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ARBOR ENTECH CORP  
Form 10KSB  
September 09, 2002

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-KSB

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year ended April 30, 2002

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from ..... to .....  
Commission file number 000 30432

ARBOR ENTECH CORPORATION

-----  
(Name of Small Business Issuer in its charter)

DELAWARE

22-2335094

-----  
(State or other jurisdiction of  
incorporation or organization)

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

RD 1, BOX 1076, LITTLE MARSH, PENNSYLVANIA

16931

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Issuer's telephone number (570) 376-2217  
-----

Securities registered under Section 12(b) of the Act:

TITLE OF EACH CLASS TO BE SO REGISTERED	NAME OF EACH EXCHANGE ON WHICH EACH CLASS IS TO BE REGISTERED
-----	-----
None	NASD Bulletin Board

Securities registered under Section 12(g) of the Act:

Common

-----  
(Title of class)

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 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 /X/

Check if there is no disclosure of delinquent filers in response to item  
405 of Regulation SB not contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or

information statements incorporated by reference in Part III of this Form 10-KSB



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which is sold under the name "Arborlogs(R)", is shrink wrapped in bundles of approximately 6 pieces each. Tomato stakes are delivered in bulk to be sold individually.

Arbor's products are packaged in and distributed from Arbor's facility in Little Marsh, Pennsylvania, and then delivered by various independent trucking concerns to customer locations in the northeastern United States. Uncut logs and cut firewood are purchased from various loggers and cut and split, if necessary, and packaged and palletized. Garden stakes are purchased precut and are banded with a UPC code for customer delivery.

In addition to its wood products business, Arbor traded securities for its own account from August 1994 to September 1999. This activity has been totally discontinued by Arbor, which has determined to concentrate on its wood business.

### CUSTOMERS

Substantially all of Arbor's products are sold to Home Depot Inc. for resale at its retail outlets. Arbor has no written agreement with Home Depot with respect to any of its sales to Home Depot. Arbor believes it has a good relationship with Home Depot, but were sales to Home Depot to diminish or cease for any reason, Arbor's business would not be viable unless it developed relationships with Home Depot's competitors in this area, such as other home centers, lawn and garden shops, hardware stores and supermarkets.

### SUPPLIERS

Arbor obtains logs, cut firewood and garden stakes from many independent loggers. Arbor believes that if it could no longer obtain its raw logs and firewood from loggers it currently utilizes, there are many alternate sources of supply, including commencing logging operations on its own forest land.

### COMPETITION

Arbor competes with many other wood product companies. Some of the major competitors are Ultraflame and Ossipee. Arbor also competes with numerous small suppliers, local tree companies and others who sell wood by the cord. Arbor competes on the basis of

price, consistency of product quality and prompt delivery. Arbor also competes with paper firelog companies and with suppliers of metal plant cages and stakes. Arbor has no information on its competitive position within the industry because of the lack of public availability of relevant information.

### INTELLECTUAL PROPERTY

The trademark "Arborlogs(R)" has been registered with the U.S. Trademark and Copyright Office. This trademark expires on March 13, 2004, but Arbor expects to renew the trademark for an additional 10 year term. While there can be no guarantee that some entity will not attempt to utilize the same name, we believe we have taken adequate steps to protect this trademark.

### GOVERNMENTAL REGULATION

There are no government regulations which materially impact our packaging and distribution operations, except for regulations promulgated by OSHA (the U.S. Occupational Safety and Health Agency), pursuant to which we are required to maintain a safe warehouse environment for our workers, and by state

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departments of weights and measures with respect to the labeling of our products.

### PERSONNEL

Arbor is a seasonal employer. The number of employees ranges from a high of approximately 17 from September to January to 4 in the remaining months. One is an officer, who is full-time, one is a full-time foreman and from 2 to 15 full-time employees are in the wood preparation and packaging area. Sales and marketing is undertaken by Arbor's Executive Vice President; a foreman oversees production at the Pennsylvania facility. Arbor's president and treasurer serve in a part-time capacity and do not devote a substantial amount of time to the affairs of Arbor. There are no employment contracts with any employee and no employee is unionized.

### HOW TO CONTACT ARBOR

Arbor's principal executive offices are located on Route 349, RD 1, Box 1076, Little Marsh, Pennsylvania, and its telephone number is (570) 376-2217.

