UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

OR

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

For the Transition Period from _______________ to ________________

Commission File Number: 000-52593

**SAKER AVIATION SERVICES, INC.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Nevada<br>(State or other jurisdiction of incorporation or organization) | 87-0617649<br>(I.R.S. Employer Identification No.) |
| 20 South Street, Pier 6 East River<br>New York, NY<br>(Address of principal executive offices) | 10004<br>(Zip Code) |

(212) 776-4046
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

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

Title of each class
Common Stock, $0.03 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. ☐

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company x

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

As of June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the close of such business day was $1,543,549.

As of March 29, 2019, the Registrant had 1,006,860 shares of its Common Stock, par value $.03 per share, issued and outstanding.

Documents incorporated by reference: None

**SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES**
**FORM 10-K**
**INDEX**



THIS FORM 10-K CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN SUCH FORWARD-LOOKING STATEMENTS. CERTAIN FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE ARE DISCUSSED IN ITEM 1A, "RISK FACTORS" AND ITEM 7, "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION" OF THIS ANNUAL REPORT ON FORM 10-K. SEE ALSO "FORWARD-LOOKING STATEMENTS" WITHIN SUCH ITEM 7 OF THIS ANNUAL REPORT ON FORM 10-K.

## PART I

### ITEM 1. BUSINESS

**General**

Saker Aviation Services, Inc. (“we”, “us”, “our”) is a Nevada corporation. Our common stock, $0.03 par value per share (the “common stock”), is quoted on the OTCQB Marketplace (“OTCQB”) under the symbol “SKAS”. Through our subsidiaries, we operate in the aviation services segment of the general aviation industry, in which we serve as the operator of a heliport, a fixed base operation (“FBO”), a provider of aircraft maintenance and repair services (“MRO”), and as a consultant for a seaplane base that we do not own. FBOs provide ground-based services, such as fueling and aircraft storage for general aviation, commercial and military aircraft, and other miscellaneous services.

We were formed on January 17, 2003 as a proprietorship and were incorporated in Arizona on January 2, 2004. We became a public company as a result of a reverse merger transaction on August 20, 2004 with Shadows Bend Development, Inc., an inactive public Nevada corporation, and subsequently changed our name to FBO Air, Inc. On December 12, 2006, we changed our name to FirstFlight, Inc. On September 2, 2009, we changed our name to Saker Aviation Services, Inc.

Our business activities are carried out as the operator of the Downtown Manhattan (New York) Heliport, as an FBO and MRO at the Garden City (Kansas) Regional Airport, and as a consultant to the operator of a seaplane base in New York City.

The Garden City facility became part of our company as a result of our acquisition of the FBO assets of Central Plains Aviation, Inc. in March 2005 and of Aircraft Services, Inc. (“Aircraft Services”) in October 2016.

Our business activities at the Downtown Manhattan (New York) Heliport facility (the “Heliport”) commenced in July 2008 when we were awarded the Concession Agreement by the City of New York to operate the Heliport, which we assigned to our subsidiary, FirstFlight Heliports, LLC d/b/a Saker Aviation Services (“FFH”).

We believe the general aviation market has been historically cyclical, with revenue correlated to general U.S. economic conditions. Although not truly seasonal in nature, the spring and summer months tend to generate higher levels of revenue and our operations generally follow that trend.

**Suppliers and Raw Materials**

Our principal materials are aviation fuel and aircraft parts. We obtain aviation fuel, component parts and other supplies from a variety of sources, generally from more than one supplier. Our suppliers and sources are both domestic and foreign, and we believe that our sources of materials are adequate to meet our needs for the foreseeable future. We do not believe the loss of any one supplier would have a material adverse effect on our business or results of operations. We generally purchase our supplies on the open market, where certain commodities have fluctuated in price significantly in recent years. We have not experienced any significant shortage of our key supplies.

**Marketing and Sales**

The main goal of our marketing and sales efforts is to increase traffic at our facilities, which would then drive revenue through the incremental sale of our products and services. Our primary marketing tactic in this regard is to focus advertising efforts in the environments (web, periodical and industry publications) where the pilot and aviation-user community might be introduced to our brand name and locations. We intend to continue to invest in improvements to our sales and marketing strategies to drive revenue growth.

**Government Approvals**

The aviation services that we provide are generally performed on municipal or other government owned real estate properties. Accordingly, at times we will need to obtain certain consents or approvals from governmental entities in conjunction with our operations. These consents and approvals are typically in the form of a lease agreement, as is the case at our Kansas facility, or a concession agreement, as is the case with our New York facility. There can be no assurance that we will obtain further consents or approvals on favorable terms or be able to renew existing consents or approvals on favorable terms, if at all.

**Government Regulation**

We are subject to a variety of governmental laws and regulations that apply to companies in the aviation industry. These include compliance with the Federal Aviation Administration rules and regulations, and local, regional and national rules and regulations as they relate to environmental matters. We believe we are in compliance with, and intend to continue to comply with, all applicable government regulations. The adoption of new regulations could result in increased costs and have an adverse impact on our results of operations. In the event we are unable to remain compliant with applicable rules and regulations, our business may be adversely affected.

**Customers**

For the fiscal year ended December 31, 2018, four customers represented approximately 59.7% of our revenue. The loss of any of these four customers could represent a significant decrease in revenue that may adversely affect our business and results of operations. Additionally, these four accounts represented approximately 71.0% of the balance of accounts receivable at December 31, 2018. Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability. We depend significantly on our business with these four customers.

**Competition**

The FBO segment of the aviation services industry is competitive in both pricing and service because aircraft in transit are able to choose from a number of FBO options within a 300-mile radius. The vast majority of FBO operators are independent, single location operators. We are the sole FBO at our facility in Garden City, KS. As such, we face no direct on-airport competition. However, we face competitive pressure on pricing and services from FBO facilities at other airports, depending on aircraft travel flexibility.

We plan to grow our business through both internal development of existing resources and facilities and through the potential acquisition of other related business. We anticipate that growing our business will provide us with greater buying power from suppliers and, therefore, result in lower costs. Lower costs would allow us to implement a more aggressive pricing policy against some competitors. We believe that the higher level of customer service offered in our facilities will allow us to draw additional aircraft traffic and thus compete successfully against other FBOs of all sizes. However, there can be no assurance that we will be able to compete successfully in the highly competitive aviation industry.

**Costs and Effects of Complying With Environmental Laws**

We are subject to a variety of federal, state and local environmental laws and regulations, including those that govern health and safety requirements, the discharge of pollutants into the air or water, the management and disposal of hazardous substances and wastes and the responsibility to investigate and clean up contaminated sites that are or were owned, leased, operated or used by us or our predecessors. Some of these laws and regulations require us to obtain permits, which contain terms and conditions that impose limitations on our ability to emit and discharge hazardous materials into the environment and may be periodically subject to modification, renewal and revocation by issuing authorities. Fines and penalties may be imposed for non-compliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. We intend to comply with these laws and regulations. However, from time to time, our operations may not be in full compliance with the terms and conditions of our permits or licenses. We periodically review our procedures and policies for compliance with environmental laws and requirements. We believe that our operations are in material compliance with applicable environmental laws and requirements and that any potential non-compliance would not be expected to result in us incurring material liability or cost to achieve compliance. Although the cost of achieving and maintaining compliance with environmental laws and requirements has not been material, we can provide no assurance that such cost will not become material in the future.

**Employees**

As of December 31, 2018, we employed 32 persons, 26 of which were employed on a full-time basis, and one of which was an executive officer. All of our personnel are employed in connection with our operations in New York and Kansas.

**Available Information**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Therefore, we file periodic reports, proxy statements and other information with the SEC. We maintain a website at www.sakeraviation.com where we make available, free of charge, documents that we file with, or furnish to, the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, registration statements and any amendments to those reports. Our SEC reports can be found under "Financial Reporting" tab on our website. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

## ITEM 1A. RISK FACTORS

**The following risk factors relate to our operations:**

***We will need additional financing to expand our business.***

Certain potential aviation services firms which we may seek to acquire in the future may accept shares of our common stock or other securities as payment by us for the acquisition. However, we believe that most will likely prefer cash payments, whether paid at the closing or in post-closing installment payments. There can be no assurance that our operations will generate sufficient cash flow to meet these acquisition obligations. Accordingly, we anticipate the need to seek additional equity or debt financing to meet any cash requirements for acquisitions. Any such financing will be dependent on general market conditions and the stock market's evaluation of our performance and potential. Accordingly, we can give no assurance that we will obtain such equity or debt financing and, even if we do, that the terms would be satisfactory to us.

***We could be adversely affected by increases in the price, or decreases in the availability, of jet fuel.***

Our operations could be significantly affected by the availability and price of jet fuel. A significant increase in the price of jet fuel would most likely have a material impact on our ability to achieve and maintain profitability unless we are able to pass on such costs to our customers. Due to the competitive nature of the industry, our ability to pass on increased fuel prices by increasing our rates is uncertain. Likewise, any potential benefit of lower fuel prices may be offset by increased competition and lower revenue, in general. While we do not currently anticipate a significant reduction in fuel availability, dependency on foreign imports of crude oil and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. If there are new outbreaks of hostility or other conflicts in oil producing areas or elsewhere, there could be a reduction in the availability of jet fuel or significant increases in costs to our business, as well as to the entire aviation industry, which in turn would adversely affect our business and results of operations.

