

**UNITED STATES
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, 2004

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

For the transition period from _____ to _____

000-49600

(Commission file number)

SIGNATURE LEISURE, INC.

(Exact name of small business issuer as specified in its charter)

Colorado

(State or other jurisdiction
of incorporation or organization)

50-0012982

(IRS Employer
Identification No.)

1111 N. Orlando Avenue

Winter Park, Florida 32789

(Address of principal executive offices)

(407) 970-8460

(Issuer's telephone number)

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

☒ 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.

The number of shares outstanding of each of the issuer's classes of common equity as of
March 31, 2004 - 44,257,190 shares of common stock
 0 shares of preferred stock

The common stock of Signature Leisure, Inc. is traded on the NASDAQ Bulletin Board under the symbol "SGLI".

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

Signature Leisure, Inc.

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SIGNATURE LEISURE, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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SIGNATURE LEISURE, INC.
CONDENSED BALANCE SHEET
(Unaudited)
March 31, 2004

Assets

Current assets:

Cash	\$ 30,122
Accounts receivable	13,869
Inventory, at cost	<u>46,382</u>
Total current assets	<u>90,373</u>

Liabilities and Shareholders' Deficit

Current Liabilities

Accounts payable:	
Related party (Note 2)	\$ 485
Trade	12,040
Accrued salaries (Note 2)	187,500
Line of credit (Note 3)	<u>39,184</u>
Total current liabilities	<u>239,209</u>

Shareholders' deficit (Note 5)

Preferred stock, \$.001 par value, 10,000,000 shares authorized; -0- shares issued and outstanding	-
Common Stock, \$.001 par value, 50,000,000 shares authorized; 44,257,190 shares issued and outstanding	4,426
Additional paid-in capital	1,570,779
Outstanding stock options – 600,000	125,000
Retained loss	<u>(1,849,041)</u>
Total shareholders' deficit	<u>(148,836)</u>
	<u>\$ 90,373</u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For The Three Months Ended March 31,	
	<u>2004</u>	<u>2003</u>
Sales	\$ 60,772	\$ -
Cost of sales	<u>65,682</u>	<u>-</u>
Gross profit (deficit)	(4,910)	-
Operating expenses:		
Stock-based compensation (Note 5):		
Consulting services	289,480	10,800
Contributed rent and services (Note 2)	-	69,305
General and administrative	<u>111,641</u>	<u>4,168</u>
Operating expenses	<u>401,121</u>	<u>84,273</u>
Operating loss	(406,031)	(84,273)
Interest expense	<u>(98)</u>	<u>-</u>
Loss before income taxes	(406,129)	(84,273)
Provision for income taxes (Note 4)	<u>-</u>	<u>-</u>
Net loss	<u>\$ (406,129)</u>	<u>\$ (84,273)</u>
Weighted average loss per share:		
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average number of shares of common stock outstanding	<u>43,459,857</u>	<u>23,730,000</u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Net cash used in operating activities	\$ <u>(71,391)</u>	\$ <u>(22,471)</u>
Cash Flows from Financing Operations:		
Proceeds from officer advances	<u>-</u>	<u>8,168</u>
Net cash provided by financing activities	<u>-</u>	<u>8,168</u>
Net change in cash	(71,391)	(14,303)
Cash at beginning of period	<u>101,513</u>	<u>14,303</u>
Cash at end of period	\$ <u><u>30,122</u></u>	\$ <u><u>-</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u><u>98</u></u>	\$ <u><u>320</u></u>
Income Taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Basis of presentation

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2003, notes and accounting policies thereto included in the Company's Annual Report on Form 10-KSB as filed with the SEC.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Interim financial data presented herein are unaudited.

Note 2: Related Party

Commencing July 1, 2003, the Company began accruing salary for its president based on an employment agreement executed during the three months ended September 30, 2003. As of March 31, 2004, accrued salaries totaled \$187,500.

