

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

PROGRESSIVE TRAINING, INC.  
Form 10-Q  
April 14, 2009

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

Form 10-Q

(Mark One)

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended February 28, 2009

Transition Report under Section 13 or 15(d) of the Exchange Act for the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-52684

PROGRESSIVE TRAINING, INC.  
(Name of Registrant as Specified in Its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

32-0186005  
(I.R.S. Employer  
Identification No.)

17337 Ventura Boulevard, Suite 208  
Encino, California 91316  
Issuer's Telephone Number: (818) 759-1876  
(Address and phone number of principal executive offices)

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

Check whether the issuer is a "shell company" as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes  No

The Registrant has 2,280,000 shares of Common stock, par value \$.0001 per share issued and outstanding as of April 11, 2008.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Traditional Small Business Disclosure Format (check one) Yes  No

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

INDEX TO QUARTERLY REPORT  
ON FORM 10-Q

PART I	FINANCIAL INFORMATION	PAGE
		----
Item 1.	Condensed Balance Sheet February 28, 2009 (Unaudited) .....	4
	Statements of Operations	
	For the Three- and Nine-Month Periods Ended	
	February 28, 2009 and February 29, 2008 (Unaudited) .....	5
	Statements of Shareholders' Deficit	
	For The Nine Months Ended February 28, 2009 (Unaudited) .....	6
	Statements of Cash Flows	
	For the Nine Months Ended February 28, 2009 (Unaudited)	
	and February 29, 2008 (Unaudited) .....	7
	Notes to Financial Statements (Unaudited) .....	8
Item 2.	Management's Discussion and Analysis or Plan of Operation .....	11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk .....	19
Item 4T.	Controls and Procedures .....	19
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings .....	20
Item 2.	Unregistered Sale of Equity Securities and Use of Proceeds .....	20
Item 3.	Defaults upon Senior Securities .....	20
Item 4.	Submission of Matters to a Vote of Security Holders .....	20
Item 5.	Other Information .....	20
Item 6.	Exhibits .....	20
	Signatures .....	21

2

PART I  
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

(Financial Statements Commence on Following Page)

3

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

PROGRESSIVE TRAINING, INC.  
CONDENSED BALANCE SHEETS

	February 28, 2009	May 31, 2008
	----- (Unaudited)	-----
<b>ASSETS</b>		
Cash .....	\$ 1,699	\$ 1,610
Accounts receivable, net of allowance for doubtful accounts of \$4,000 and \$20,642, respectively .....	7,004	21,906
Property and equipment, Net of accumulated depreciation of \$11,709 .....	--	--
Prepaid expenses and other assets .....	1,946	1,946
	-----	-----
<b>TOTAL ASSETS</b> .....	<b>\$ 10,649</b>	<b>\$ 25,462</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>LIABILITIES:</b>		
Line of credit .....	\$ 38,315	\$ 38,009
Accounts payable and accrued expenses .....	62,890	95,353
Accrued interest due to shareholder .....	11,181	2,871
Note payable due to shareholder .....	177,293	81,055
	-----	-----
Total liabilities .....	289,679	217,288
	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' DEFICIT:</b>		
Common stock, par value - \$.0001; 100,000,000 shares authorized; 2,280,000 shares issued and outstanding .....	228	228
Additional paid-in capital .....	1,366,623	1,335,423
Accumulated deficit .....	(1,645,881)	(1,527,477)
	-----	-----
Total shareholders' deficit .....	(279,030)	(191,826)
	-----	-----
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b> ....	<b>\$ 10,649</b>	<b>\$ 25,462</b>
	=====	=====

See accompanying notes to financial statements.

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

FEBRUARY 28, 2009 AND FEBRUARY 29, 2008 (UNAUDITED)

	THREE MONTHS		NINE MONTHS	
	2009	2008	2009	2008
REVENUES .....	\$ 22,418	\$ 50,596	\$ 101,116	\$ 169,695
COST OF REVENUES .....	6,462	13,085	17,227	43,044
GROSS PROFIT .....	15,956	37,511	83,889	126,651
EXPENSES:				
Selling and marketing .....	888	18,976	28,763	62,611
General and administrative .	45,199	71,110	158,418	183,064
Research and development ...	--	426	36	4,577
Interest expense .....	4,967	1,594	14,276	4,042
Total expenses .....	51,054	92,106	201,493	254,294
LOSS BEFORE INCOME TAXES ...	(35,098)	(54,595)	(117,604)	(127,643)
INCOME TAXES .....	--	--	800	800
NET LOSS .....	\$ (35,098)	\$ (54,595)	\$ (118,404)	\$ (128,443)
BASIC AND DILUTED LOSS PER SHARE .....	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.06)
WEIGHTED AVERAGE SHARES OUTSTANDING .....	2,280,000	2,280,000	2,280,000	2,280,000