Arbor is required to file quarterly and annual reports with the Securities and Exchange Commission. In the event Arbor's obligation to file these reports is suspended under the

Securities and Exchange Act of 1934, it is Arbor's intention to continue to file such reports; however, this determination may be modified. The public may read and copy this Form 10-KSB and any other materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

### ITEM 2. DESCRIPTION OF PROPERTY

Arbor owns a lumber mill facility located on 102 acres of property in Little Marsh, Pennsylvania. The mill consists of an enclosed structure of 17,000 square feet, with a 7,000 outdoor overhang for airing of inventory and another outdoor overhang of more than 10,000 feet to hold inventory so that Arbor can respond more quickly to orders. Approximately 12 acres of the property is devoted to Arbor's work area and the remaining 90 acres are forest land. The real property is mortgaged to Mark Shefts, Secretary/Treasurer and a director of Arbor, to secure a credit line Mr. Shefts extended to Arbor in the amount of \$100,000.

### ITEM 3. LEGAL PROCEEDINGS

Arbor is not currently involved in any outstanding legal proceedings nor was it in the fiscal year ended April 30, 2002. In the ordinary course of business Arbor may become involved in proceedings involving workers' compensation, trucking issues and disputes involving orders, none of which is expected to have a material adverse effect on its business.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year.

PART II

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### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Arbor's Common Stock is traded on the NASD OTC Bulletin Board.

Arbor's Common Stock is currently considered to be "penny stock" and as such is subject to a variety of requirements under the Securities Exchange Act of 1934, as amended. Penny stocks are low-priced shares of small companies not traded on an exchange or quoted on Nasdaq. Prices often are not available. Investors in penny stocks often are unable to sell stock back to the broker/dealer that sold them the stock. Thus, investment in a penny stock can be very risky. Prior to effecting a transaction in a penny stock, a brokerage firm must deliver a standardized risk disclosure statement to the customer which describes the risks involved, the duties of the broker to the customer and the rights and remedies available, the nature of bid and ask prices in the penny stock market and a toll-free telephone number to provide information on disciplinary histories. Further, the broker/dealer must disclose the bid and ask prices, the number of shares to which the prices apply, and the amount and description of any compensation received by the broker/dealer. Prior to the transaction the broker/dealer must approve the person's account for transactions involving penny stocks by obtaining from the person information concerning the person's financial situation, investment experience and investment objectives and reasonably determine, based on such information, that transactions in penny stocks are suitable for that person and that the person has sufficient knowledge and experience in financial matters that the person reasonably may be expected to be capable of evaluating the risks of transactions in penny stocks. Finally, the broker/dealer must receive from the customer a signed and dated written acknowledgment of receipt of the disclosure document disclosing the basis on which the broker/dealer made the suitability determination, and on which the person agrees in writing to the specific transaction. Each customer must also receive a monthly statement indicating the market value of the penny stocks owned by the customer. These requirements, while offering a great deal of customer protection, negatively affect liquidity in the penny stock market by making the process both more selective and more time consuming.

No dividends were declared on our stock in the last two fiscal years.

There were no sales of securities by Arbor during the last three years.

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with our financial statements, any notes related thereto, and the

other financial data included elsewhere in this Annual Report on Form 10-KSB. This discussion contains forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements.

#### GENERAL

We are a wood products company which has been in business since 1980. Our business has increased over the years. We are almost wholly dependent on sales to Home Depot.

#### RESULTS OF OPERATIONS

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FISCAL YEAR ENDED APRIL 30, 2002 COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2001.

Net sales for the fiscal year ended April 30, 2002, were approximately \$1,360,000, an increase of approximately \$163,000 or 14% as compared to net sales of approximately \$1,197,000 for the fiscal year ended April 30, 2001. Net sales increased due to additional sales to Home depot.

Cost of sales was approximately \$759,000 for fiscal 2002, an increase of approximately \$166,000, or 28% over fiscal 2001 cost of sales of approximately \$593,000. Cost of sales as a percentage of net sales was approximately 56% for fiscal 2002 compared to approximately 50% for fiscal 2001. This increase is primarily attributable to an increase in product costs during fiscal 2002 that was not passed on in increased sales prices to Home Depot.

Selling, general and administrative expenses were approximately \$689,000 for fiscal 2002, an increase of approximately \$90,000, or 15% over fiscal 2001 selling, general and administrative expenses of approximately \$599,000. This increase was due to primarily to increases in warehouse costs and salaries and related costs of approximately \$31,000 and other general expenses of approximately \$59,000.