***We could be adversely affected by the loss of certain key customers or the inability of such key customers to pay amounts due to us.***

For the fiscal year ended December 31, 2018, four customers represented approximately 59.7% of our revenue. Additionally, these four accounts represented approximately 71.0% of the balance of accounts receivable at December 31, 2018. Accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability. The loss of any of our key customers, or the inability of such customers to pay amounts due to us, could result in a significant decrease in revenue that may adversely affect our business and result of operations.

***We could be adversely affected by the loss of or failure to extend our material agreements including our Concession Agreement with the City of New York and our lease of the Garden City, Kansas facilities.***

A substantial portion o f our business depends on our existing material agreements including our Concession Agreement with the City of New York and our lease o f facilities in Garden City, Kansas. If we were to lose these agreements, or if these agreements expired without renewal or extension, we may be unable to operate our business in our current geographic markets. Should we lose or fail to extend these agreements, there is no guarantee that we could enter into new agreements with similar terms or into new agreements at all. If we were to enter into material agreements with less favorable terms or if we were unable to enter into new agreements, our business and results of operations would be materially and adversely affected.

***Our agreement (the "Air Tour Agreement") with the New York City Economic Development Corporation (the "NYCEDC") may continue to negatively impact our business and financial results as well as those of our management company.***

Under the Air Tour Agreement, we cannot allow our tenant operators to conduct tourist flights from the Downtown Manhattan Heliport on Sundays. We were also required to ensure that our tenant operators reduced the total allowable number o f tourist flights from 2015 levels by 20 percent beginning June 1, 2016, by 40 percent beginning October 1, 2016 and by 50 percent beginning January 1, 2017. Additionally, since June 1, 2016, we have been required to provide monthly written reports to the NYCEDC and the New York City Council detailing the number of tourist flights conducted out of the Downtown Manhattan Heliport compared to 2015 levels, as well as information on any tour flight that flies over land or strays from agreed upon routes. These provisions of the Air Tour Agreement have, and may continue to, have an adverse effect on our business and results of operations.

***The continued threat of terrorist actions may result in less demand for private aviation and, as a result, our revenue may be adversely affected and we may not be able to continue successful operations.***

Terrorist actions involving public and private aircraft may have a significant adverse impact on us. As a result of these actions, individuals and corporate customers may cease using private aircraft as a means of transportation or reduce their use of such aircraft, or we could become subject to burdensome regulations that would have an adverse effect on our results of operations. In either event, we would be unable to maintain sales and may be unable to continue our operations on a successful basis.

***The FBO segment of the aviation services industry in which we operate is fiercely competitive.***

We compete with national, regional, and local FBO operators. Many of our competitors have been in business longer than we have and have greater financial resources available to them. Having greater financial resources will make it easier for these competitors to absorb an increase in fuel prices and other expenses. In addition, these competitors might seek acquisitions in regions and markets competitive to us, which could have an adverse effect on our business and results of operations. Accordingly, we can give no assurance that we will be able to successfully compete in our industry.

***Our business as an FBO is subject to extensive governmental regulation.***

FBOs are subject to extensive regulatory requirements that could result in significant costs. For example, the FAA, from time to time, issues directives and other regulations relating to the management, maintenance and operation of facilities. Additionally, we may be subject to government procurement regulations as they relate to obtaining new agreements or renewing or extending existing agreements with governmental entities. Compliance with those requirements may cause us to incur significant expenditures. The proposal and enactment of additional laws and regulations, as well as any charges that we have not complied with any such laws and regulations, could significantly increase the cost of our operations and reduce overall revenue. We cannot provide assurance that compliance with existing laws and regulations or that laws or regulations enacted in the future will not adversely affect our business and results of operations.

***We must maintain and add key management and other personnel.***

Our future success is heavily dependent on the performance of our managers. Our growth and future success depends, in large part, on the continued contributions of management and our ability to retain management. Our growth and future success also depends on other key individuals, as well as our ability to motivate and retain these personnel or hire other persons. Although we believe we will be able to retain and hire qualified personnel, we can give no assurance that we will be successful in retaining and recruiting such personnel in sufficient numbers to increase revenue, maintain profitability or successfully implement our growth strategy. If we lose the services of management or any of our key personnel or are not able to retain or hire qualified personnel, our business could be adversely affected.

***If our employees were to unionize, our operating costs would increase and our business could be adversely affected.***

None of our employees are currently represented under a collective bargaining agreement. From time to time, there may be efforts to organize our employees. There is no assurance that our employees will not unionize in the future, particularly if legislation is passed that facilitates unionization. The unionization of our employees could have a material adverse effect on our business, financial condition and results of operations due to the possibility of work stoppage, wage increases, or other developments that may result from the unionization of our employees.

***Changes in minimum wage laws outside of our control could affect our profitability.***

We have employees who are paid wage rates based on the applicable federal or state minimum wage and increases in the minimum wage may increase our labor costs and reduce profitability. Federal, state, or local minimum wages may be raised in the future and we may be unable or unwilling to increase our prices in order to pass these increased labor costs on to our customers, in which case, our business and results of operations could be materially and adversely affected.

***We are subject to environmental laws that could impose significant costs on us and the failure to comply with such laws could subject us to sanctions and material fines and expenses.***

We are subject to a variety of federal, state and local environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances and wastes and the responsibility to investigate and clean-up contaminated sites that are or were owned, leased, operated or used by us or our predecessors. Some of these laws and regulations require us to obtain permits, which contain terms and conditions that impose limitations on our ability to emit and discharge hazardous materials into the environment and may be periodically subject to modification, renewal and revocation by issuing authorities. Fines and penalties may be imposed for non-compliance with applicable environmental laws and regulations, the failure to have required permits or the failure to comply with the terms and conditions of such permits. We intend to comply with all laws and regulations, however, from time to time, our operations may not be in full compliance with the terms and conditions of our permits. We periodically review our procedures and policies for compliance with environmental laws and requirements. We believe that our operations are in material compliance with applicable environmental laws, requirements and permits and any lapses in compliance are not expected to result in us incurring material liability or cost to achieve compliance. However, there can be no assurance that our operations will remain in material compliance with applicable environmental laws and requirements. Historically, the costs of achieving and maintaining compliance with environmental laws, requirements and permits have not been material; however, the operation of our business entails risks in these areas and a failure by us to comply with applicable environmental laws, regulations or permits could result in civil or criminal fines, penalties, enforcement actions, third party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup and/or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures. Moreover, if applicable environmental laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, we could incur capital or operating costs beyond those currently anticipated and our business and results of operations could be harmed.

**The following risk factors relate to our common stock:**

***There is no active market for our common stock, which makes our common stock less liquid.***

To date, trading of our common stock has been sporadic and nominal in volume. In addition, there are only a limited number of broker-dealers trading our common stock. As a result, there is little, if any, liquidity in our common stock. We can provide no assurance that an active trading market will ever develop.

***Our common stock is subject to the penny stock rules, which makes our common stock less liquid.***

The SEC has adopted a set of rules called the "penny stock rules" that regulate broker-dealers with respect to trading in securities with a bid price of less than $5.00. These rules do not apply to securities registered on certain national securities exchanges (including the Nasdaq Stock Market), provided that current price and volume information regarding transactions in such securities is provided by the exchange. Our stock is not listed on such an exchange and we have no expectation that our common stock will be listed on such an exchange in the future. The penny stock rules require a broker-dealer to deliver to the customer a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. Additionally, the broker-dealer must provide the customer with other information. The penny stock rules also require that, prior to a transaction in a penny stock, the broker-dealer must determine in writing that the penny stock is a suitable investment for the purchaser. The broker-dealer must also receive the purchaser's written agreement to the transaction. These disclosure requirements have the effect of reducing the level of trading activity in the secondary market for a stock such as ours that is subject to the penny stock rules.

***Potential additional financings, the granting of additional stock options and anti-dilution provisions in our warrants could further dilute our existing stockholders.***

As of March 29, 2019, there were 1,006,860 shares of our common stock outstanding. If all of our outstanding common stock purchase warrants and options were exercised, there would be 1,070,193 shares outstanding, an increase of approximately 6.3%. Any further issuances due to additional equity financings, or the granting of additional options could further dilute our existing stockholders, which could cause the value of our common stock to decline.

***We do not anticipate paying dividends on our common stock in the foreseeable future.***

We intend to retain future earnings, if any, to fund our operations and to expand our business. Accordingly, we do not anticipate paying cash dividends on shares of our common stock in the foreseeable future and an investment in our common stock might not generate any return.

***Our Board of Directors' right to issue shares of preferred stock could adversely impact the rights of holders of our common stock.***

Our Board of Directors currently has the right to authorize the issuance of up to 333,306 shares of one or more series of our preferred stock with such voting, dividend and other rights as our directors determine. Such action can be taken by our Board of Directors without the approval of our shareholders. Accordingly, the holders of any new series of preferred stock could be granted voting rights that reduce the voting power of the holders of our common stock. For example, the preferred holders could be granted the right to vote on a merger as a separate class even if the merger would not have an adverse effect on their rights. This right, if granted, would give such preferred holders a veto with respect to any merger proposal. Alternatively, such preferred holders could be granted a large number of votes per share while voting as a single class with the holders of our common stock, thereby diluting the voting power of the holders of our common stock. In addition, the holders of any new series of preferred stock could be given the option to redeem their shares for cash in the event of a merger. This would make acquiring us less attractive to a potential buyer. Thus, our Board of Directors could authorize the issuance of shares of the new series of preferred stock in order to defeat a proposal for the acquisition of our company that a majority of the holders of our common stock otherwise favor.

