

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: **2001-06-01** | Period of Report: **2001-03-31**
SEC Accession No. **0001010549-01-500141**

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FILER

RESTAURANT TEAMS INTERNATIONAL INC

CIK: **921066** | IRS No.: **752337102** | State of Incorporation: **TX** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **001-13559** | Film No.: **1653009**
SIC: **5812** Eating places

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SUITE 111
LONGVIEW TX 75604

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2001

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

For the transition period from _____ to _____

Commission file number 001-13559

Restaurant Teams International, Inc.

(Name of small business issuer in its charter)

Texas 75-2337102
(State of other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization

911 N.W. Loop 281, Suite 111, Longview, Texas 75604
(Address of principal executive offices) (Zip Code)

Issuer's telephone number (903) 295-6800

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 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

Number of shares outstanding of each of the issuer's classes of common stock, as of May 15, 2001: 38,889,663 shares of common stock, par value \$.01.

RESTAURANT TEAMS INTERNATIONAL, INC.

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Item 1. FINANCIAL STATEMENTS

Restaurant Teams International, Inc.
Financial Statements
As of March 31, 2001

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Restaurant Teams International, Inc.
Financial Statements
As of March 31, 2001

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Restaurant Teams International, Inc.
Condensed Balance Sheets

	Dec. 31, 2000	March 31, 2001
ASSETS		
CURRENT ASSETS		
Cash	\$ 49,431	\$ 2,770
Trade accounts receivable	1,970	0
Inventories	32,676	7,920
Prepaid Expenses	0	0
Marketable Securities	33,659	0
Federal Income Tax Receivable	38,030	0
	-----	-----
Total Current Assets	155,766	10,690
PROPERTY AND EQUIPMENT, net	2,849,016	2,504,766
GOODWILL, net	145,617	145,617
OTHER ASSETS		
Assets Held for Sale, net	497,842	497,842
Debenture Issuance Costs, net	24,970	0
TOTAL ASSETS	3,673,211	3,158,915

LIABILITIES AND SHAREHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	349,814	376,059
Accrued Expenses and Other Liabilities	982,848	905,944
Current Portion of Long Term Debt	719,380	452,249
	-----	-----
Total current liabilities	2,052,042	1,734,252

LONG TERM DEBT, net of current portion	1,103,038	1,074,438
DEFERRED LIABILITIES	24,819	24,819
SHAREHOLDERS EQUITY		
Preferred Stock	0	0
Preferred Stock Series A	1,999,920	1,999,920
Common Stock	218,424	388,897
Additional Paid In Capital	12,096,407	12,096,407
Treasury Stock	(761,150)	(761,150)
Dividend Distribution	(966,341)	(966,341)
Accumulated Deficit	(12,093,948)	(12,093,948)
Current Earnings	0	(338,379)
	-----	-----
Total Stockholders Equity	493,312	325,406
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3,673,211	3,158,915

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<TABLE>
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Restaurant Teams International, Inc.
Condensed Statement of Operations

	March 31, 2001 <C>	March 31, 2000 <C>
<S>		
REVENUES		
Restaurant Sales	428,802	1,434,598
Regulatory Services	0	629,246
Rental Income	60,978	78,662
	-----	-----
Total Revenues	489,780	2,142,506
OPERATING COSTS AND EXPENSES		
Cost of sales	169,160	431,660
Labor and benefits	323,724	581,370
Other operating expenses	235,656	231,680
General & Administrative Expenses	50,804	150,101
Depreciation & Amortization Expenses	22,500	116,979
	-----	-----
Total Operating Costs & Expenses	801,844	1,511,786
Operating Income (Loss)	(312,064)	630,720
NON-OPERATING (INCOME) EXPENSE		
Interest Expense	4,809	161,896
Loss on sale of assets	21,506	(28,140)
Other income	0	0
Total Non-Operating Income (Expense)	26,315	133,729
LOSS BEFORE INCOME TAXES	(338,379)	496,991

INCOME TAX BENEFIT	0	0
NET INCOME (LOSS)	(338,379)	496,991
NET LOSS PER COMMON SHARE, basic & diluted	(0.009)	0.04

</TABLE>

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Note 1. Basis of Presentation

The condensed financial statements of Restaurant Teams International, Inc. (the "Company") as of March 31, 2000 and March 31, 2001 have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. The Company operates one restaurants under the name Street Talk Cafe and owns three other facilities which it leases to other operators.

