding.

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**ARBOR ENTECH CORPORATION**

**Form 10-QSB Quarterly Report  
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**PART I. FINANCIAL INFORMATION**

ARBOR ENTECH CORPORATION  
CONDENSED BALANCE SHEET  
JULY 31, 2007 (Unaudited)

ASSETS

## Current Assets:

Cash and Cash Equivalents	\$	438,685
Other Current Assets		452
<b>Total Current Assets</b>		<b>439,137</b>
<b>Total Assets</b>	<b>\$</b>	<b>439,137</b>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	\$	-
<b>Total Current Liabilities</b>		<b>-</b>
Commitments and Contingencies		
Stockholders' Equity:		
Common Stock, \$.001 Par Value; Authorized 10,000,000 Shares; Issued and Outstanding 7,050,540 Shares		7,050
Additional Paid-In Capital		2,365,441
Retained Earnings (Deficit)		(1,933,354)
<b>Total Stockholders' Equity</b>		<b>439,137</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$</b>	<b>439,137</b>

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

ARBOR ENTECH CORPORATION  
CONDENSED STATEMENT OF OPERATIONS  
(Unaudited)

	Quarter Ended July 31,	
	2007	2006
Net Sales	\$ -	\$ -
Costs and Expenses:		
Selling, General and Administrative Expenses	1,728	3,134
	1,728	3,134
Loss from Operations	( 1,728)	( 3,134)
Other Income:		
Interest Income	7,996	466
	7,996	466
Net Income (Loss)	\$ 6,268	\$ ( 2,668)
Loss Per Common Share - Basic	\$ .00	\$ ( .00)
Weighted Average Shares Outstanding	7,050,540	7,050,540

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

ARBOR ENTECH CORPORATION  
CONDENSED STATEMENT OF CASH FLOWS  
(Unaudited)

	Quarter Ended July 31,	
	2007	2006
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$ 6,268	\$ ( 2,668)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided by (Used) in Operating Activities:		
Changes in Operating Assets and Liabilities:		
Decrease in Other Current Assets	1,190	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	( 9,045)	2,750
Total Adjustments	( 7,855)	2,750
Net Cash Provided by (Used) in Operating Activities	( 1,587)	82
Cash Flows from Investing Activities:		
	-	-
Cash Flows from Financing Activities:		
	-	-
Increase (Decrease) in Cash and Cash Equivalents	( 1,587)	82
Cash and Cash Equivalents - Beginning of Period	440,272	462,847
Cash and Cash Equivalents - End of Period	\$ 438,685	\$ 462,929
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ -	\$ -
Cash Paid for Income Taxes	\$ -	\$ -

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

ARBOR ENTECH CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 - Unaudited Interim Financial Statements

In the opinion of the Company's management, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These financial statements are condensed and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **Forward-Looking Statements**

The information contained in this Form 10-QSB and documents incorporated herein by reference are intended to update the information contained in the Company's Form 10-KSB for its fiscal year ended April 30, 2007 which includes our audited financial statements for the year ended April 30, 2007 and such information presumes that readers have access to, and will have read, the "Management's Discussion and Analysis of Financial Condition and Results of Operations, and other information contained in such Form 10-KSB and other Company filings with the Securities and Exchange Commission ("SEC").

This Quarterly Report on Form 10-QSB 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. These forward-looking statements involve risks and uncertainties, and actual results could be significantly different than those discussed in this Form 10-QSB. Certain statements contained in Management's Discussion and Analysis, particularly in "Liquidity and Capital Resources," and elsewhere in this Form 10-QSB are forward-looking statements. These statements may discuss, among other things, expected growth, future revenues and future performance. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of factors could cause actual results to differ materially from those expressed in any forward-looking statements, whether oral or written, made by us or on our behalf. The forward-looking statements are subject to risks and uncertainties including, without limitation, the following: (a) the lack of any current business operations, (b) the possible failure to obtain a suitable business acquisition candidate, and (c) the specific risks of any new business or acquisition. The foregoing should not be construed as an exhaustive list of all factors that could cause actual results to differ materially from those expressed in forward-looking statements made by us. All forward-looking statements included in this document are made as of the date hereof, based on information available to the Company on the date thereof, and the Company assumes no obligation to update any forward-looking statements.

These forward-looking statements often can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," or similar terms.

