

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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FILER

KAYENTA KREATIONS INC

CIK: **1011395** | IRS No.: **870554463** | State of Incorporation: **NV**
Type: **10QSB** | Act: **34** | File No.: **333-04066** | Film No.: **1697411**
SIC: **7331** Direct mail advertising services

Mailing Address
1020 BELMONT AVENUE
SALT LAKE CITY UT 84105

Business Address
1020 BELMONT AVENUE
SALT LAKE CITY UT 84105
8015214128

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED: June 30, 2001

OR

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

COMMISSION FILE NUMBER: 333-4066

KAYENTA KREATIONS, INC.

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction
of incorporation or organization)

87-0554463
(I.R.S. Employer
Identification
No.)

1020 Belmont Avenue
Salt Lake City, Utah 84105
(Address of principal executive offices)

(801) 521-4128
(Registrant's telephone number, including area code)

Check whether the issuer (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 report(s), YES NO

and (2) has been subject to such filing requirements for the past 90 days.
YES NO

The number of \$.001 par value common shares outstanding at June 30, 2001:
1,018,900

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

See attached.

KAYENTA KREATIONS, INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2001
(UNAUDITED)

AND

YEAR ENDED DECEMBER 31, 2000

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KAYENTA KREATIONS, INC.
(A Development Stage Company)

BALANCE SHEETS

ASSETS

June 30, December 31,
2001 2000
(Unaudited)

CURRENT ASSETS

Cash in bank	\$422	\$0
Supplies	32	32
Inventory	650	650
	<hr/>	<hr/>
Total Current Assets	1,104	682
	<hr/>	<hr/>
EQUIPMENT		
Office equipment and displays, less depreciation of \$5,263 and \$5,119	1,891	2,852
	<hr/>	<hr/>
TOTAL ASSETS	\$2,995	\$3,534
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Cash overdraft	\$0	\$350
Accounts payable and accrued liabilities	2,650	1,176
Stockholders' advances	15,390	10,530
State franchise tax payable	0	100
	<hr/>	<hr/>
Total Current Liabilities	18,040	12,156
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock; \$.001 par value, 5,000,000 shares authorized, no shares issued and outstanding	0	0
Common stock; \$.001 par value, 50,000,000 shares authorized, 1,018,900 and 1,018,900 shares issued and outstanding respectively	1,019	1,019
Capital in excess of par value	47,193	47,193
Earnings (deficit) accumulated during the development stage	(63,257)	(56,834)
	<hr/>	<hr/>
Total Stockholders' Equity (Deficit)	(15,045)	(8,622)
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,995	\$3,534
	=====	=====

See accompanying notes and independent accountant's review report.

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KAYENTA KREATIONS, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Six Months Ended		Cumulative
	June 30,		June 30,		During the
	2001	2000	2001	2000	Development Stage
SALES					
Sales - net	\$0	\$0	\$0	\$377	\$2,814
Less cost of Sales	0	0	0	(210)	(1,518)
	<hr/>				
Gross Margin	0	0	0	167	1,296
	<hr/>				
SELLING, GENERAL AND ADMINISTRATIVE					
Accounting and legal	3,115	3,117	3,615	3,117	18,935
Amortization	0	0	0	0	602
General and administrative	1,060	911	1,207	1,604	32,465
Depreciation	399	585	798	1,239	8,894
	<hr/>				
Total Selling, General and Administration	4,574	4,613	5,620	5,960	60,896
	<hr/>				
NET INCOME FROM OPERATIONS	(4,574)	(4,613)	(5,620)	(5,793)	(59,600)
OTHER INCOME (EXPENSE)					
Interest income	0	0	0	0	900
Loss on asset disposal	(163)	(591)	(163)	(591)	(2,710)
Interest expense	(358)	(269)	(640)	(275)	(1,449)
	<hr/>				
NET INCOME BEFORE TAXES	(5,095)	(5,473)	(6,423)	(6,659)	(62,859)
Income tax (provision) benefit	0	0	0	0	0
	<hr/>				
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(5,095)	(5,473)	(6,423)	(6,659)	(62,859)
Cumulative effect of accounting change for organization costs	0	0	0	0	(398)
	<hr/>				
NET INCOME (LOSS)	\$ (5,095)	\$ (5,473)	\$ (6,423)	\$ (6,659)	\$ (63,257)
	<hr/> <hr/>				
EARNINGS (LOSS) PER SHARE BEFORE					

ACCOUNTING CHANGE	\$0.01	\$0.01	\$0.01	\$0.01	\$0.07
	=====				
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$0	\$0	\$0	\$0	\$0.00
	=====				
EARNINGS (LOSS) PER SHARE	\$0.01	\$0.01	\$0.01	\$0.01	\$0.07
	=====				

See accompanying notes and independent accountant's review report.