The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly state the operating results for the respective periods. However, these operating results are not necessarily indicative of the results expected for the full fiscal year. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principals have been omitted pursuant to such rules and regulations. The notes to the condensed financial statements should be read in conjunction with the notes to the financial statements contained in the Form 10-KSB for the fiscal year ended December 31, 2000. Company management believes that the disclosures are sufficient for interim financial reporting purposes.

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Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS ON PLAN OF OPERATION

Forward-Looking Statements

This Quarterly Report on Form 10-QSB includes "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which can be identified by the use of forward-looking terminology such as, "may", "believe", "expect", "intend", "anticipate", "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. All statements other than statements of historical fact included in this Form 10-QSB, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors with respect to any such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from the Company's expectations ("Cautionary Statements") are disclosed in this Form

10-QSB, including, without limitation, in conjunction with the forward-looking statements included in this Form 10-QSB, and in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include, but are not limited to, the newness of the Company, the need for additional capital and additional financing, the Company's limited restaurant base, lack of geographic diversification, the risks associated with expansion, a lack of marketing experience and activities, risks of franchising, seasonability, the choice of site locations, development and construction delays, need for additional personnel, increases in operating and food costs and availability of supplies, significant industry competition, government regulation, insurance claims and the ability of the Company to meet its stated business goals. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

The following discussion of the results of operations and financial condition should be the Financial Statements and related Notes thereto included herein.

Overview

The Company was organized in June 1990 as Bosko's, Inc. under the laws of the State of Delaware. In November 1992 the Company changed its name to Fresh'n Lite, Inc., and in November 1995 the Company merged into a Texas corporation also bearing the name Fresh'n Lite, Inc. On September 15, 1998 the Company changed its name to Restaurant Teams International, Inc. to more accurately reflect the direction management is taking with respect to positioning the Company as a multi-concept holding company. The Company currently owns and operates one Street Talk Cafe restaurant in The Colony, Texas.

Results of Operations

Comparison of Periods Ended March 31, 2000 and March 31, 2001.

Revenues. Operating revenues for period ended March 31, 2000 were \$2,142,506, with an operating profit of \$496,991.

Operating revenues for period ended March 31, 2001 were \$489,780, a 437% decrease from 2000, with an operating loss of \$338,379. The 437% decrease in revenues from 2001 is attributed to the fact that the Company sold its Tanner's operations and ceased to operate the Regulatory Solutions division.

Costs and Expenses. Costs and expenses for the period ended March 31, 2001 decreased by \$709,942 or 47% to \$801,844 as compared to \$1,511,786 for the corresponding period ended March 31, 2000. This was primarily due to the sale of the Tanner's restaurants and the lack of operating expenses associated with the Regulatory Solutions division. General and Administrative Costs in 2001 decreased by 66% to \$50,804 as compared to \$150,101 in 2000. This decrease was primarily due to the previous years development of infrastructure in anticipation of the future growth and acquisitions. Interest expense in 2001 decreased by \$157,060 to \$4,809 from \$161,869 in 2000.

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Net Income. The Company had a net loss for the period ended March 31, 2001 of \$338,379 compared to net profit of \$496,991 for the period ended March 31, 2000, representing (\$.009) and \$.04 per share, respectively.

Liquidity and Capital Resources

Historically, the Company has required capital to fund the operations and capital expenditure requirements of its Company-owned restaurants.

The Company is currently operating out of cash flow from operations however, management has determined that an immediate infusion of capital will be required for the Company to maintain its operations and to be in a position to make the acquisitions which have been targeted.

The Company's principal capital requirements are the funding of acquisitions.

PART II - OTHER INFORMATION

Item 2. CHANGES IN SECURITIES

None

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

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Hereafter set forth as an exhibit to the Form 10-QSB of Restaurant Teams International, Inc. is the following exhibit:

None

(b) Current Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Restaurant Teams International, Inc.
(Registrant)

Date: May 31, 2001

By: /s/ Stanley L. Swanson

Stanley L. Swanson, Chief Executive Officer
(Duly Authorized Signatory)

Date: May 31, 2001

By: /s/ Curtis A. Swanson

Curtis A. Swanson, Chief Financial Officer
and Executive Vice President
(Duly Authorized Signatory)