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC.  
CONDENSED STATEMENTS OF SHAREHOLDERS' DEFICIT  
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2009 (UNAUDITED)

COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	SHAREHOLDER (DEFICIT)	TOT
SHARES	AMOUNT			

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

BALANCE, MAY 31, 2008 ....	2,280,000	\$	228	\$ 1,335,423	\$(1,527,477)	\$ (19
CONTRIBUTED CAPITAL .....	--		--	31,200	--	3
NET LOSS .....	--		--	--	(118,404)	(11
	-----		-----	-----	-----	-----
BALANCE, FEBRUARY 28, 2009	2,280,000	\$	228	\$ 1,366,623	\$(1,645,881)	\$ (27
	=====		=====	=====	=====	=====

See accompanying notes to financial statements.

6

PROGRESSIVE TRAINING, INC.  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008 (UNAUDITED)

	2009	2008
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss .....	\$(118,404)	\$(128,443)
Adjustments to reconcile net loss to net cash used by operating activities:		
Contribution of capital for services .....	31,200	31,200
Provision for doubtful accounts .....	--	7,000
Changes in operating assets and liabilities:		
Accounts receivable .....	14,902	(13,619)
Accounts receivable, related party .....	--	5,701
Other assets .....	--	249
Accounts payable and accrued expenses .....	(24,153)	32,244
	-----	-----
Net cash used by operating activities .....	(96,455)	(65,668)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank overdraft .....	--	5,461
Net borrowings (repayments) from (to) shareholder ..	96,238	43,624
Net borrowings (repayments) on line of credit .....	306	4,525
	-----	-----
Net cash provided by financing activities .....	96,544	53,610
	-----	-----
NET INCREASE (DECREASE) IN CASH .....	89	(12,058)
CASH, BEGINNING OF PERIOD .....	1,610	12,058
	-----	-----
CASH, END OF PERIOD .....	\$ 1,699	\$ --
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest .....	\$ 1,975	\$ 2,667
Cash paid for income taxes .....	\$ 800	\$ 800

See accompanying notes to financial statements

PROGRESSIVE TRAINING, INC.

CONDENSED NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS BACKGROUND

Progressive Training, Inc. was incorporated under this name in Delaware on October 31, 2006. The Company is engaged in the development, production and distribution of training and educational video products and services.

2. INTERIM CONDENSED FINANCIAL STATEMENTS

FISCAL PERIODS

The Company's fiscal year-end is May 31. References to a fiscal year refer to the calendar year in which such fiscal year ends.

PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements for the nine months ended February 28, 2009 and February 29, 2008 have been prepared by the Company's management, without audit, in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, these interim condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise noted) necessary to present fairly the Company's financial position, results of operations and cash flows for the fiscal periods presented. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in these interim financial statements pursuant to the SEC's rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading. The financial position, results of operations and cash flows for the interim periods disclosed herein are not necessarily indicative of future financial results. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10K for the fiscal year ended May 31, 2008.

GOING CONCERN

THE ACCOMPANYING CONDENSED FINANCIAL STATEMENTS HAVE BEEN PREPARED ASSUMING THAT THE COMPANY WILL CONTINUE AS A GOING CONCERN, WHICH CONTEMPLATES THE REALIZATION OF ASSETS AND THE LIQUIDATION OF LIABILITIES IN THE NORMAL COURSE OF BUSINESS. THE COMPANY HAS INCURRED SIGNIFICANT LOSSES SINCE INCEPTION AND HAS A WORKING CAPITAL DEFICIT. THESE FACTORS RAISE SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN. THE FINANCIAL STATEMENTS DO NOT INCLUDE ANY ADJUSTMENTS RELATING TO THE RECOVERABILITY AND CLASSIFICATION OF RECORDED ASSETS AMOUNTS OR THE AMOUNTS AND CLASSIFICATION OF LIABILITIES THAT MIGHT RESULT FROM THIS UNCERTAINTY.