***Our common stock may not continue to be traded on the OTCQB.***

We cannot provide any assurance that our common stock will continue to be eligible to be quoted on the OTCQB Marketplace ("OTCQB"). Should our common stock cease to be quoted on the OTCQB and fail to qualify for listing on a stock exchange (including the Nasdaq Stock Market), our common stock would only trade in the "pink sheets" which generally provides an even less liquid market than the OTCQB. In such event, stockholders may find it more difficult to trade their shares of our common stock or to obtain accurate and current information concerning market prices for our common stock.

***Our management team currently has influential voting power.***

As of March 29, 2019, our executive officers, directors and their family members and associates, collectively, are entitled to vote approximately 320,745 shares, or 31.9% of the 1,006,860 shares of our outstanding shares of common stock. Accordingly, and because there is no cumulative voting for directors, our executive officers and directors are currently in a position to influence the election of all of our Board of Directors. The management of our company is controlled by our Board of Directors, which is currently comprised of three independent directors, a director who is a managing partner of a law firm which provides legal services to us, and one executive officer/director.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 2. PROPERTIES**

As of March 29, 2019, we lease office and hangar space at the following locations:

| Location | Purpose | Space | Annual Rental | Expiration |
|---|---|---|---|---|
| 2117 S. Air Service Road<br>Garden City, Kansas | Kansas<br>FBO location | 17,640<br>square feet | $ 26,244 | December 31,<br>2030 |
| 2145 S. Air Service Road<br>Garden City, Kansas | Kansas<br>MRO location | 3,782<br>square feet | $ 6,780 | December 31,<br>2030 |
| 600 Hayden Circle<br>Allentown, Pennsylvania | Pennsylvania<br>Office location | 360<br>square feet | $ 6,390 | Month-to-<br>Month |

We believe that our space is adequate and suitable for our immediate needs. Additional hangar space may be required for our operations in the future. No definitive plans to lease any additional space have been developed at the time of this report. Should additional hangar space be required, there can be no assurance that such space will be available or available on commercially reasonable terms or at all.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may be a party to one or more claims or disputes which may result in litigation. However, we are currently not a party to, nor is our property subject to, any material pending legal proceedings.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Market Information

Our common stock is quoted on the OTCQB under the symbol "SKAS". The OTCQB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter ("OTC") equity securities. Our common stock is only traded on a limited or sporadic basis and should not be deemed to constitute an established public trading market. OTC quotations reflect intra-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

The following table sets forth the high and low closing sale prices for the common stock as reported on the OTCQB for the past two most recent fiscal years, as adjusted for the Company's recent reverse stock split (see Note 14. Subsequent Events).

| | Common Stock | |
|---|---|---|
| Quarterly Period Ended | High | Low |
| March 31, 2017 | $ 11.850 | $ 4.200 |
| June 30, 2017 | $ 8.220 | $ 3.750 |
| September 30, 2017 | $ 5.700 | $ 3.330 |
| December 31, 2017 | $ 5.070 | $ 3.240 |
| March 31, 2018 | $ 4.980 | $ 2.790 |
| June 30, 2018 | $ 3.900 | $ 2.130 |
| September 30, 2018 | $ 3.870 | $ 2.250 |
| December 31, 2018 | $ 3.300 | $ 2.280 |

### Holders

As of March 29, 2019, there were approximately 220 holders of record of our common stock. This number does not include beneficial owners of the common stock whose shares are held in the names of various broker-dealers, clearing agencies, banks and other fiduciaries.

### Dividends

Since our inception we have never declared or paid any cash dividends on our common stock. We intend to retain future earnings to finance the growth and development of our business and future operations. Therefore, we do not anticipate paying any cash dividends on shares of our common stock in the foreseeable future.

**ITEM 6. SELECTED FINANCIAL DATA**

Not applicable.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Forward-looking Statements**

This Annual Report on Form 10-K contains "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"). Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. These statements may include projections of revenue, provisions for doubtful accounts, income or loss, capital expenditures, repayment of debt, other financial items, statements regarding our plans and objectives for future operations, acquisitions, divestitures and other transactions, statements of future economic performance, statements of the assumptions underlying or relating to any of the foregoing statements and statements other than statements of historical fact.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by such forward-looking statements. We therefore caution you against relying on any of these forward-looking statements because they are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include our services and pricing, general economic conditions, our ability to raise additional capital, our ability to obtain the various approvals and permits for the acquisition and operation of FBOs and the other risk factors contained in Item 1A of this report.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

**Overview**

Our long-term strategy is to increase our sales through growth within our aviation services operations. To do so, we may expand our geographic reach and product offering through strategic acquisitions and improved market penetration within the markets we serve. We expect that any future acquisitions or product offerings would be to complement and/or augment our current aviation services operations.

If we are able to grow our business as planned, we anticipate that our larger size would provide us with greater buying power from suppliers, resulting in lower costs. We expect that lower costs would allow for a more aggressive pricing policy against some competition. More importantly, we believe that the higher level of customer service offered in our facilities will allow us to draw additional aircraft to our facilities and thus allow us to compete against other FBOs of varying sizes.

## Summary Financial Information

The summary financial data set forth below is derived from and should be read in conjunction with the consolidated financial statements, including the notes thereto, filed as part of this report.

| **Consolidated Statement of Operations Data:** | | **Year Ended December 31, 2018** | | **Year Ended December 31, 2017** |
|---|---|---|---|---|
| (in thousands, except for share and per share data) | | | | |
| Revenue | $ | 11,118 | $ | 12,016 |
| Operating Income, before income tax expense | $ | 508 | $ | 1,062 |
| Income tax (expense) | $ | 196 | $ | 584 |
| Net Income | $ | 312 | $ | 478 |
| | | | | |
| | | | | |
| Net income per share – basic | $ | 0.30 | $ | 0.43 |
| Net income per share – diluted | $ | 0.30 | $ | 0.42 |
| Weighted average number of shares – basic | | 1,029,001 | | 1,108,765 |
| Weighted average number of shares – diluted | | 1,039,599 | | 1,137,687 |

| **Balance Sheet Data:** (in thousands) | | **December 31, 2018** | | **December 31, 2017** |
|---|---|---|---|---|
| Working capital surplus | $ | 3,872 | $ | 3,369 |
| Total assets | $ | 6,341 | $ | 6,549 |
| Total liabilities | $ | 994 | $ | 1,372 |
| Stockholders' equity | $ | 5,347 | $ | 5,177 |
| Total liabilities and Stockholders' equity | $ | 6,341 | $ | 6,549 |

## Management's Discussion and Analysis of Financial Condition and Results of Operations

*Comparison of Results for the Years Ended December 31, 2018 and December 31, 2017.*

*REVENUE*

Operating results for the year ended December 31, 2018 were negatively impacted by a fatal helicopter accident that occurred on March 11, 2018. While the accident was independent of our operation, one of our Heliport customers was the operator of the flight. That customer's need to focus on the follow-up investigation, and the general market impact of the accident itself, has depressed year-over-year activity at our Heliport and, consequently, contributed to the results reported below.

Revenue decreased by 7.5 percent to $11,118,452 for the twelve months ended December 31, 2018 as compared with corresponding prior-year period revenue of $12,016,031.

For the twelve months ended December 31, 2018, revenue associated with services and supply items decreased by 12.0 percent to approximately $6,400,000 as compared to approximately $7,300,000 in the twelve months ended December 31, 2017.

For the twelve months ended December 31, 2018, revenue associated with the sale of jet fuel, aviation gasoline and related items was approximately $4,500,000 in both the twelve months ended December 31, 2018 and 2017. The net zero change in year over year revenue was attributable to the reduction in air tours leading to lesser gallons sold at our Heliport in New York City offset by increased volume of gallons sold at our Kansas location.

For the twelve months ended December 31, 2018, all other revenue increased by 15.9 percent to approximately $174,000 as compared to approximately $150,000 in the twelve months ended December 31, 2017. The increase was largely attributable to an increase in non-aeronautical revenue generated by our Heliport compared to the same period last year.

*GROSS PROFIT*

Total gross profit decreased 21.1 percent to $5,051,761 in the twelve months ended December 31, 2018 as compared to $6,404,450 in the twelve months ended December 31, 2017. Gross margin was 45.4 percent for the twelve months ended December 31, 2018 as compared to 53.3 percent for the same period in 2017. The decrease in gross profit is related to lower levels of activity at our Heliport operation in 2018 as compared to the prior year. The decrease in gross margin is related to lower levels of revenue from services and supplies, which generally carry a higher overall gross margin, in 2018 as compared to the same period in the prior year.

*OPERATING EXPENSE*

Selling, General and Administrative

Total selling, general and administrative expenses ("SG&A") were $4,559,578 in the twelve months ended December 31, 2018, a decrease of approximately $752,000 or 14.2 percent, as compared to the same period in 2017.