Interest income for fiscal 2002 was approximately \$5,800, a decrease of approximately \$2,800, or 33% from fiscal 2001 interest income of approximately \$8,600. This decrease was primarily attributable to a decrease in the rate of interest along with lower cash balances.

Other income for fiscal 2002 was approximately \$6,000 compared to approximately \$21,000 for fiscal 2001. This decrease of approximately \$15,000 was primarily attributable to the receipt of funds distributed as a result of a class action settlement with certain market makers in fiscal 2001.

The income tax provision decreased from approximately \$50,000 for the fiscal year ended April 30, 2001, to approximately \$1,000 for the fiscal year ended April 30, 2002. This decrease was primarily attributable to the loss incurred in fiscal 2002.

Arbor incurred a net loss of approximately \$78,000 for the fiscal year ended April 30, 2002 compared to a net loss of approximately \$16,000 for the fiscal year ended April 30, 2001.

The results of operations for the fiscal year ended April 30, 2002 are not necessarily indicative of the results for any future interim or fiscal year period.

FISCAL YEAR ENDED APRIL 30, 2001 COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2000.

Net sales for the fiscal year ended April 30, 2001, were approximately \$1,197,000, an increase of approximately \$13,000 or 1% as compared to net sales of approximately \$1,184,000 for the fiscal year ended April 30, 2000. Net sales increased due to additional sales to Home Depot. Net losses from trading securities were approximately \$122,000 for the fiscal year ended April 30, 2000. Arbor has discontinued its trading activities and does not intend to resume them.

Cost of sales was approximately \$593,000 for fiscal 2001, an increase of approximately \$12,000, or 2% over fiscal 2000 cost of sales of approximately

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\$581,000. This increase is primarily attributable to Arbor's growth in sales.

Selling, general and administrative expenses were approximately \$599,000 for fiscal 2001, an increase of approximately \$13,000, or 2% over fiscal 2000 selling, general and administrative expenses of approximately \$586,000. This increase was due to primarily to an overall net increase in other general expenses.

Interest income for fiscal 2001 was approximately \$8,600, an increase of approximately \$1,400, or 19% over fiscal 2000 interest income of approximately \$7,200. This increase was primarily attributable to an increase in the rate of interest which commenced November 1999.

Other income for fiscal 2001 was approximately \$21,000 compared to approximately \$2,000 for fiscal 2000. This increase of approximately \$19,000 was primarily attributable to the receipt of funds distributed as a result of a class action settlement with certain market makers.

The income tax provision increased from approximately \$30,000 for the fiscal year ended April 30, 2000, to approximately \$50,000 for the fiscal year ended April 30, 2001. This increase of 67% was primarily attributable to an increase in taxable income during fiscal 2001.

Arbor's net loss decreased from approximately \$133,000 for the fiscal year ended April 30, 2000 to approximately \$16,000 for the fiscal year ended April 30, 2001. This was a decrease of approximately \$117,000, or 88%.

### LIQUIDITY AND CAPITAL RESOURCES

In the periods discussed above, Arbor's working capital requirements have been met primarily from sales of its wood products. At April 30, 2002 we had a working capital of approximately \$686,000.

As at April 30, 2002, we had cash and cash equivalents of approximately \$252,000, which represented 31% of total assets. Arbor believes it has adequate working capital and will generate net revenues adequate to fund its operations for at least the next 12 months.

Net cash used in operating activities increased by approximately \$350,000 from fiscal 2001 to fiscal 2002. This increase of net cash used in operating activities was primarily attributable to an increase in accounts receivable of approximately \$231,000 and an increase in net loss of approximately \$63,000.

Net cash used in investing activities decreased by approximately \$11,000 from fiscal 2001 to fiscal 2002, all attributable to capital expenditures incurred.

Net cash provided by financing activities was approximately \$218,000 in fiscal 2001, compared to net cash provided by financing activities of approximately \$54,000 in fiscal 2002, or a net decrease of \$164,000. This decrease was primarily attributable to a reduction in proceeds received on repayment of loans to related parties of approximately \$164,000.

