

NITCHES INC
Form 10-Q/A
December 20, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q/A
Amendment No. 1

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

For the quarterly period ended: May 31, 2006

Commission File Number 0-13851

NITCHES, INC.

(Exact name of registrant as specified in its charter)

California
(State of Incorporation)

95-2848021
(I.R.S. Employer Identification No.)

10280 Camino Santa Fe, San Diego, California 92121
(Address of principal executive offices)

Registrant's telephone number: (858) 625-2633

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, no par value

**Name of each
exchange on which registered**
NASDAQ Capital Market

Indicate by check mark whether the registrant (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 reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 20, 2006 the Registrant had 4,653,507 shares of common stock outstanding.

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EXPLANATORY NOTE

We filed our Quarterly Report on Form 10-QSB for the period ended May 31, 2006 (the "Original Filing") with the Securities and Exchange Commission on July 21, 2006. In that Original Filing we stated under Part I, Item 4 that, in the opinion of our Chief Executive and Financial Officer, our disclosure controls and procedures were effective to ensure that material information related to our company was recorded, processed and reported within the time periods specified by the Securities and Exchange Commission (the "SEC"). Our Chief Executive and Financial Officer is revising that opinion in light of the fact that we have extended the filing date for each of our Quarterly Reports on Form 10-Q during our fiscal year ended August 31, 2006, and have filed for an extension of time in which to file our Annual Report on Form 10-K for that fiscal year. In addition, our Original Filing omitted to include the disclosure of changes in our internal controls over financial reporting during the period. We are filing this Amendment No. 1 on Form 10-Q/A to correct those disclosures.

This Amendment No. 1 on Form 10-QSB/A amends and restates Item 4. Controls and Procedures, of our Original Filing, solely as a result of, and to reflect, the impact of the items discussed in this Explanatory Note.

Pursuant to the rules of the Securities and Exchange Commission, we have included currently-dated certifications from our Chief Executive and Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Except as otherwise specifically noted, all information contained herein is as of May 31, 2006 and does not reflect events or changes that have occurred subsequent to that date.

PART I - FINANCIAL INFORMATION

ITEM 4. Controls and Procedures

(a) *Disclosure Controls and Procedures.* Disclosure controls and procedures are controls and other procedures that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that a company files or submits under the Exchange Act is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We conducted an evaluation, under the supervision and with the participation of our Chief Executive and Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive and Financial Officer originally concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act, and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We have re-evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that re-evaluation, our Chief Executive and Financial Officer concluded that as of May 31, 2006, the design and operation of our disclosure controls and procedures were not effective as of May 31, 2006. This conclusion was based on identification of a weakness with regard to our ability to timely process and report information during the period. That weakness was exacerbated by disclosure requirements associated with our acquisitions of Saguario LLC and the assets of Taresha LLC, which

were reported as subsequent events.

(b) *Changes In Internal Controls Over Financial Reporting.* No changes were made in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recent fiscal quarter that has materially affected, or is likely to materially affect, our internal control over financial reporting.

(c) *Limitations On Disclosure Controls And Procedures.* Our management, including our Chief Executive and Financial Officer, does not expect that our disclosure controls or internal controls over financial reporting will prevent

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all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 6. Exhibits

- 31.1 Certification required under Section 302
- 32.1 Certification required under Section 906

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SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

NITCHES, INC.
Registrant

December 20, 2006

By: /s/ Steven P. Wyandt
Steven P. Wyandt
As Principal Financial Officer and on
behalf of the Registrant

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EXHIBIT INDEX

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Exhibit

Number

Exhibit

31.1

Certification required under Section 302

32.1

Certification required under Section 906