During the three months ended March 31, 2004, the president paid expenses on behalf of the Company totaling \$485, which was not repaid as of March 31, 2004. The \$485 is included in the accompanying unaudited condensed financial statements as accounts payable, related party.

Officers contributed office space to the Company for the three months ended March 31, 2003. The office space was valued at \$2,685 per month based on the market rate in the local area and is included in the accompanying unaudited condensed financial statements as contributed rent expense with a corresponding credit to additional paid-in capital.

Officers contributed time and effort to the Company valued at \$61,250 for the three months ended March 31, 2003. The time and effort was valued by the officers at \$125 per hour based on the level of services performed and is included in the accompanying unaudited condensed financial statements as contributed services with a corresponding credit to additional paid-in capital.

Note 3: Lines of Credit

The Company has two \$50,000 lines of credit of which \$60,816 was unused at March 31, 2004. One credit line carries a 4.50% interest rate and the other carries a variable interest rate equal to 3.00% over the prime rate. Advances under the credit lines are payable within 30 days of disbursement.

SIGNATURE LEISURE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 4: Income Tax

The Company records its income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0- income taxes.

Note 5: Shareholders' Equity

Following is a schedule of changes in shareholders' equity for the three months ended March 31, 2004:

	<u>Common stock</u>		<u>Additional</u>	<u>Outstanding</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Par Value</u>	<u>Paid-In</u>	<u>Stock</u>	<u>Loss</u>	<u>Total</u>
			<u>Capital</u>	<u>Options</u>		
Balance, January 1, 2004.....	38,465,190	\$ 3,847	\$ 1,281,878	\$ 125,000	\$ (1,442,912)	\$ (32,187)
Common stock issued to unrelated third parties in exchange for consulting services.....	5,792,000	579	288,901	-	-	289,480
Net loss for the three months ended March 31, 2004.....	-	-	-	-	(406,129)	(406,129)
Balance, March 31, 2004	<u>44,257,190</u>	<u>\$ 4,426</u>	<u>\$ 1,570,779</u>	<u>\$ 125,000</u>	<u>\$ (1,849,041)</u>	<u>\$ (148,836)</u>

During the three months ended March 31, 2004, the Company issued 5,792,000 shares of its common stock to consultants in exchange for business consulting services. The shares issued were valued based on the market value of the Company's common stock on the transaction dates, ranging from \$.02 to \$.065 per share. Stock-based compensation expense of \$289,480 was recognized in the accompanying condensed financial statements for the three months ended March 31, 2004.

SIGNATURE LEISURE, INC.

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement may include projections of future results and “forward looking statements” as that term is defined in 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”). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Financial Summary

Results of Operations for the Three-Months Ended March 31, 2004

The net loss from operations of \$406,031 for the three-months ended March 31, 2004 was primarily comprised of stock-based compensation for business consulting services of \$289,480 and general and administrative expenses of \$111,641. Sales for the period totaled \$60,772.

Results of Operations for the Three-Months Ended March 31, 2003

The net loss from operations of \$84,273 for the three-months ended March 31, 2003 was comprised of contributed rent and services of \$69,305; stock-based compensation for consulting services of \$10,800; and general and administrative expenses of \$4,168. Revenues for the period were \$-0-.

Liquidity and Capital Resources

For the Three-Months ended March 31, 2004.

During the three-month period ended March 31, 2004, the Company's cash position decreased by \$71,391. Primary factor contributing to this decrease was cash used in the Company's operations.

For the Three-Months ended March 31, 2003.

During the three-month period ended March 31, 2003, the Company's cash position decreased by \$14,303. The Company used \$22,471 in its operations and received \$8168 from financing operations. Cash at the end of this period was \$-0-.

SIGNATURE LEISURE, INC.

Management Plan of Operations

Signature Leisure, Inc. (formerly Valde Connections, Inc.) (formerly JDLPhotos.com, Inc.), since the Company's inception, has had insufficient revenues to support operations. Revenue from sales was generally sufficient to cover the costs of goods and selling expenses, but never developed to a sufficient level to support the officers' salaries and marketing expenses.