### ITEM 7. FINANCIAL STATEMENTS

ARBOR ENTECH CORPORATION

INDEX TO FINANCIAL STATEMENTS

Report of Independent Accountants

Balance Sheet, April 30, 2002

Statement of Operations, Years Ended April 30, 2002  
and April 30, 2001

Statement of Stockholders' Equity, Years Ended April 30, 2002  
and April 30, 2001

Statement of Cash Flows, Years Ended April 30, 2002 and  
April 30, 2001

Notes to Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Stockholders  
Arbor EnTech Corporation

We have audited the accompanying balance sheet of Arbor EnTech Corporation as of April 30, 2002, and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended April 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor EnTech Corporation as of April 30, 2002, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York  
July 19, 2002

ARBOR ENTECH CORPORATION



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BALANCE SHEET  
APRIL 30, 2002

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 252,026
Accounts Receivable	307,807
Inventories	144,239
Prepaid Expenses	40,609
	-----
Total Current Assets	744,681
Property, Plant and Equipment (Net of Accumulated Depreciation of \$84,131)	55,927
	-----
	\$ 800,608
	-----
	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable	\$ 57,434
Taxes Payable	1,479
	-----
Total Current Liabilities	58,913
	-----
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	2,228,369
Retained Earnings (Deficit)	( 439,672)
Notes Receivable - Related Parties	(1,054,052)
	-----
Total Stockholders' Equity	741,695
	-----
	\$ 800,608
	-----
	-----

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

ARBOR ENTECH CORPORATION  
STATEMENT OF OPERATIONS

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	Years Ended April 30
	2002
Sales - Net	\$ 1,360,139
Costs and Expenses:	
Cost of Sales	759,053
Selling, General and Administrative Expenses	689,046
	1,448,099
Operating Income (Loss)	( 87,960)
Other Income:	
Interest Income	5,771
Other	5,915
	11,686
Income (Loss) Before Provision for Income Taxes	( 76,274)
Provision for Income Taxes	1,479
Net (Loss)	\$ ( 77,753)
Loss Per Common Share - Basic	\$ ( .01)
Weighted Average Shares Outstanding	7,050,540

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

ARBOR ENTECH CORPORATION  
STATEMENT OF STOCKHOLDERS' EQUITY

Common Stock		Additional	Retained
Shares	Amount	Paid-In Capital	Earnings (Deficit)
-----	-----	-----	-----

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Balance - April 30, 2000	7,050,540	\$7,050	\$2,030,756	\$ (346,380)
Capital Contributed	-	-	115,140	-
Repayments of Loans to Related Parties - Net	-	-	-	-
Net Loss	-	-	-	( 15,539)
	-----	-----	-----	-----
Balance - April 30, 2001	7,050,540	7,050	2,145,896	(361,919)
Capital Contributed	-	-	82,473	-
Loans to Related Parties - Net	-	-	-	-
Net Loss	-	-	-	( 77,753)
	-----	-----	-----	-----
Balance - April 30, 2002	7,050,540	\$7,050	\$2,228,369	\$ (439,672)
	-----	-----	-----	-----

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

ARBOR ENTECH CORPORATION  
STATEMENT OF CASH FLOWS

	Years End
	-----
	2002
	-----
Cash Flows from Operating Activities:	
Net (Loss)	\$ ( 77,753)
	-----
Adjustments to Reconcile Net (Loss) to Net Cash (Used) in Operating Activities:	
Depreciation	13,572
Changes in Operating Assets and Liabilities:	
(Increase) in Accounts Receivable	(251,956)
(Increase) in Inventories	( 19,401)
(Increase) in Prepaid Expenses	( 4,009)
(Increase) in Deposits	-
Increase (Decrease) in Accounts Payable	( 28,363)
(Decrease) in Taxes Payable	( 50,444)
	-----
Total Adjustments	(340,601)
	-----
Net Cash (Used) in Operating Activities	(418,354)

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Cash Flows from Investing Activities:	
Capital Expenditures	( 9,058)
Net Cash (Used) in Investing Activities	( 9,058)
Cash Flows from Financing Activities:	
Loans to Related Parties	( 82,473)
Proceeds of Loans to Related Parties	54,000
Capital Contributed	82,473
Net Cash Provided by (Used) In Financing Activities	54,000
Increase (Decrease) in Cash and Cash Equivalents	(373,412)
Cash and Cash Equivalentents - Beginning of Year	625,438
Cash and Cash Equivalentents - End of Year	\$ 252,026
Supplemental Cash Flow Information:	
Cash Paid for Interest	\$ -
Cash Paid for Income Taxes	\$ 50,033
Supplemental Disclosure of Non-Cash Investing Activities:	
Deposits Applied to Capital Expenditures	\$ 10,000

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

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2002

NOTE 1 - NATURE OF BUSINESS

Arbor EnTech Corporation ("Arbor") is a Delaware corporation that engages in the production and wholesale distribution of wood products for home use, principally fireplace wood and garden stakes. Arbor's products are produced, packaged in and distributed from its facility in Little March, Pennsylvania. The products are delivered by independent truckers to customer locations in the Northeastern United States.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### CASH AND CASH EQUIVALENTS

Arbor considers all highly liquid short-term investments with a maturity of three months or less at time of purchase to be cash equivalents.

### INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

### PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred whereas major betterments and renewals are capitalized.

### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

### REVENUE RECOGNITION

Sales are recorded as products are shipped.

### INCOME TAXES

Arbor utilizes the liability method of accounting for income taxes. Under that method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect at the balance sheet date. The resulting asset or liability is adjusted to reflect enacted changes in tax law. Future tax benefits attributable to temporary differences are recognized to the extent that realization of such benefits is more likely than not.

### LOSS PER COMMON SHARE

The computation of earnings (loss) per share of common stock is computed by dividing income (loss) for the year by the weighted average number of common shares outstanding during that period. Since Arbor has no common stock equivalents outstanding diluted earnings (loss) per share is the same as basic earnings (loss) per share.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of Arbor's financial instruments, which consist primarily of cash and cash equivalents, accounts receivable, accounts payable and taxes payable approximate their carrying amounts reported because of their short-term nature.

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### CONCENTRATION OF CREDIT RISK

Arbor's financial instruments that are exposed to concentration of credit risk consist of cash and cash equivalents. At times, such amounts are in excess of the FDIC insurance limits.

Arbor's customer base is comprised primarily of one major national retailer. Arbor routinely assesses the financial strength of its customers and records an allowance for doubtful accounts when it determines that collection of a particular amount is unlikely.

### NOTE 3 - INVENTORIES

Inventories consist of the following:

Raw Materials	\$ 126,799	
Finished Goods	17,440	
	-----	
	\$ 144,239	
	-----	
	-----	

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

		Estimated Useful Life
		-----
Land	\$ 22,058	-
Building and Improvements	61,114	15 & 31 Years
Machinery and Equipment	4,300	5 Years
Computers	12,804	3 Years
Automotive Equipment	39,782	5 Years
	-----	
	140,058	
Less: Accumulated Depreciation	84,131	
	-----	
	\$ 55,927	
	-----	
	-----	

The land and building are collateralized by a mortgage held by Arbor's Secretary/Treasurer (see Note 7).

### NOTE 5 - NOTES RECEIVABLE -- RELATED PARTIES

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Notes receivable from related parties consists of amounts due from two affiliated companies. These loans are classified as a reduction of stockholders' equity. Although the loans bear interest, such interest is not recorded as income for financial statement purposes but as additional contributed capital. In November 1999 the remaining two loans were memorialized into 10 year promissory notes bearing interest at 10% per annum, which was reduced to 7% per annum in October 2001.

The notes consist of the following:

Receivable from:

Rushmore Financial Services, Inc. (a)	\$ 784,024
Attain Technology, Inc. (b)	
(F/K/A Double H Management Corp.)	195,072
	-----
	979,096
Accrued Interest	74,956
	-----
	\$1,054,052
	-----
	-----

- a) A corporation wholly owned by Mr. Shefts and Mr. Houtkin.
- b) A wholly owned subsidiary of Rushmore Financial Services, Inc.

Arbor has not received the principal payments in the amount of \$108,789 that were due November 18, 2001 on its notes receivable from related parties.

NOTE 6 - INCOME TAXES

Income tax provision consisted of the following:

	Years Ended April 30,	
	2002	2001
	-----	-----
Current		
Federal	\$ 833	\$ 42
State	646	7
	-----	-----
	1,479	49
	-----	-----
Deferred		

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Federal	-	
State	-	
	-----	-----
	-	
	-----	-----
	\$ 1,479	\$ 49
	-----	-----
	-----	-----

The following is a reconciliation of the US statutory income tax rate and the effective tax rate on pretax income:

	Years Ended April 30,	
	2002	2001
	-----	-----
US federal statutory rate	34%	
State taxes, net of federal tax benefit	( .60)	1
Permanent differences	(41.60)	12
Other, net	6.26	( 2)
	-----	-----
Effective tax rate	( 1.94%)	14
	-----	-----
	-----	-----

Arbor had deferred tax assets of approximately \$41,000 at April 30, 2002, resulting primarily from capital loss carryforwards. The deferred tax assets have been fully offset by a valuation allowance resulting from the uncertainty surrounding the future realization of the capital loss carryforwards.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

LEGAL

Arbor may be subject to legal proceedings and claims which may arise in the ordinary course of its business. Currently, Arbor is not a party to any known legal proceedings.