SG&A associated with our FBO operations were approximately $4,000,000 in the twelve months ended December 31, 2018, a decrease of approximately $756,000, or 15.7 percent, as compared to the twelve months ended December 31, 2017. SG&A associated with our FBO operations, as a percentage of revenue, was 36.5 percent for the twelve months ended December 31, 2018, as compared with 40.1 percent in the corresponding prior year period. The decreased operating expenses were largely attributable to decreased costs related to the lower levels of activity in our Heliport operations.

Corporate SG&A was approximately $501,000 for the twelve months ended December 31, 2018, representing an increase of approximately $4,000 as compared with the corresponding prior year period.

*OPERATING INCOME*

Operating income for the year ended December 31, 2018 was $492,183 as compared to $1,093,243 in the year ended December 31, 2017. The decrease on a year-over-year basis was driven by lower levels of gross profit.

*Depreciation and Amortization*

Depreciation and amortization was approximately $472,000 and $537,000 for the twelve months ended December 31, 2018 and 2017, respectively.

*Interest Income and Expense*

Interest income for the year ended December 31, 2018 was $33,027, as compared to $0 in the same period in 2017. The increase in interest income was attributable to the issuance of a note receivable from one of our customers at the Heliport. Interest expense for the year ended December 31, 2018 was $17,121, as compared to $21,404 in the same period in 2017.

*Impairment of Goodwill and Other Intangibles*

We had $750,000 of goodwill at December 31, 2018 and 2017.

*Income Tax*

Income tax expense for the twelve months ended December 31, 2018 was approximately $197,000, as compared to $584,000 in the same period in 2017. The decrease is attributable to a decrease in net income in 2018 as compared to net income in the same period in 2017.

*Net Income Per Share*

Net income for the twelve months ended December 31, 2018 was $311,536 as compared to net income of $477,628 in the twelve months ended December 31, 2017.

Basic and diluted net income per share were each $0.30 for the twelve months ended December 31, 2018 and $0.43 and $0.42, respectively, for the twelve months ended December 31, 2017.

**Liquidity and Capital Resources**

As of December 31, 2018, we had cash of $2,838,649 and a working capital surplus of $3,872,316. We generated revenue of $11,118,452 and had net income of $311,536 for the twelve months ended December 31, 2018. For the twelve months ended December 31, 2018, cash flows included net cash provided by operating activities of $856,258, net cash provided by investing activities of $660,082, and net cash used in financing activities of $402,195.

As disclosed in a Current Report on Form 8-K filed on March 21, 2018 with the SEC, on March 15, 2018 we entered into a loan agreement (the "Loan Agreement") with Key Bank National Association (the "Bank"). The Loan Agreement contains three components: (i) a $2,500,000 acquisition line of credit (the "Key Bank Acquisition Note"); (ii) a $1,000,000 revolving line of credit (the "Key Bank Revolver Note"); and (iii) a $338,481 term loan (the "Key Bank Term Loan").

Proceeds of the Key Bank Acquisition Note were to be dispersed pursuant to a multiple draw demand note dated as of the agreement date, where the Company could, at the discretion of the Bank, borrow up to an aggregate amount of $2,500,000, to be used for the Company's acquisition of one or more business entities. The Company would be required to make consecutive monthly payments of interest, calculated at a rate per annum equal to one-day LIBOR (adjusted daily) plus 2.75%, on any outstanding principal under the Key Bank Acquisition Note from the date of its issuance through September 15, 2018 (the "Conversion Date").

At any time through and including the Conversion Date, at the Bank's discretion, the Company had the opportunity to request that any loan made under the Key Bank Acquisition Note be converted into a term loan to be repaid in full, including accrued interest, by consecutive monthly payments over a 48 month amortization period beginning after the Conversion Date. For any loan that was not converted into a term loan on or before the Conversion Date, the Company would have been required to begin making monthly payments of principal and interest after the Conversion Date, over a 48 month amortization period, after which the remaining unpaid principal and accrued interest shall become due and payable. All loans under the Key Bank Acquisition Note would, after the Conversion Date, accrue interest at a rate per annum equal to the Bank's four year cost of funds rate plus 2.5%. As of the Conversion Date, there were no amounts due under the Key Bank Acquisition Note and no amounts had been converted to a term loan.

On October 11, 2018, the Company entered into a new loan agreement with Key Bank (the "Change of Terms Agreement") which modified the original terms of the Key Bank Acquisition Note. Under the Change of Terms Agreement, the Company may continue to, at the discretion of the Bank, borrow up to an aggregate amount of $2,500,000 through September 1, 2019 (the "Maturity Date"), to be used for the Company's acquisition of one or more business entities. The Change of Terms Agreement requires the Company to make consecutive monthly payments of interest on any outstanding principal calculated at a rate per annum equal to 4.25%. The entire principal balance, plus all accrued interest, is due in full on the Maturity Date. As of December 31, 2018, there are no amounts due under the Change of Terms Agreement. A copy of the agreement is filed as an exhibit to this Annual Report on Form 10-K.

Proceeds from the Key Bank Revolver Note, at the discretion of the Bank, provide for the Company to borrow up to $1,000,000 for working capital and general corporate purposes. This revolving line of credit is a demand note with no stated maturity date. Borrowings under the Key Bank Revolver Note will bear interest at a rate per annum equal to one-day LIBOR (adjusted daily) plus 2.75%. The Company is required to make monthly payments of interest on any outstanding principal under the Key Bank Revolver Note and are required to pay the entire balance, including principal and all accrued and unpaid interest and fees, upon demand by the Bank. As of December 31, 2018, there were no amounts due under the Key Bank Revolver Note.

Proceeds from the Key Bank Term Note were utilized to retire amounts previously outstanding under the PNC Term Loan. Interest on outstanding principal accrues at a fixed rate of 4.85% per annum and is to be paid in equal consecutive monthly installments of $7,772 over a 48 month period. The Company has the right to prepay principal amounts due under the Key Bank Term Note early without penalty. As of December 31, 2018, $112,117 was outstanding under the Key Bank Term Note.

The Company is party to a Concession Agreement, dated as of November 1, 2008, with the City of New York for the operation of the Downtown Manhattan Heliport (the "Concession Agreement"). Pursuant to the terms of the Concession Agreement, the Company must pay the greater of 18% of the first $5,000,000 in any program year based on cash collected ("Gross Receipts") and 25% of Gross Receipts in excess of $5,000,000, or minimum annual guaranteed payments. During both the twelve months ended December 31, 2018 and 2017, we incurred approximately $1,800,000 in concession fees which are recorded in the cost of revenue.

As disclosed in a Current Report on Form 8-K filed with the SEC on February 5, 2016, the Company and the New York City Economic Development Corporation (the "NYCEDC") announced new measures to reduce helicopter noise and impacts across New York City (the "Air Tour Agreement").

Under the Air Tour Agreement, filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2015, the Company may not allow its tenant operators to conduct tourist flights from the Downtown Manhattan Heliport on Sundays beginning April 1, 2016. The Company was also required to ensure that its tenant operators reduce the total allowable number of tourist flights from 2015 levels by 20 percent beginning June 1, 2016, by 40 percent beginning October 1, 2016 and by 50 percent beginning January 1, 2017. Additionally, beginning on June 1, 2016, the Company was required to provide monthly written reports to the NYCEDC and the New York City Council detailing the number of tourist flights conducted out of the Downtown Manhattan Heliport compared to 2015 levels, as well as information on any tour flight that flies over land and/or strays from agreed upon routes.

The Air Tour Agreement also extended the Concession Agreement for 30 months, resulting in a new expiration date of April 30, 2021. The City of New York has two one year options to further extend the Concession Agreement. The Agreement also provides that the minimum annual guarantee payments the Company is required to pay to the City of New York under the Concession Agreement be reduced by 50%, effective January 1, 2017.

These reductions have negatively impacted the Company's business and financial results as well as those of its management company at the Heliport, Empire Aviation which, as previously disclosed, is owned by the children of Alvin Trenk, the Company's former Chief Executive Officer and a former member of its Board of Directors. The Company incurred management fees with Empire Aviation of approximately $1,800,000 and $2,500,000 during the twelve months ended December 31, 2018 and 2017, respectively, which is recorded in administrative expenses. The Company and Empire Aviation have also contributed to the Helicopter Tourism and Jobs Council ("HTJC"), an association that lobbies on behalf of the helicopter air tour industry, and which had engaged in discussions with the Mayor's office. Mr. Trenk is also an active participant with HJTC, which is managed by his grandson, and Sam Goldstein, one our directors, serves as deputy director of HJTC.

On February 6, 2018, the Company was issued a note by one of its customers at the Heliport. The note scheduled approximately $750,000 in receivables payable by such customer, had a maturity date of October 31, 2018, and carried a 7.5% rate of interest. As of December 31, 2018, all amounts due under the note have been paid. During the second quarter of 2018, Alvin Trenk, the Company's former Chief Executive Officer and a former member of its Board of Directors, acquired controlling interest in this customer.

On April 20, 2018, the Company's Kansas subsidiary entered into a purchase lease with Commerce Bank for a refueling truck (the "Truck Lease"). The Truck Lease commenced on May 1, 2018 and continues for 60 months at an interest rate of LIBOR plus 416 basis points. At the end of the Truck Lease, the Company's subsidiary may purchase the vehicle for $1.00.