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

THE COMPANY HAS SURVIVED THROUGH BORROWINGS FROM SHAREHOLDERS AND THROUGH THE SALE OF COMPANY STOCK. THE COMPANY MUST RAISE FUNDS OR CONTINUE BORROWINGS IN THE NEAR FUTURE TO SURVIVE. THERE IS NO ASSURANCE THAT MANAGEMENT CAN FIND INVESTORS OR CONTINUE BORROWINGS TO COVER THE LOSSES GENERATED.

### 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 certain estimates and assumptions that affect the reported amounts and timing of revenue and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

### SIGNIFICANT CUSTOMERS

During the nine months ended February 28, 2009, the Company had one customer that accounted for 28% of the Company's net sales. During the nine months ended February 29, 2008 the Company had one customer that accounted for 16% of the Company's net sales. Foreign sales (primarily royalty income from Canada) amounted to \$44,530 and \$46,459 for the nine months ended February 28, 2009 and February 29, 2008, respectively.

### NET LOSS PER SHARE

Basic and diluted net loss per share has been computed by dividing net loss by the weighted average number of common shares outstanding during the applicable fiscal periods. At February 28, 2009 and February 29, 2008, the Company had no potentially dilutive shares.

### RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements presented in conformity with generally accepted accounting principles in the United States of America. SFAS No. 162 will be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, "The Meaning of, Present fairly in conformity with generally accepted accounting principles". The Company does not believe the implementation of SFAS No. 162 will have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 also includes an amendment to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" which applies to all entities with available-for-sale and trading securities. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company's adoption of SFAS No. 159 did not have a material impact on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." The Statement defines fair value, establishes a framework for measuring fair value

in generally accepted accounting principles and expands disclosures about fair value measurements, and does not require any new fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements. The Statement is effective for the fiscal years beginning after November 15, 2007. The Company adopted the provisions of SFAS No. 157 for the financial assets and liabilities recognized at fair value on a recurring and non-recurring basis effective March 1, 2008. FSP No. 157-2 delays the effective date of FAS Statement No. 157 for nonfinancial assets and nonfinancial liabilities. The adoption of SFAS No. 157 did not have a material impact on the Company's consolidated financial statements.

3. LINE OF CREDIT

The Company has a revolving line of credit with a bank which permits borrowings up to \$40,000. The line is guaranteed by the Company's President. Interest is payable monthly at 2.22% above the bank's prime rate of interest (5.47% at February 28, 2009). The line is callable upon demand.

4. COMMITMENTS AND CONTINGENCIES

The Company leases its operating facility for \$2,364 per month in Encino, California under an operating lease which expires August 31, 2009. Rent expense was \$22,209 and \$21,646 for the nine months ended February 28, 2009 and February 29, 2008, respectively.

5. RELATED PARTY TRANSACTIONS

The Company has paid a monthly fee to Howard Young, the son of Buddy Young (the Company's Chief Executive Officer) for administrative and sales consultation. The fee is allocated equally between General and Administrative and Selling and Marketing expense in the Statement of Operations for the nine months ended February 28, 2009 and February 29, 2008. Total expense was \$29,120 and \$75,600 for the nine months ended February 28, 2009 and February 29, 2008, respectively.

We have an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2009. The note is secured by all our right, title and interest in and to our video productions and projects, regardless of their state of production, including all related contracts, licenses, and accounts receivable. Any unpaid principal and interest under the Note will be due and payable on December 31, 2009. As of February 28, 2009, the Company has borrowed \$177,293 from Mr. Young.

6. SUBSEQUENT EVENT

On March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$175,000 of debt due to the Company's President.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

You should read this section together with our financial statements and related notes thereto included elsewhere in this report. In addition to the historical information contained herein, this report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are not



## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. Certain statements contained in this Form 10, including, without limitation, statements containing the words "believe," "anticipate," "estimate," "expect," "are of the opinion that" and words of similar import, constitute "forward-looking statements." You should not place any undue reliance on these forward-looking statements.

You should be aware that our results from operations could materially be effected by a number of factors, which include, but are not limited to the following: economic and business conditions specific to the management and general workforce training industry; competition and the pricing and of products offered by us and our competitors; changes in personnel training methods, i.e. a decision by companies to allocate more of their budgets to computer based training, rather than purchasing videos for training purposes; our ability to control costs and expenses, and access to capital. There may be other factors not mentioned above or included elsewhere in this report that may cause actual results to differ materially from any forward-looking information.