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KAYENTA KREATIONS, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Three Months Ended June 30, 2001	For the Three Months Ended June 30, 2000	For the Six Months Ended June 30, 2001	For the Six Months Ended June 30, 2000	Cumulative During the Development Stage
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash from sales	\$0	\$0	\$0	\$377	\$2,814
Cash paid for organization costs	0	0	0	0	(1,000)
Cash from interest	0	0	0	0	900
Cash paid for interest	0	(4)	0	(10)	(80)
Cash paid for taxes	(100)	(100)	(100)	(100)	(100)
Cash paid for supplies and employee services	(3,340)	(2,743)	(3,988)	(3,365)	(52,391)

Net Cash (Used) by Operating Activities	(3,440)	(2,847)	(4,088)	(3,098)	(49,857)

CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of equipment	0	(586)	0	(586)	(13,323)

Net cash(Used)provided by Investing Activities	0	(586)	0	(586)	(13,323)

CASH FLOWS FROM FINANCING ACTIVITIES					

Sale of common stock	0	0	0	0	62,725
Direct offering costs	0	0	0	0	(14,533)
Stockholder advances	3,840	2,800	4,860	3,800	15,390
Contributed capital	0	0	0	0	20
	<hr/>				
Net Cash Provided (Used) By Financing Activities	3,840	2,800	4,860	3,800	63,602
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NET INCREASE (DECREASE) IN CASH	400	(633)	772	116	422
CASH - BEGINNING OF PERIOD	22	626	(350)	(123)	0
	<hr/>				
CASH - END OF PERIOD	\$422	\$ (7)	\$422	\$ (7)	\$422
	=====				
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES					
NET INCOME (LOSS)	\$ (5,095)	\$ (5,473)	\$ (6,423)	\$ (6,659)	\$ (63,257)
	<hr/>				
Adjustments to reconcile net income (loss) to net cash provided(used) by operating activities					
Amortization of organization costs	0	0	0	0	602
Cumulative effect of accounting change	0	0	0	0	398
Loss on disposal of assets	163	591	163	591	2,538
Depreciation	399	585	798	1,239	8,894
Change in assets and liabilities					
Organization costs	0	0	0	0	(1,000)
Accounts receivable	0	28	0	28	0
Prepaid expenses	0	0	0	256	0
Supplies	0	0	0	0	(32)
Inventory	0	0	0	283	(650)
Franchise taxes payable	(100)	(100)	(100)	(100)	0
Accounts payable and accrued liabilities	1,193	1,522	1,474	1,264	2,650
	<hr/>				
Total Adjustments	1,655	2,626	2,335	3,561	13,400
	<hr/>				
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	\$ (3,440)	\$ (2,847)	\$ (4,088)	\$ (3,098)	\$ (49,857)
	=====				

See accompanying notes and independent accountant's review report.

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KAYENTA KREATIONS, INC.
(A Development Stage Company)

NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statement have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operation and cash flows at June 30, 2001 and 2000 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial states and notes thereto included in the Company's December 31, 2000 audited financial statements. The results of operations for the periods ended June 30, 2001 and 1999 are not necessarily indicative of the operating results for the full year.

NOTE 2 - STOCKHOLDERS' ADVANCES

Advances from Stockholders to the Company are unsecured, to be repaid upon demand or within one year and carry interest at 10% per annum.

ITEM 2: MANAGEMENT'S DISCUSSION & ANALYSIS OR PLAN OF OPERATIONS

The Company was incorporated on December 26, 1995. The Company has not yet generated significant revenues from operations and is considered a development stage company.

The company has experienced losses from its inception. The Company has limited operating capital and income producing assets. In light of the above circumstances, the ability of the Company to continue as a going concern is substantially in doubt. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management believes their plans will provide the corporation with the ability to continue in existence. Management's plan of operation for the next twelve months is to maintain its filings and curtail operations and activities

to keep it in existence. This may require additional advances from stockholders to pay accounting and legal fees associated with its filings. Its Web page is still available for sales and marketing of its product through the year. The Company believes sales from this site and from others who have committed to purchase its product will cover expenses which will be curtailed to the minimum amount possible. Management believes it has resources currently available to maintain the entity as a going concern.

However, there is absolutely no assurance of this. If the marketing of the coloring art books is unsuccessful, investors will have lost their money and management will not attempt to pursue further marketing efforts with respect to such product, and it is unlikely the Company would have the financial ability to do so in any event. Instead management may call a shareholders meeting to decide whether to liquidate the Company or what direction the Company will pursue, if any. However, the Company presently has no plans, commitments or arrangements with respect to any other potential business venture and there is no assurance the Company could become involved with any other business venture, especially any business venture requiring significant capital.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(a) None.

(b) None.

(c) See Part I, Item 1 (financial statements) and Item 2 (management's discussion) for financial information and a discussion regarding use of proceeds.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

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.

Kayenta Kreations, Inc.

Date: August 1, 2001

by: /s/ Michelle Barlow
Michelle Barlow, Chairman