LINE OF CREDIT

Arbor has a revolving credit facility with its Secretary/Treasurer, secured by a mortgage of Arbor's real property located in Tioga County, Pennsylvania. This revolving line of credit provides for the extension of credit in the aggregate principal amount of \$100,000 with interest at 11% per annum. Principal and interest are payable on demand. There was no balance due at April 30, 2002 on this credit facility.

NOTE 8 - MAJOR CUSTOMERS



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Net sales to a major national retailer in 2002 and 2001 accounted for more than 99% of net sales each year.

As of April 30, 2002, 100% of accounts receivable are amounts due from one major national retailer.

### NOTE 9 - RELATED PARTY TRANSACTIONS

Arbor paid \$54,000 in administrative fees to a company owned by two of its significant stockholders during the years ended April 30, 2002 and 2001, respectively.

### NOTE 10 - SUBSEQUENT EVENTS

Arbor did not receive the interest payment of approximately \$34,000 due on May 18, 2002 on the notes receivable from related parties.

## PART III

### ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Executive Officers and Directors	Age	Positions
Harvey Houtkin	53	Chairman of the Board, Chief Executive Officer, President
Wanda Shefts	44	Executive Vice President, Director
Mark Shefts	44	Secretary/Treasurer, Director
Sherry Houtkin	51	Director

HARVEY I. HOUTKIN founded Arbor EnTech Corporation in October 1980 and has been our Chairman of the Board, Chief Executive Officer and President since inception. Mr. Houtkin held a seat on the New York Stock Exchange from 1984 to 1988 and is Chairman of the Board, Chief Executive Officer, Secretary and co-owner of Domestic Securities, Inc., an NASD registered broker/dealer which operated a floor brokerage business on that Exchange during the time the seat was owned. Domestic now

operates the ATTAIN(R) electronic communications network and engages in market making and proprietary trading. From April 1993 through the present Mr. Houtkin has been Chairman of the Board, Chief Executive Officer and Secretary of All-Tech Direct, Inc. ("All-Tech"), which formerly operated as a securities broker/dealer and is now inactive. From September 1996 to January 1997 he also served as president of All-Tech but not as Secretary. Mr. Houtkin graduated from Baruch College of the City University of New York in 1970 with a Bachelor of Science Degree and in 1973 with a Masters Degree in Business Administration.

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WANDA SHEFTS was the Vice President and a director of Arbor 1982 through April 1987 and from February 1993 through the present. She has an Associates Degree from Kingsborough Community College.

MARK D. SHEFTS was the Secretary/Treasurer and a director of Arbor from 1982 through April 1987 and from February 1993 through the present. He is a member of the Chicago Stock Exchange and is President, Treasurer and a co-owner of Domestic Securities, Inc., an NASD registered broker/dealer which operated a floor brokerage business on the New York Stock Exchange from 1984 to 1988 and which now owns the ATTAIN(R) ECN and engages in market making and proprietary trading. He has been a principal of All-Tech Direct, Inc., which formerly operated as a securities broker/dealer, since early 1988 and has been its President, Chief Operating Officer, Chief Financial Officer, Treasurer and a Director since such time. From September 1996 to January 1997 he was the Secretary of All-Tech and during such period he did not hold the office of President. Mr. Shefts is licensed as a Commodity Pool Operator and a Commodity Trading Advisor by the National Futures Association. He is also a Certified Financial Services Auditor of the National Association of Financial Services Auditors, a Certified Fraud Examiner of the Association of Certified Fraud Examiners, and an arbitrator for the American Arbitration Association and NASD Dispute Resolution, Inc. Mr. Shefts graduated in 1979 from Brooklyn College of the City of New York with a Bachelor of Science Degree in Accounting.

SHERRY HOUTKIN has been a director of Arbor since February 1994. She has studied at Rockland Community College and Ramapo College.