### INTRODUCTION.

The Company's principal customers are companies having 100 or more employees with an established training department. In many cases, training departments are part of and supervised by the company's human resource department. In order to maintain our relationship with these customers, we must work closely with them to make sure that we are in a position to satisfy their training requirements. We strive to accomplish this by being up to date and knowledgeable about the content of the many videos currently available. This product awareness provides us the opportunity to assist the customer in quickly and accurately selecting videos that focus on subject matter that will fulfill their particular training needs.

We face competition from numerous other providers of training videos. We believe many of these competitors are larger and better capitalized than the Company. Additionally, if the Company is to grow its business by financing and producing additional training videos, it will require additional capital. To date our cash flows from operations have been minimal. Other than from operations and our line of credit, our only source of capital is an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2009. Repayment is to be made when funds are available with the balance of principal and interest due December 31, 2009. As of February 28, 2009, the Company has borrowed \$177,293 from Mr. Young. We expect that the cash flow from operations, together with the available funds under the above

referenced agreement with our president will be sufficient to fulfill our capital requirements through calendar year 2009.

Our efforts during the next 12 months will mainly be focused on, increasing revenue by (a) seeking to retain additional free lance commissioned sales representatives, (b) improve the functionality of our website by adding features such as providing customers the ability to preview videos online, and by enhancing the website's search capabilities and user interface, and (c) by allocating a greater portion of available cash flow for both the emailing and direct mailing of marketing materials such as catalogues and notices of special

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

discounts to our customers. Further, in all probability, we will attempt to raise additional funds through the sale of equity, which may have a substantial dilutive effect on the holdings of existing shareholders.

### CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In consultation with our Board of Directors, we have identified two accounting policies that we believe are key to an understanding of our financial statements. These are important accounting policies that require management's most difficult, subjective judgments.

The first critical accounting policy relates to revenue recognition. We recognize revenue from product sales upon shipment to the customer. Rental income is recognized over the related period that the videos are rented. Based on the nature of our product, we do not accept returns. Damaged or defective product is replaced upon receipt. Such returns have been negligible since the Company's inception.

The second critical accounting policy relates to production costs. The Company periodically incurs costs to produce new management training videos and to enhance current videos. Historically, the Company has been unable to accurately forecast revenues to be earned on these videos and has, accordingly, expensed such costs as incurred.

### RESULTS OF OPERATIONS

#### GENERAL

Progressive Training's current core business is the development, production and distribution of management and general workforce training videos for use by businesses throughout the world. In addition to distributing videos produced by us, we market and distribute training videos financed and produced by other producers, which currently account for approximately 31% of our sales revenues.

Workforce training industry trends have demonstrated that the amount of money allocated by companies for the training of their employees varies according to general economic conditions. In many cases in a good economy training department

budgets are increased, and as a result more funds are available to purchase training videos and other employee training products. Conversely, when economic conditions are not good companies tend to cut back on the amount of funds spent on the purchase of workforce training products. We anticipate that general economic conditions will continue to have a direct effect on our revenues.

In addition to distributing videos produced by us, we market and distribute training videos financed and produced by other producers, which currently account for approximately 31% of our revenues. Workforce training industry trends have demonstrated that the amount of money allocated by companies for the training of their employees varies according to general economic conditions. In many cases in a good economy training department budgets are increased, and as a result more funds are available to purchase training videos and other employee training products. Conversely, when economic conditions are not good companies

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

tend to cut back on the amount of funds spent on the purchase of workforce training products. We anticipate that general economic conditions will continue to have a direct effect on our revenues.

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

### SELECT FINANCIAL INFORMATION

	2009 -----	2008 -----
Statements of Operation Data: -----		
Revenue .....	\$ 22,418	\$ 50,596
Cost of revenues .....	6,462	13,085
Gross profit .....	15,956	37,511
Total expenses .....	51,054	92,106
Net income (loss) after taxes .....	(35,098)	(54,595)
Net income (loss) per share .....	(0.02)	(0.02)
Balance Sheet Data: -----		
Total assets .....	\$ 10,649	\$ 21,034
Total liabilities .....	\$ 289,679	\$ 201,874
Stockholders' deficit .....	\$ (279,030)	\$ (180,840)

### REVENUES

Our revenues for the three months ended February 28, 2009 were \$22,418. Revenues for the three months ended February 29, 2008, were \$50,596. This represents a decrease of \$28,178. This decrease in revenues was caused by three major factors: (1) a general slowdown in the economy causing organizations to trim their expenditures for personnel training, (2) the aging of the training videos currently in our library, and (3) the increased use by organizations of internet based training. Product sales made up approximately 56% of the total revenue. Royalties earned from the sales of our product amounted to approximately \$6,288 during the three months ended February 28, 2009 and \$17,854 during the three months ended February 29, 2008. Rental of videos were less than 1% of our sales.