As disclosed in a Current Report on Form 8-K filed with the SEC on July 6, 2015, the Company entered into a stock purchase agreement, dated June 30, 2015, by and between the Company and Warren A. Peck, pursuant to which Mr. Peck purchased all of the capital stock of the Company's wholly-owned subsidiary, Phoenix Rising Aviation, Inc. The details of the agreement are described in such Current Report as well as in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on April 11, 2016. The Company received $100,000 due under this agreement in September 2017 and an additional payment of $100,000 in September 2018. We accepted as down payment for the stock purchase the title to a Falcon 10 aircraft owned by Mr. Peck. The aircraft was subsequently sold but that buyer reneged on the deal. We repossessed the aircraft and are in the process of re-marketing. The $270,000 in Note Receivable on the balance sheet will be recouped through the sale.

Our anticipated capital expenditures in 2019 are approximately $50,000 - $100,000.

During the twelve months ended December 31, 2018, we had a net increase in cash of $1,114,145. Our sources and uses of funds during this period were as follows:

**Cash from Operating Activities**

For the year ended December 31, 2018, net cash provided by operating activities was $856,258. This amount included an increase in operating cash related to net income of $311,536 and additions for the following items: (i) depreciation, $472,067; (ii) stock-based compensation expense, $33,997; (iii) accounts receivable, trade, $240,586; and (iv) deposits, $44,205. The increase in cash provided by operating activities in 2018 was offset by the following items: (i) inventories, $7,736; (ii) prepaid expenses and other current assets, $34,783; (iii) deferred income taxes, $53,000; (iv) accounts payable, $146,903; and (v) accrued expenses, $3,711. For the year ended December 31, 2017, net cash provided by operating activities was $53,323. This amount included an increase in operating cash related to net income of $477,628 and additions for the following items: (i) depreciation, $536,598; (ii) loss of sale of charter certificate, $10,000; (iii) stock-based compensation expense, $33,997; (iv) deposits, $50,534; and (v) customer deposits, $271. The increase in cash provided by operating activities in 2017 was offset by the following items: (i) accounts receivable, trade, $364,257; (ii) inventories, $50,024; (iii) prepaid expenses and other current assets, $94,105; (iv) deferred income taxes, $131,000; (v) accounts payable, $347,217; and (vi) accrued expenses, $69,102.

**Cash from Investing Activities**

For the year ended December 31, 2018, net cash provided by investing activities was $660,082. This amount included payments of note receivable of $850,264 offset by purchases of property and equipment of $190,182. For the year ended December 31, 2017, net cash used in investing activities was $7,158. This amount included purchase of property and equipment of $132,158; offset by payment of notes receivable of $100,000 and proceeds of $25,000 from the sale of a charter certificate.

**Cash from Financing Activities**

For the year ended December 31, 2018, net cash used in financing activities was $402,195 of which $361,379 was attributable to the repayment of notes payable and $175,815 to the repurchase and cancellation of common stock, offset by the issuance of notes payable of $135,000. For the year ended December 31, 2017, net cash used in financing activities was $513,718 of which $345,000 was attributable to the repayment of notes payable and $168,718 to the repurchase and cancellation of common stock.

**Off-Balance Sheet Arrangements**

We have not entered into any transactions with unconsolidated entities in which we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.

**Critical Accounting Estimates**

Discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the amounts reported in the consolidated financial statements and the accompanying notes. We evaluate our estimates on an ongoing basis, including those estimates related to product returns, product and content development expenses, bad debts, inventories, intangible assets, income taxes, contingencies and litigation. We base our estimates on experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies which we believe affect our more significant judgments and estimates used in the preparation of our consolidated financial statements are provided as follows:

*Accounts Receivable, Trade*

The Company extends credit to large and mid-size companies for products and services. The Company has concentrations of credit risk in that 71.0% of the balance of its accounts receivable at December 31, 2018 is made up of only four customers. At December 31, 2018, accounts receivable from the Company's four largest accounts amounted to approximately $285,350 (33.7%), 202,080 (23.8%), $101,678 (12.0%), and $12,671 (1.5%), respectively. In addition, these four customers represented approximately 59.7% of our revenue in 2018. At December 31, 2017, accounts receivable from the Company's four largest accounts amounted to approximately $804,263 (43.7%), $515,962 (28.1%), $253,740 (13.8%), and $122,449 (6.7%), respectively. In addition, these four customers represented approximately 67.6% of our revenue in 2017. The Company has in place a security deposit in connection with each of these receivables. Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability and the allowance for doubtful accounts is adjusted accordingly. We determine collectability based on our management experience and knowledge of the customers.

*Goodwill and Intangible Assets*

Goodwill and intangibles that are deemed to have indefinite lives are not amortized but, instead, are to be reviewed at each reporting period for impairment. We assessed potential impairment of goodwill using qualitative factors by considering various factors including macroeconomic conditions, industry and market conditions, cost factors, a sustained share price or market capitalization decrease and any reporting unit specific events. We performed an analysis of our goodwill and intangible assets at December 31, 2018 and 2017.

*Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between their financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are subject to a valuation allowance because it is more likely than not that certain of the deferred tax assets will not be realized in future periods. We file income tax returns in the United States (federal) and in various state and local jurisdictions. In most instances, we are no longer subject to federal, state and local income tax examinations by tax authorities for years prior to 2015.

*Stock Based Compensation*

Stock-based compensation expense for all share-based payment awards are based on the estimated grant-date fair value. We recognize these compensation costs over the requisite service period of the award, which is generally the option vesting term.

Option valuation models require the input of highly subjective assumptions, including the expected life of the option. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. ASU 2016-02 became effective for us on January 1, 2019, and we have adopted the new standard using a modified retrospective approach. We are currently evaluating the impact that the adoption of ASU 2016-02 may have on our consolidated financial statements and disclosures.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

**ITEM 8. FINANCIAL STATEMENTS**

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES

Table of Contents to Consolidated Financial Statements

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors and Stockholders of

Saker Aviation Services, Inc.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Saker Aviation Services, Inc. and Subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, stockholders' equity and cash flows, for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ Kronick Kalada Berdy & Co. P.C.*

We have served as the Company's auditor since 2009.

Kingston, Pennsylvania
March 29, 2019

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

**ASSETS**

| | | December 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Cash | $ | 2,838,649 | $ | 1,724,504 |
| Accounts receivable | | 847,814 | | 1,838,664 |
| Inventories | | 170,865 | | 163,129 |
| Notes receivable – current portion | | 270,000 | | 370,000 |
| Prepaid expenses and other current assets | | 566,474 | | 531,691 |
| Total current assets | | 4,693,802 | | 4,627,988 |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of $3,630,731and $3,158,664 respectively | | 388,072 | | 669,957 |
| OTHER ASSETS | | | | |
| Deposits | | 2,512 | | 46,717 |
| Goodwill | | 750,000 | | 750,000 |
| Deferred income taxes | | 507,000 | | 454,000 |
| Total other assets | | 1,259,512 | | 1,250,717 |
| TOTAL ASSETS | $ | 6,341,386 | $ | 6,548,662 |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

| | | December 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Accounts payable | $ | 348,291 | $ | 495,194 |
| Customer deposits | | 126,843 | | 126,843 |
| Accrued expenses | | 288,630 | | 292,341 |
| Notes payable – current portion | | 57,722 | | 345,000 |
| Total current liabilities | | 821,486 | | 1,259,378 |
| LONG-TERM LIABILITIES | | | | |
| Notes payable - less current portion | | 173,399 | | 112,500 |
| Total liabilities | | 994,885 | | 1,371,878 |
| STOCKHOLDERS' EQUITY | | | | |
| Preferred stock - $.03 par value; authorized 333,306; none issued and outstanding | | | | |
| Common stock - $.03 par value; authorized 3,333,334; 1,006,768 and 1,070,586 shares issued and outstanding as of December 31,2018 and 2017, respectively | | 30,203 | | 32,117 |
| Additional paid-in capital | | 19,756,839 | | 19,896,744 |
| Accumulated deficit | | (14,440,541) | | (14,752,077) |
| TOTAL STOCKHOLDERS' EQUITY | | 5,346,501 | | 5,176,784 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ | 6,341,386 | $ | 6,548,662 |

*See accompanying notes to consolidated financial statements.*

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Years Ended December 31, 2018 | For the Years Ended December 31, 2017 |
|---|---|---|
| REVENUE | $ 11,118,452 | $ 12,016,031 |
| COST OF REVENUE | 6,066,691 | 5,611,581 |
| GROSS PROFIT | 5,051,761 | 6,404,450 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 4,559,578 | 5,311,207 |
| OPERATING INCOME | 492,183 | 1,093,243 |
| OTHER INCOME (EXPENSE): | | |
| OTHER INCOME | 447 | (10,211) |
| INTEREST INCOME | 33,027 | --- |
| INTEREST EXPENSE | (17,121) | (21,404) |
| TOTAL OTHER INCOME (EXPENSE) | 16,353 | (31,615) |
| INCOME FROM OPERATIONS, before income taxes | 508,536 | 1,061,628 |
| INCOME TAX EXPENSE (BENEFIT) | | |
| CURRENT | 250,000 | 715,000 |
| DEFERRED | (53,000) | (131,000) |
| INCOME TAX EXPENSE | 197,000 | 584,000 |
| NET INCOME | $ 311,536 | $ 477,628 |
| Basic Net Income Per Common Share | $ 0.30 | $ 0.43 |
| Diluted Net Income Per Common Share | $ 0.30 | $ 0.42 |
| Weighted Average Number of Common Shares – Basic | 1,029,001 | 1,108,765 |
| Weighted Average Number of Common Shares – Diluted | 1,039,599 | 1,137,687 |