On January 20, 2003, the Board of Directors determined to alter the business direction from retail sales of matted and framed photographs (JDLPhotos.com, Inc.) to providing services, sales and marketing in the hair salon, spa and modeling industries (Signature Leisure, Inc. (formerly Valde Connections, Inc.)).

Due to the difficulty the Company had trying to complete agreements for spa operations; management began considering other opportunities to establish revenue for the Company.

In January 2004 Signature Leisure received a license from the State of Florida's Department of Highway Safety and Motor Vehicles to operate as an independent dealer in motor vehicles. Signature Leisure has registered with the State of Florida to enable the use of the name "Signature Auto" to conduct business operations within the State of Florida.

In February 2004 Signature Leisure completed the registration process to become buyers and sellers of vehicles at five Central Florida vehicle auction facilities.

The Company also received of a line of credit from Automotive Finance Corporation, an Allete Company. This line of credit is a standard "floor plan" typical for the auto sales industry.

Signature Leisure, Inc., d.b.a. Signature Auto is presently operating a pre-owned automobile dealership at 1111 N. Orlando Avenue, Winter Park, Florida 32789.

Management intends to focus on the operations of auto sales in the near future and develop sales to a volume level capable of sustaining operations. Sales of approximately 20 to 25 vehicles per month should be sufficient to maintain the operations of the auto dealership.

The current facilities will accommodate approximately 35 vehicles with office and showroom space. Our current flooring plan is not sufficient to fully stock the facility. The flooring plan will be expanded as sales develop increasing the available inventory.

Management believes that cash reserves are sufficient to maintain operations thru the second quarter. Should sales fail to continue to develop during that period, Signature Leisure will require additional funding to maintain operations. Financing could come from additional equity financing or loans from officers but no commitment to provide additional funding from any source is current in place.

Item 3. Controls and Procedures

Signature Leisure, Inc. management, including the Principal Executive Officer and Principal Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) and 15d-14(c). This evaluation was conducted within 90 days prior to the filing of this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this annual report has been made known to them in a timely fashion. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date the Principal Executive Officer and Principal Financial Officer completed their evaluation.

SIGNATURE LEISURE, INC.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

No legal proceedings were initiated or served on the Company in the period ending March 31, 2004.

Consulting Agreement

On September 26, 2003, the Company signed an agreement to hire a consultant that would provide business combinations and merger and acquisition services to the Company. During October 2003, after signing the agreement and paying a \$50,000 retainer, the Company determined that the consultant was not acting in the best interests of the Company and not performing its duties as required under the agreement. On October 28, 2003, the Company terminated the consultant's agreement. The Company is considering legal action in order to reclaim the \$50,000 retainer. No actions have been filed by any party at this time.

Item 2. Change in Securities and Use of Proceeds

The following Equity Securities issued or sold during the period covered by this report were not registered under the Securities Act:

During the three months ended March 31, 2004, the Company issued 5,792,000 shares of its common stock to consultants in exchange for business consulting services. The shares issued were valued based on the market value of the Company's common stock on the transaction dates, ranging from \$.02 to \$.065 per share. Stock-based compensation expense of \$289,480 was recognized in the accompanying condensed financial statements for the three months ended March 31, 2004.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K

On January 27, 2004 Signature Leisure, Inc. filed a Report on Form 8-K with the Securities and Exchange Commission re: Other Events – Company Press Release, announcing Signature Auto.

Exhibits

Signature Leisure, Inc. includes herewith the following exhibits.

- 31.1 Certification of Principal Executive Officer pursuant to Section 302
- 32.1 Certification of Principal Executive Officer pursuant to Section 1350

SIGNATURE LEISURE, INC.

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.

Signature Leisure, Inc.

By: /s/ Stephen W. Carnes, President

Stephen W. Carnes, President,
Chief Executive Officer and Principal Accounting Officer

Date: May 12, 2004