13

We expect the rentals of videos to continue to represent approximately the same percentage of revenues for the foreseeable future. Sales of videos produced by other companies accounted for approximately 31% of product sales.

### COST OF REVENUES

The cost of revenues during the three months ended February 28, 2009, was \$6,462 as compared to \$13,085 during the three months ended February 29, 2008. The cost of revenues, as a percent of sales was 29% during the three months ended February 28, 2009 and 26% during the three months ended February 29, 2008. Although there may be occasional variances, we anticipate that the cost of goods sold (excluding production costs expensed) as a percentage of total revenues will continue to generally be approximately within the 15 to 35 percent range.

During most periods approximately 50% of our revenue is generated from the sale of training videos produced by companies with which we have distribution

Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

contracts with. The terms of these distribution contracts vary with regard to percentage of discount we receive. These discounts range from a low of 35% to a high of 50% of gross receipts. As we cannot predict which companies will produce better selling videos in any one period, we cannot predict future product mix. However, although there may be some variances, we anticipate that the cost of goods sold as a percentage of revenues derived from the sale of third party videos will generally be approximately within the 15 to 30 percent range.

EXPENSES

Selling and marketing expenses were \$888 for the three months ended February 28, 2009 as compared to \$18,976 for the three months ended February 29, 2008. This represents a decrease of \$18,088. The primary reason for the decrease is due to reduced consulting expenses incurred to Howard Young (allocated equally between Selling and marketing expenses and General and Administrative expenses). Our selling and marketing costs are directly affected by the number of new training products we introduce into the marketplace and the product mix of our sales.

General and administrative expenses for the three months ended February 28, 2009 were \$45,201 as compared to \$71,110 for the three months ended February 29, 2008. This represents an decrease of \$25,909. This is a result of a decrease in our accounting and professional services to \$4,681 during the three months ended February 28, 2009 from \$22,534 during the three months ended February 29, 2008. During the three months ended February 28, 2009, and February 29, 2008 we recorded \$10,400 of officer's compensation, as additional paid in capital, respectively.

Research and development expenses were \$-0-for the three months ended February 28, 2009. We recorded \$426 for research and development expenses for the three months ended February 29, 2008. We anticipate that we will incur minimal research and development costs as we evaluate and develop new training video products during the next fiscal period.

Interest expense totaled \$4,967 for the three months ended February 28, 2009 and \$1,594 for the three months ended February 29, 2008. Interest expense relates to our line of credit and borrowings from shareholder. On February 28, 2009 our total term debt outstanding was \$215,608 as compared to \$83,149 on February 29, 2008. This change is due to the increased borrowings on our line of credit and additional advances from our shareholder.

NET LOSS

As a result of the aforementioned, our net loss was \$35,098 for the three months ended February 28, 2009 as compared to a net loss of \$54,595 for the three months ended February 29, 2008.

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

SELECT FINANCIAL INFORMATION

	2009	2008
	-----	-----
Statements of Operation Data:		
-----		
Revenue .....	\$ 101,116	\$ 169,695

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

Cost of revenues .....	17,227	43,044
Gross profit .....	83,889	126,651
Total expenses .....	202,293	255,094
Net loss after taxes .....	(118,404)	(128,443)
Net loss per share .....	(0.05)	(0.06)

### Balance Sheet Data:

-----

Total assets .....	\$ 10,649	\$ 21,034
Total liabilities .....	\$ 289,679	\$ 201,874
Stockholders' deficit .....	\$(279,030)	\$(180,840)

### REVENUES

Our revenues for the nine months ended February 28, 2009 were \$101,116. Revenues for the nine months ended February 29, 2008 were \$169,565. This represents a decrease of \$68,449. This decrease in revenues was caused by three major factors: (1) a general slowdown in the economy causing organizations to trim their expenditures for personnel training, (2) the aging of the training videos currently in our library, and (3) the increased use by organizations of internet based training. Product sales made up approximately 56% of the total revenue. Royalties earned from the sales of our product amounted to \$44,530 during the nine months ended February 28, 2009 and \$46,459 during the nine months ended February 29, 2008. Rental of videos were less than 1% of our sales. We expect the rentals of videos to continue to represent approximately the same percentage of revenues for the foreseeable future. Sales of videos produced by other companies accounted for approximately 31% of product sales.