Mark Shefts and Wanda Shefts are husband and wife. Harvey Houtkin and Wanda Shefts are brother and sister. Harvey Houtkin and Sherry Houtkin are husband and wife.

Mark Shefts and Harvey Houtkin, officers, directors and principal shareholders of Arbor, have not been required to file any Form 4's during the most recent fiscal year because they neither bought nor sold shares of Arbor.

### ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Harvey Houtkin: CEO & Pres.	2002	--	--	--
	2001	--	75,000	--
	2000	--	100,000	--
Wanda Shefts, VP, Dir.	2002	\$127,404	20,000	--
	2001	97,785	37,000	--
	2000	79,500	31,000	24,000
Mark Shefts, SEC/Treas Director	2002	--	-	--
	2001	--	75,000	--
	2000	--	100,000	--

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### EMPLOYMENT AGREEMENTS

Arbor has no employment agreements with any of its employees, including Wanda Shefts, its Executive Vice President.

### STOCK OPTION PLANS

Arbor has no stock option or bonus plans for its employees.

### LIMITATIONS ON LIABILITY AND INDEMNIFICATION MATTERS

As authorized by the Delaware General Corporation Law, Arbor's By-Laws provide that Arbor will indemnify any person who was or is a party or is threatened to be made a party to any action or proceeding by reason of such person's being an officer, director, employee or agent of Arbor if that person acted in good faith in a manner that person reasonably believed to be in or not opposed to the best interest of Arbor. Section 145 of the Delaware General Corporation Law permits indemnification of any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person was an officer, director, employee or agent of the corporation if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was not unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to Arbor's directors, officers and controlling persons

pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to Arbor, as of the date of this Annual Report, relating to the beneficial ownership of shares of common stock of Arbor: by each person who is known by Arbor to be the beneficial owner of more than five percent of the outstanding shares of common stock; each director or person who has agreed to become a director; and all executive officers and directors as a group.

Unless otherwise indicated, the address of each beneficial owner in the table set forth below is 160 Summit Avenue, Montvale, New Jersey 07645.

A person is deemed to be the beneficial owner of securities that can be acquired by him or her within 60 days from the date of this annual report upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by him or her, but not those held by any other person, and which are exercisable within 60 days of the date of this annual report, have been exercised and converted.

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NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF SHARES BENEFICIALLY OWNED
Harvey Houtkin(1) (2)	3,554,000	50.4%
Wanda Shefts(1) (2)	159,100	2.6%
Mark Shefts(1) (2)	3,554,000	50.4%
Sherry Houtkin(1) (2)	159,000	2.2%
All directors and executive officers as a group (4 persons)	6,949,900	98.6%

(1) The address of such person is 160 Summit Avenue, Montvale, NJ 07645.

(2) Such person may be deemed to be the owner of 159,100 of such shares by virtue of his/her being a control person of Solar Products, Sun-Tank, Inc. In the case of these 159,000 shares, the beneficial owner has shared voting and investment power. With respect to all other shares, the record owner has sole investment and voting power over the shares.

RELATED PARTY TRANSACTIONS

During the fiscal year ended April 30, 2002, Arbor acted as lender under two ten year loans which bore interest at 10% a year to two affiliated companies. In October 2001, the rate of interest was reduced to 7% a year. The borrowers are Attain

Technology, Inc. f/k/a Double H Management Corp. and Rushmore Financial Services, Inc. Attain Technology is wholly owned by Rushmore. Rushmore is owned 50% by Harvey Houtkin and 50% by Mark Shefts, officers, directors and principal shareholders of Arbor. Arbor has not received the principal payments in the amount of \$108,789 due November 18, 2001 or the interest payments aggregating approximately \$34,000 and \$44,000, respectively, due on May 18, 2002, on those notes.

As of April 30, 2002, the amounts owed to Arbor were as follows:

Rushmore Financial Services, Inc.	\$ 784,024
Attain Technology, Inc.	195,072
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	979,096
Accrued Interest	74,956
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TOTAL	\$1,054,052
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ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 3(i) Articles of Incorporation Incorporated by reference

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to Exhibit 2 of Arbor's Form 10-SB

(b) Exhibit 3(ii) By-Laws Incorporated by reference to Exhibit 2 of  
Arbor's Form 10- SB.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ARBOR ENTECH CORPORATION

Date: Sept. 9, 2002

By: /s/ HARVEY HOUTKIN

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Harvey Houtkin  
Chairman of the Board,  
Chief Executive Officer,

President