*See accompanying notes to consolidated financial statements.*

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2018 and 2017

| | Common Stock | | Additional Paid-in | Accumulated | Total Stockholders' |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Deficit | Equity |
| BALANCE – January 1, 2017 | 1,105,254 | $33,157 | $20,030,425 | $(15,229,705) | $4,833,877 |
| Amortization of stock based compensation | | | 33,997 | | 33,997 |
| Issuance of Common Stock | 16,458 | 494 | (494) | | 0 |
| Repurchase and cancellation of Common Stock | (51,126) | (1,534) | (167,184) | | (168,718) |
| Net income | | | | 477,628 | 477,628 |
| BALANCE – December 31, 2017 | 1,070,586 | $32,117 | $19,896,744 | $(14,752,077) | $5,176,784 |
| Amortization of stock based compensation | | | 33,997 | | 33,997 |
| Issuance of Common Stock | 266 | 8 | (8) | | 0 |
| Repurchase and cancellation of Common Stock | (64,084) | (1,922) | (173,894) | | (175,816) |
| Net income | | | | 311,536 | 311,536 |
| BALANCE – December 31, 2018 | 1,006,768 | $30,203 | $19,756,839 | $(14,440,541) | $5,346,501 |

*See accompanying notes to consolidated financial statements.*

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Years Ended December 31, 2018 | 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 311,536 | $ 477,628 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 472,067 | 536,598 |
| Loss on sale of charter certificate | --- | 10,000 |
| Stock based compensation | 33,997 | 33,997 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, trade | 240,586 | (364,257) |
| Inventories | (7,736) | (50,024) |
| Prepaid expenses and other current assets | (34,783) | (94,105) |
| Deposits | 44,205 | 50,534 |
| Deferred income taxes | (53,000) | (131,000) |
| Accounts payable | (146,903) | (347,217) |
| Customer deposits | --- | 271 |
| Accrued expenses | (3,711) | (69,102) |
| TOTAL ADJUSTMENTS | 544,722 | (424,305) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 856,258 | 53,323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment of notes receivable | 850,264 | 100,000 |
| Proceeds from sale of charter certificate | --- | 25,000 |
| Purchase of property and equipment | (190,182) | (132,158) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | 660,082 | (7,158) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Notes Payable: | | |
| Borrowings: | 135,000 | -- |
| Repayments | (361,379) | (345,000) |
| Repurchase and cancellation of common stock | (175,816) | (168,718) |
| NET CASH USED IN FINANCING ACTIVITIES | (402,195) | (513,718) |
| NET CHANGE IN CASH | 1,114,145 | (467,553) |
| CASH – Beginning | 1,724,504 | 2,192,057 |
| CASH – Ending | $ 2,838,649 | $ 1,724,504 |
| NON-CASH OPERATING AND INVESTING ACTIVITIES: | | |
| Change in Accounts Receivable through issuance of a Note Receivable: | $ 750,264 | $ --- |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the periods for: | | |
| Interest | $ 17,121 | $ 21,404 |
| Income taxes | $ 341,547 | $ 730,828 |

*See accompanying notes to consolidated financial statements.*

NOTE 1 - Nature of Operations

Saker Aviation Services, Inc. ("Saker"), through its subsidiaries (collectively the "Company"), operates in the aviation services segment of the general aviation industry, in which it serves as the operator of a heliport and a fixed base operation ("FBO"), as a provider of aircraft maintenance, repair and overhaul ("MRO"), and as a consultant for a non-owned seaplane base. FBOs provide ground-based services, such as fueling and aircraft storage for general aviation, commercial and military aircraft, and other miscellaneous services.

FirstFlight Heliports, LLC d/b/a Saker Aviation Services ("FFH"), a wholly-owned subsidiary, operates the Downtown Manhattan Heliport via a concession agreement with the City of New York. FBO Air Garden City, Inc. d/b/a Saker Aviation Services ("FBOGC"), a wholly-owned subsidiary provides FBO and MRO services in Garden City, Kansas.

NOTE 2 – Liquidity and Material Agreements

As of December 31, 2018, we had cash of $2,838,649 and a working capital surplus of $3,872,316. We generated revenue of $11,118,452 and had net income of $311,536 for the twelve months ended December 31, 2018.

As disclosed in a Current Report on Form 8-K filed on March 21, 2018 with the SEC, on March 15, 2018 we entered into a loan agreement (the "Loan Agreement") with Key Bank National Association (the "Bank"). The Loan Agreement contains three components: (i) a $2,500,000 acquisition line of credit (the "Key Bank Acquisition Note"); (ii) a $1,000,000 revolving line of credit (the "Key Bank Revolver Note"); and (iii) a $338,481 term loan (the "Key Bank Term Loan").

Proceeds of the Key Bank Acquisition Note were to be dispersed pursuant to a multiple draw demand note dated as of the agreement date, where the Company could, at the discretion of the Bank, borrow up to an aggregate amount of $2,500,000, to be used for the Company's acquisition of one or more business entities. The Company was required to make consecutive monthly payments of interest, calculated at a rate per annum equal to one-day LIBOR (adjusted daily) plus 2.75%, on any outstanding principal under the Key Bank Acquisition Note from the date of its issuance through September 15, 2018 (the "Conversion Date").

At any time through and including the Conversion Date, at the Bank's discretion, the Company had the opportunity to request that any loan made under the Key Bank Acquisition Note be converted into a term loan to be repaid in full, including accrued interest, by consecutive monthly payments over a 48 month amortization period beginning after the Conversion Date. For any loan that was not converted into a term loan on or before the Conversion Date, the Company would have been required to begin making monthly payments of principal and interest after the Conversion Date, over a 48 month amortization period, after which the remaining unpaid principal and accrued interest would become due and payable. All loans under the Key Bank Acquisition Note would, after the Conversion Date, accrue interest at a rate per annum equal to the Bank's four year cost of funds rate plus 2.5%. As of the Conversion Date, there were no amounts due under the Key Bank Acquisition Note and no amounts had been converted to a term loan.

On October 11, 2018, the Company entered into a new loan agreement with the Bank (the "Change of Terms Agreement") which modified the original terms of the Key Bank Acquisition Note. Under the Change of Terms Agreement, the Company may continue to, at the discretion of the Bank, borrow up to an aggregate amount of $2,500,000 through September 1, 2019 (the "Maturity Date"), to be used for the Company's acquisition of one or more business entities. The Change of Terms Agreement requires the Company to make consecutive monthly payments of interest on any outstanding principal calculated at a rate per annum equal to 4.25%. The entire principal balance, plus all accrued interest, is due in full on the Maturity Date. As of December 31, 2018, there are no amounts due under the Change of Terms Agreement. A copy of the agreement is filed as an exhibit to this Annual Report on Form 10-K.

Proceeds from the Key Bank Revolver Note, at the discretion of the Bank, provide for the Company to borrow up to $1,000,000 for working capital and general corporate purposes. This revolving line of credit is a demand note with no stated maturity date. Borrowings under the Key Bank Revolver Note will bear interest at a rate per annum equal to one-day LIBOR (adjusted daily) plus 2.75%. The Company is required to make monthly payments of interest on any outstanding principal under the Key Bank Revolver Note and are required to pay the entire balance, including principal and all accrued and unpaid interest and fees, upon demand by the Bank. As of December 31, 2018, there were no amounts due under the Key Bank Revolver Note.

Proceeds from the Key Bank Term Note were utilized to retire amounts previously outstanding under the PNC Term Loan. Interest on outstanding principal accrues at a fixed rate of 4.85% per annum and is to be paid in equal consecutive monthly installments of $7,772 over a 48 month period. The Company has the right to prepay principal amounts due under the Key Bank Term Note early without penalty. As of December 31, 2018, $112,117 was outstanding under the Key Bank Term Note.

The Company is party to a Concession Agreement, dated as of November 1, 2008, with the City of New York for the operation of the Downtown Manhattan Heliport (the "Concession Agreement"). Pursuant to the terms of the Concession Agreement, the Company must pay the greater of 18% of the first $5,000,000 in any program year based on cash collected ("Gross Receipts") and 25% of Gross Receipts in excess of $5,000,000, or minimum annual guaranteed payments. During both the twelve months ended December 31, 2018 and 2017, we incurred approximately $1,800,000 in concession fees which are recorded in the cost of revenue.

As disclosed in a Current Report on Form 8-K filed with the SEC on February 5, 2016, the Company and the New York City Economic Development Corporation (the "NYCEDC") announced new measures to reduce helicopter noise and impacts across New York City (the "Air Tour Agreement").

Under the Air Tour Agreement, filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2015, the Company may not allow its tenant operators to conduct tourist flights from the Downtown Manhattan Heliport on Sundays beginning April 1, 2016. The Company was also required to ensure that its tenant operators reduce the total allowable number of tourist flights from 2015 levels by 20 percent beginning June 1, 2016, by 40 percent beginning October 1, 2016 and by 50 percent beginning January 1, 2017. Additionally, beginning on June 1, 2016, the Company was required to provide monthly written reports to the NYCEDC and the New York City Council detailing the number of tourist flights conducted out of the Downtown Manhattan Heliport compared to 2015 levels, as well as information on any tour flight that flies over land and/or strays from agreed upon routes.