15

### COST OF REVENUES

The cost of revenues during the nine months ended February 28, 2009, was \$17,227 as compared to \$43,044 during the nine months ended February 29, 2008. The cost of revenues, as a percent of sales was 17% during the nine months ended February 28, 2009 and 25% during the nine months ended February 29, 2008. Although there may be occasional variances, we anticipate that the cost of goods sold (excluding production costs expensed) as a percentage of total revenues will continue to generally be approximately within the 15 to 35 percent range.

During most periods approximately 50% of our revenue is generated from the sale of training videos produced by companies with which we have distribution contracts with. The terms of these distribution contracts vary with regard to percentage of discount we receive. These discounts range from a low of 35% to a high of 50% of gross receipts. As we cannot predict which companies will produce better selling videos in any one period, we cannot predict future product mix. However, although there may be some variances, we anticipate that the cost of goods sold as a percentage of revenues derived from the sale of third party videos will generally be approximately within the 15 to 30 percent range.

### EXPENSES

Selling and marketing expenses were \$28,763 for the nine months ended February 28, 2009 as compared to \$62,611 for the nine months ended February 29, 2008. This represents a decrease of \$33,848. The primary reason for the decrease is due to reduced consulting expenses incurred to Howard Young (allocated equally between Selling and marketing expenses and General and Administrative expenses).

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

In addition, we experienced a decrease in our commission expense to \$4,570 during the nine months ended February 28, 2009 from \$9,402 during the nine months ended February 29, 2008. Our selling and marketing costs are directly affected by the number of new training products we introduce into the marketplace and the product mix of our sales.

General and administrative expenses for the nine months ended February 28, 2009 were \$158,414 as compared to \$183,064 for the nine months ended February 29, 2008. This represents a decrease of \$24,560. This decrease is mainly the result of a decrease in our professional and outside services in the amount of \$23,230, to \$67,403 during the nine months ended February 28, 2009 from \$90,633 during the nine months ended February 29, 2008.

Research and development expenses were \$36 for the nine months ended February 28, 2009, as compared to \$4,577 for the nine months ended February 29, 2008. We anticipate that we will incur minimal research and development costs as we evaluate and develop new training video products during the next fiscal period.

Interest expense totaled \$14,276 for the nine months ended February 28, 2009 and \$4,042 for the nine months ended February 29, 2008. Interest expense relates to our line of credit and borrowings from our principal shareholder. On February 28, 2009 our total term debt outstanding was \$215,608 as compared to \$83,149 on February 29, 2008.

16

### NET LOSS

As a result of the aforementioned, our net loss was \$118,404 for the nine months ended February 28, 2009 and \$128,443 for the nine months ended February 29, 2008.

### PLAN OF OPERATION

Until March 1, 2007, the Company's was a wholly owned subsidiary of Dematco, Inc. On that date Dematco transferred to us all of its assets and liabilities related to the production and distribution of workforce training videos.

We will continue to devote our limited resources to marketing and distributing workforce training videos and related training materials. At this time these efforts are focused on the sale of videos produced by third parties. Approximately 60% of our revenue is derived from these sales. Additionally, we will continue to market videos produced by us, Among these are "The Cuban Missile Crisis: A Case Study In Decision Making And Its Consequences," "What It Really Takes To Be A World Class Company," "How Do You Put A Giraffe In The refrigerator?." In addition, we anticipate spending some of our resources on the production and marketing of additional training videos produced by us. The amount of funds available for these expenditures will be determined by cash flow from operations, as well as, our ability to raise capital through an equity offering or further borrowing from our President, and other traditional borrowing sources. There can be no assurance that we will be successful in these efforts.

Management expects that sales of videos and training materials, along with available funds under an agreement with its President and majority shareholder should satisfy our cash requirements through December 31, 2009. The Company's marketing expenses and the production of new training videos will be adjusted accordingly.