### ***General***

We were a wood products company that had been in business since 1980. Our business fluctuated over the years. We were almost wholly dependent on sales to The Home Depot, Inc. As discussed below in "Discontinued Operations," on September 2, 2003, we discontinued our wood products business.

At present, we are seeking other business opportunities, but there can be no assurance that such opportunities will be identified, engaged in, or result in any profits.

### ***Results of Operations***

Since we discontinued our wood products business, there were no sales from continuing operations during the years ended April 30, 2007 and 2006 and the quarter ended July 31, 2007.

Selling, general and administrative expenses were \$1,728 for the quarter ended July 31, 2007, as compared to \$3,134 for the comparable period of the prior year.

For the quarter ended July 31, 2007, we had a net income of \$6,268 as compared to a net loss of \$2,668 for the comparable period of the prior year. For the quarter ended July 31, 2007, interest income increased to \$7,996 versus \$466 for the comparable period of the prior year.

*Discontinued Operations*

On September 2, 2003, we informed Home Depot that we would no longer do business with that company due to increased difficulties in transacting business with Home Depot on a profitable basis. We stated to Home Depot that these difficulties included Home Depot's prohibition against price increases despite increases in our costs of production, a diminution in the Home Depot territories we were allowed to sell product to, and Home Depot's demands regarding returns of ordered products that we were unwilling to accede to for economic reasons. As a result, on September 2, 2003, we discontinued our wood products business. The sale of our real estate resulted in a gain of approximately \$186,000 for the year ended April 30, 2005.

***Liquidity and capital resources***

In the prior periods discussed above, our working capital requirements were met primarily from sales generated by our discontinued wood products business. At July 31, 2007, we had working capital of \$439,137.

As at July 31, 2007, we had cash and cash equivalents of approximately \$438,685, which represented substantially all of our total assets. We believe we have adequate working capital to fund our operations for at least the next 12 months.

Net cash provided by operating activities amounted to \$82 for the quarter ended July 31, 2006 as compared to cash used in operating activities of \$1,587 for the quarter ended July 31, 2007. This decrease in cash in 2007 was primarily attributable to the payment of accrued liabilities of \$9,045 partially offset by net income of \$6,268 for the quarter ended July 31, 2007.

Since terminating our wood products business in September 2002, the Company has been unable to find a suitable business opportunity or merger candidate considering the limited cash resources available to the Company and that the Company's Common Stock has a limited and sporadic trading market. Nevertheless, Management is continuing to explore various business opportunities that may be available to it. As of the filing date of this Form 10-QSB, there are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. Further, at the present time, the Company has no commitments for capital expenditures and does not anticipate same until it establishes a business or acquires an operating business, of which there can be no assurances given.

**Off-Balance Sheet Transactions**

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

**Application Of Critical Accounting Policies**

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for use of estimates, accounting for stock-based compensation and environmental remediation costs.

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

### **ITEM 3. CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS:**

As of the filing date of this Form 10-QSB, we are not a party to any pending legal proceedings.

**ITEM 2. CHANGES IN SECURITIES.**

(a) In the three months ended July 31, 2007, there were no sales of unregistered securities.

(b) Rule 463 of the Securities Act is not applicable to the Company.

(c) In the three months ended July 31, 2007 there were no repurchases by the Company of its Common Stock.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS:**

Not applicable.

**ITEM 5. OTHER INFORMATION:**

None.

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**ITEM 6. EXHIBITS:**

Except for the exhibits listed below as filed herewith or unless Otherwise noted, all other required exhibits have been previously filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, on Form 10-SB, as amended (file no. 000-51160).

- 3.a. Our Articles of Incorporation (1)
- 3.b. Our By-Laws (2)
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer (3)
- 31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer (3)
- 32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer (3)
- 32.2 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer (3)

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(1) Previously filed as an exhibit to the Company's Registration Statement on Form 10-SB (SEC File No. 0-30432) filed on or about July 30, 1999, and incorporated herein by this reference.

(2) Previously filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form 10-SB (SEC File No. 01-15207) filed on or about August 2, 1999, and incorporated herein by this reference.

(3) Filed herewith.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ARBOR ENTECH CORPORATION**

Date: September 12, 2007

By: /s/ Harvey Houtkin

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Harvey Houtkin,  
Chairman of the Board, Chief Executive Officer

Date: September 12, 2007

By: /s/ Mark Shefts

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Mark Shefts,  
Chief Financial Officer