The Air Tour Agreement also extended the Concession Agreement for 30 months, resulting in a new expiration date of April 30, 2021. The City of New York has two one year options to further extend the Concession Agreement. The Agreement also provides that the minimum annual guarantee payments the Company is required to pay to the City of New York under the Concession Agreement be reduced by 50%, effective January 1, 2017.

These reductions have negatively impacted the Company's business and financial results as well as those of its management company at the Heliport, Empire Aviation which, as previously disclosed, is owned by the children of Alvin Trenk, the Company's former Chief Executive Officer and a former member of its Board of Directors. The Company incurred management fees with Empire Aviation of approximately $1,800,000 and $2,500,000 during the twelve months ended December 31, 2018 and 2017, respectively, which is recorded in administrative expenses. The Company and Empire Aviation have also contributed to the Helicopter Tourism and Jobs Council ("HTJC"), an association that lobbies on behalf of the helicopter air tour industry, and which had engaged in discussions with the Mayor's office. Mr. Trenk is also an active participant with HJTC, which is managed by his grandson, and Sam Goldstein, one our directors, serves as deputy director of HJTC.

On February 6, 2018, the Company was issued a note by one of its customers at the Heliport. The note scheduled approximately $750,000 in receivables payable by such customer, had a maturity date of October 31, 2018, and carried a 7.5% rate of interest. As of December 31, 2018, all amounts due under the note have been paid. During the second quarter of 2018, Alvin Trenk, the Company's former Chief Executive Officer and a former member of its Board of Directors, acquired controlling interest in this customer.

On April 20, 2018, the Company's Kansas subsidiary entered into a purchase lease with Commerce Bank for a refueling truck (the "Truck Lease"). The Truck Lease commenced on May 1, 2018 and continues for 60 months at an interest rate of LIBOR plus 416 basis points. At the end of the Truck Lease, the Company's subsidiary may purchase the vehicle for $1.00.

As disclosed in a Current Report on Form 8-K filed with the SEC on July 6, 2015, the Company entered into a stock purchase agreement, dated June 30, 2015, by and between the Company and Warren A. Peck, pursuant to which Mr. Peck purchased all of the capital stock of the Company's wholly-owned subsidiary, Phoenix Rising Aviation, Inc. The details of the agreement are described in such Current Report as well as in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on April 11, 2016. The Company received $100,000 due under this agreement in September 2017 and an additional payment of $100,000 in September 2018. The Company accepted as down payment for the stock purchase the title to a Falcon 10 aircraft owned by Mr. Peck. The aircraft was subsequently sold but that buyer reneged on the deal. The Company repossessed the aircraft and are in the process of re-marketing. The $270,000 in Note Receivable on the balance sheet will be recouped through the sale.

NOTE 3 - <u>Summary of Significant Accounting Policies</u>

<u>Principles of Consolidation</u>
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, FirstFlight Heliports, LLC ("FFH"), and its FBO and MRO at Garden City (Kansas) Regional Airport ("FBOGC"). All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant estimates include depreciation, amortization, impairment of goodwill and intangibles, stock-based compensation, allowance for doubtful accounts and deferred tax assets.

Cash
The Company maintains its cash with various financial institutions. As part of its cash management process, the Company periodically reviews the relative credit standing of these financial institutions.

Accounts Receivable, Trade and Revenue Concentration
The Company extends credit to large and mid-size companies for products and services. The Company has concentrations of credit risk in that 71.0% of the balance of its accounts receivable at December 31, 2018 is made up of only four customers. At December 31, 2018, accounts receivable from the Company's four largest accounts amounted to approximately $285,350 (33.7%), 202,080 (23.8%), $101,678 (12.0%), and $12,671 (1.5%), respectively. In addition, these four customers represented approximately 59.7% of our revenue in 2018. At December 31, 2017, accounts receivable from the Company's four largest accounts amounted to approximately $804,263 (43.7%), $515,962 (28.1%), $253,740 (13.8%), and $122,449 (6.7%), respectively. In addition, these four customers represented approximately 67.6% of our revenue in 2017. The Company has in place a security deposit in connection with each of these receivables. Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability and the allowance for doubtful accounts is adjusted accordingly. We determine collectability based on our management experience and knowledge of the customers.

Inventories
Inventories consist primarily of maintenance parts and aviation fuel and are stated at the lower of cost or net realizable value determined by the first-in, first out method.

In 2017, the Company adopted ASU 2015-11simplifying the measurement of inventory and it did not have a material impact on the Company's financial results.

Property and Equipment
Property and equipment is stated at cost. Depreciation is provided primarily using the straight-line method over the estimated useful lives as set forth in footnote 5. Amortization of leasehold improvements is provided using the straight-line method over the shorter of their estimated useful life or lease term, including renewal option periods expected to be exercised. Maintenance and repairs are charged to expense as incurred; costs of major additions and betterments are capitalized. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income.

Goodwill and Intangible Assets
Goodwill and intangibles that are deemed to have indefinite lives are not amortized but, instead, are to be reviewed at each reporting period for impairment. The Company assessed potential impairment of goodwill using qualitative factors by considering various factors including macroeconomic conditions, industry and market conditions, cost factors, a sustained share price or market capitalization decrease and any reporting unit specific events. The Company performed an analysis of its goodwill and intangible assets at December 31, 2018 and 2017.

Revenue Recognition
Revenue for the sales of products is recognized at the time products are delivered to customers. Revenue for services is recognized at the time the services are performed and provided to customers.

In 2014, the Financial Accounting Standard Board (the "FASB") issued ASC 606, Revenue from Contracts with Customers ("ASC 606"), replacing the existing accounting standard and industry specific guidance for revenue recognition with a five-step model for recognizing and measuring revenue from contracts with customers. The underlying principle of the new standard is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 became effective on January 1, 2018 and we adopted it using the modified retrospective method applied to open contracts and only to the version of the contracts in effect as of January 1, 2018. Prior period amounts have not been adjusted and continue to be reflected in accordance with our historical accounting. There was no impact on the consolidated financial statements and no cumulative effect adjustment was recognized.

Customer Deposits
Customer deposits consist of amounts that customers are required to remit in advance to the Company in order to secure payment for future purchases and services.

Advertising
The Company expenses all advertising costs as incurred. Advertising expense for the years ended December 31, 2018 and 2017 was approximately $33,118 and $36,370, respectively.

Income Taxes
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between their financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income or loss in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are subject to a valuation allowance because it is more likely than not that certain of the deferred tax assets will not be realized in future periods. The Company files income tax returns in the United States (federal) and in various state and local jurisdictions. In most instances, the Company is no longer subject to federal, state and local income tax examinations by tax authorities for years prior to 2015.

Fair Value of Financial Instruments
The reported amounts of the Company's financial instruments, including accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The carrying amounts of debt approximate fair value because the debt agreements provide for interest rates that approximate market. The carrying value of the note receivable approximated fair value because it was discounted at a current market rate.

Net Income Per Common Share
Basic net income per share applicable to common stockholders is computed based on the weighted average number of shares of the Company's common stock outstanding during the periods presented. Diluted net income per share reflects the potential dilution that could occur if securities or other instruments to issue common stock were exercised or converted into common stock. Potentially dilutive securities, consisting of options and warrants, are excluded from the calculation of the diluted income per share when their exercise prices are greater than the average market price of the common stock during the period or when their inclusion would be antidilutive.

The following table sets forth the components used in the computation of basic and diluted income per share:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2018(1) | 2017(1) |
| Weighted average common shares outstanding, basic | 1,029,001 | 1,108,765 |
| Common shares upon exercise of options | 10,598 | 28,922 |
| Weighted average common shares outstanding, diluted | 1,039,599 | 1,137,687 |

(1) Common shares of 39,402 and 27,745 underlying outstanding stock options for the years ended December 31, 2018 and 2017, respectively, were excluded from the computation of diluted earnings per share as their inclusion would be antidilutive.

Stock-Based Compensation
Stock-based compensation expense for all share-based payment awards are based on the estimated grant-date fair value. The Company recognizes these compensation costs over the requisite service period of the award, which is generally the option vesting term. For the years ended December 31, 2018 and 2017, the Company incurred stock based compensation of $33,997. Such amounts have been

recorded as part of the Company's selling, general and administrative expenses in the accompanying consolidated statements of operations. As of December 31, 2018, the unamortized fair value of the options totaled $24,000 and the weighted average remaining amortization period of the options approximated five years.

Option valuation models require the input of highly subjective assumptions, including the expected life of the option. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The fair value of each share-based payment award granted during the years ended December 31, 2018 and 2017 were estimated using the Black-Scholes option pricing model with the following weighted average fair values:

| | For the Year Ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Dividend yield | 0% | 0% |
| Expected volatility | 740% | 718% |
| Risk-free interest rate | 2.5% | 2.1% |
| Expected lives | 5.0 years | 5.0 years |

The weighted average fair value of the options on the date of grant, using the fair value based methodology during the years ended December 31, 2018 and 2017, was $3.03 and $3.24, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. ASU 2016-02 became effective for us on January 1, 2019 and we have adopted the new standard using a modified retrospective approach. We are currently evaluating the impact that the adoption of ASU 2016-02 may have on our consolidated financial statements and disclosures.