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

We currently have one full time employee who manages our marketing and sales efforts. Additionally we have two part time employees who assist with the administration functions. We mainly utilize outside services to handle our accounting and other administrative requirements, and commissioned sales personnel to handle the selling and marketing of our videos. Mr. Buddy Young, our Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors, works on a part-time basis. During the nine months ended February 28, 2009, Mr. Young contributed non-cash compensation (representing the estimated value of services contributed to the Company) of \$31,200.

### LIQUIDITY AND CAPITAL RESOURCES

Our working capital deficit was \$279,030 at February 28, 2009.

Our cash flows used by operations were \$96,455 for the nine months ended February 28, 2009. This is the result of our net loss of \$118,404 along with the reduction of accounts payable and accrued expenses in the amount of \$24,153. These were partially offset by the decrease in accounts receivable of \$14,902.

17

Our cash flows used by operations were \$65,688 during the nine months ended February 29, 2008. This is the result of our net loss in the amount of \$128,443, along with the increase in accounts receivable of \$13,619 offset by a reduction in our accounts payable of \$32,244.

During the nine months ended February 28, 2009 and February 29, 2008 we did not use any cash for investing activities.

Our cash flows provided by financing activities were \$96,544 for the nine months ended February 28, 2009. This is primarily the result of borrowing from a shareholder in the amount of \$96,238.

Our cash flows provided by financing activities were \$53,610 for the nine months ended February 29, 2008. This is the result of borrowing from a shareholder in the amount of \$43,624 along with borrowing on our line of credit in the amount of \$4,525 and a bank overdraft in the amount of \$5,461.

We currently have no material commitments at this time to fund development of new videos or to acquire any significant capital equipment.

We are a company with a limited operating history and a history of net losses.

We had a cash balance of \$1,699 on February 28, 2009. We have an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through December 31, 2009. We owed our President a total of \$177,293 in principal under the agreement as of February 28, 2009. The note is collateralized by all of our right, title and interest in and to our video productions and projects, regardless of their stage of production, including all related contracts, licenses, and accounts receivable. Any unpaid principal and interest under the Note will be due and payable on June 30, 2010.

The Company has a revolving line of credit with Bank of America. This line of credit permits the Company to borrow up to \$40,000. The line of credit is guaranteed by the Company's President. Interest is payable monthly at 2.22% above the bank's prime rate of interest (5.47% at February 28, 2009). The line of credit does not require the Company to meet performance criteria or maintain any minimum levels of income or assets. It does require the Company to maintain

## Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

insurance, maintain a modern system of accounting in accordance with generally accepted accounting principles ("GAAP") and to comply with the law. The Company is in compliance with the terms and conditions of the line of credit. The outstanding balance as of February 28, 2009, was \$38,315.

If revenues from the sale of our videos do not provide sufficient funds to maintain operations, then we believe the raising of funds through further borrowings from our President or the sale of additional equity will be sufficient to satisfy our budgeted cash requirements through December 31, 2009. Additionally, we may attempt a private placement sale of our common stock. Further, our ability to pursue any business opportunity that requires us to make cash payments would also depend on the amount of funds that we can secure from these various sources.

18

If during the next twelve months our business remains depressed, mainly as a result of general economic conditions, and we are unable to raise the necessary funds through the sale of additional equity, or from traditional borrowing sources, we may be forced to further scale back our operations, or to totally abandon our business plan of producing and distributing workforce training videos, and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholder to be severely diluted.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Based on the nature of our current operations, we have not identified any issues of market risk at this time.

### ITEM 4. CONTROLS AND PROCEDURES

The principal executive officer and principal financial officer of the Company, who are the same person ("the Certifying Officer") with the assistance of advisors, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in section 240.13a-14(c) and 240.15d-14(c) under the Exchange Act) within 90 days prior to the filing of this annual report. Based upon the evaluation, the Certifying Officer concludes that the Company's disclosure controls and procedures are effective in timely alerting management to material information relative to the Company which is required to be disclosed in its periodic filings with the SEC.

There were no significant changes in the Company's internal controls or in other factors during the quarter that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

19

## PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS      None.



Edgar Filing: PROGRESSIVE TRAINING, INC. - Form 10-Q

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES None.

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

During the quarter ended February 28, 2009, there were no matters submitted to the Company's security holders.

ITEM 5. OTHER INFORMATION None.

ITEM 6. EXHIBITS

31.1 Certification of CEO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

20

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.

PROGRESSIVE TRAINING, INC.  
(Registrant)

Dated: April 13, 2009

/S/ BUDDY YOUNG

-----  
Buddy Young, President and Chief  
Executive Officer

21