NOTE 4 – Inventories

Inventory consists primarily of aviation fuel, which the Company dispenses to its customers, and parts inventory as a result of the acquisition of Aircraft Services. The Company also maintains fuel inventories for commercial airlines, to which it charges into-plane fees when servicing commercial aircraft.

Inventories consist of the following:

| | December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Parts inventory | $ 82,384 | $ 82,505 |
| Fuel inventory | 76,761 | 69,822 |
| Other inventory | 11,720 | 10,802 |
| Total inventory | $ 170,865 | $ 163,129 |

Included in fuel inventory are amounts held for third parties of $37,675 and $31,147 as of December 31, 2018 and 2017, respectively, with an offsetting liability included as part of accrued expenses.

NOTE 5 – Property and Equipment

Property and equipment consist of the following:

| | December 31, | | Estimated |
|---|---|---|---|
| | 2018 | 2017 | Useful Life |
| Aircraft | $ 56,000 | $ 56,000 | 7 – 12 years |
| Vehicles | 467,972 | 309,574 | 5 – 10 years |

| | | | | | |
|---|---|---|---|---|---|
| Office furniture and equipment | | 409,260 | | 387,728 | 3 – 7 years |
| Tools and shop equipment | | 81,847 | | 78,398 | 3 – 10 years |
| Leasehold improvements | | 2,803,724 | | 2,796,921 | 10 – 20 years |
| Building/fuel farm | | 200,000 | | 200,000 | 7 – 17 years |
| Total | | 4,018,803 | | 3,828,621 | |
| Less: accumulated depreciation and amortization | | (3,630,731) | | (3,158,664) | |
| Property and equipment, net | $ | 388,072 | $ | 669,957 | |

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was approximately $472,000 and $537,000, respectively.

NOTE 6 – Goodwill and Intangible Assets

The Company had $750,000 of goodwill at December 31, 2018 and 2017.

NOTE 7 – Notes Payable

| Notes payable consist of: | | December 31, | | |
|---|---|---|---|---|
| | | 2018 | | 2017 |
| Key Bank Term Note. Interest 4.85%, monthly installment payments of $7,772, matures March 31, 2022. | $ | 112,117 | | --- |
| Commerce Bank Truck Lease. LIBOR plus 416 basis points, matures April 30, 2023. | | 119,004 | | --- |
| PNC Bank Acquisition Line of Credit converted to a Promissory Note on May 17, 2014 – paid in full. | | --- | $ | 382,500 |
| Notes payable paid in full. | | --- | | 75,000 |
| Subtotal | | 231,121 | | 457,500 |
| Less: current portion | | (57,722) | | (345,000) |
| Total – long term | $ | 173,399 | $ | 112,500 |

Aggregate annual maturities of debt are as follows:

| For the years ended December 31, | | Total |
|---|---|---|
| 2019 | $ | 57,722 |
| 2020 | | 60,708 |
| 2021 | | 63,851 |
| 2022 | | 38,681 |
| 2023 | | 10,159 |
| TOTAL | $ | 231,121 |

NOTE 8 – Income Taxes

The Company's deferred tax assets consisted of the following:

| | December 31, | |
|---|---|---|
| Deferred tax assets: | 2018 | 2017 |

| | | |
|---|---|---|
| Stock based compensation | $ 50,000 | $ 50,000 |
| Goodwill and intangibles | 21,000 | 39,000 |
| Property and equipment | 486,000 | 415,000 |
| Total deferred tax assets | 557,000 | 504,000 |
| Valuation Allowance | (50,000) | (50,000) |
| Deferred tax asset – net of valuation allowance | $ 507,000 | $ 454,000 |
| Change in valuation allowance | $ --- | $ --- |

The provision for income taxes using the statutory federal tax rate as compared to the Company's effective tax rate is summarized as follows:

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| Tax expense at statutory rate | 21.0% | 30.8% |
| State and local income taxes, net of federal | 17.7% | 24.2% |
| Effective income tax expense rate | 38.7% | 55.0% |

On December 22, 2017, the 2017 Tax Cut and Jobs Act (the "Tax Act") was enacted into law and the new legislation contains several key tax provisions, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. We are required to recognize the effect of the tax law changes in the period of enactment, such as determining the estimated transition tax, re-measuring our U.S. deferred tax assets and liabilities at a 21% rate as well as reassessing the net realizability of our deferred tax assets and liabilities. The provisional amount related to the re-measurement of our deferred tax balance resulted in an increase in tax expense of approximately $42,000 in 2017.

NOTE 9 – Stockholders' Equity

Stock Options

On December 12, 2006, at the Company's Annual Meeting, the stockholders of the Company approved the Stock Option Plan of 2005 (the "Plan"). The Plan is administered by the Company's Compensation Committee and provides for 250,000 shares of common stock to be reserved for issuance under the Plan. Directors, officers, employees, and consultants of the Company are eligible to participate in the Plan. The Plan provides for the awards of incentive and non-statutory stock options. The Compensation Committee determined the vesting schedule to be up to five years at the time of grant of any options under the Plan, and unexercised options will expire in up to ten years. The exercise price is to be equal to at least 100% of the fair market value of a share of the common stock, as determined by the Compensation Committee, on the grant date. The fair value of stock options are calculated in accordance with FASB ASC Topic 718. As of December 31, 2018 and 2017, there were 186,668 and 193,334 shares available for grant as options under the Plan, respectively.

Details of all options outstanding under the Plan are presented in the table below:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance, December 31, 2016 | 73,333 | $ 2.196 |
| Granted | 13,333 | 3.240 |
| Exercised | (30,000) | 1.887 |
| Balance, December 31, 2017 | 56,666 | $ 2.606 |
| Granted | 13,333 | 2.400 |
| Exercised | (6,667) | 2.310 |
| Balance, December 31, 2018 | 63,332 | $ 2.594 |

On April 18, 2017, an option of 10,000 shares was exercised.

On November 21, 2017, four sets of options of 3,333 shares were exercised.

On November 30, 2017, two sets of options of 3,333 shares were exercised.

On December 1, 2017, the Company granted a stock option under the Plan to each of the three non-employee directors plus the former Chief Executive Officer, who otherwise accepts no compensation, to purchase 3,333 shares of common stock at $3.24 per share, the closing price of the Company's common stock on December 1, 2017. Each option vests on December 1, 2018 and expires on December 1, 2022. These options are collectively valued at $43,200 and are being amortized over the vesting period.

On December 6, 2017, the Company repurchased 51,126 shares of the Company's common stock.

On January 30, 2018, the Company repurchased 4,647 shares of the Company's common stock.

On May 16, 2018, the Company repurchased 59,437 shares of the Company's common stock.

On December 1, 2018, two sets of options of 3,333 shares were exercised.

On December 1, 2018, the Company granted a stock option under the Plan to each of the four non-employee directors, who otherwise accepts no compensation, to purchase 3,333 shares of common stock at $2.40 per share, the closing price of the Company's common stock on December 1, 2018. Each option vests on December 1, 2019 and expires on December 1, 2023. These options are collectively valued at $31,997 and are being amortized over the vesting period.

A summary of the Company's stock options outstanding at December 31, 2018 is presented in the table below:

| Exercise Price | Outstanding | Weighted average remaining contractual life of options (in years) | Exercisable | Intrinsic Value |
|---|---|---|---|---|
| $2.400 | 13,333 | 4.92 | --- | $ 8,438 |
| $3.240 | 13,333 | 3.92 | 13,333 | $ 0 |
| $2.250 | 13,333 | 2.92 | 13,333 | $ 10,438 |
| $2.400 | 13,333 | 1.92 | 13,333 | $ 8,438 |
| $2.550 | 10,000 | .92 | 10,000 | $ 4,829 |
| TOTALS | 63,332 | | 49,999 | $ 32,143 |

Warrants

The company does not have any warrants outstanding as of December 31, 2018.

Preferred Stock

As of December 31, 2018 and 2017, the Company has 333,306 shares of preferred stock authorized and none of which is issued and outstanding. As described further in Note 14. Subsequent Events, on February 27, 2019, the Company filed with the Secretary of State of the state of Nevada a certificate of amendment to our articles of incorporation. The amendment provided for, among other things, a reduction in the number of authorized shares of preferred stock to 333,306. The Company's Board of Directors currently has the right, with respect to the authorized shares of our preferred stock, to authorize the issuance of one or more series of preferred stock with such voting, dividend and other rights as the directors determine.

NOTE 10 – Employee Benefit Plan

The Company maintains a 401K Plan (the "401K Plan"), which covers all employees of the Company. The 401K Plan contains an option for the Company to match each participant's contribution. Employer contribution vests over a five-year period on a 20% per year basis. Company contributions to the 401K Plan totaled approximately $30,000 and $31,000 for the years ended December 31, 2018 and 2017, respectively.

NOTE 11 – Commitments

Operating Leases

The Company leases facilities from Garden City, Kansas, which provides for: (a) a 21-year lease term expiring December 31, 2030, with one five-year renewal period, and (b) a base rent of $2,187 per month. In addition, the Company incurs a fuel flowage fee of

$0.06 per gallon of fuel received. The fuel flowage fee is to be reviewed annually by the Garden City Regional Airport, the City of Garden City, and the Company.

The Company leases additional facilities from Garden City, Kansas, which provides for a 14 year lease term expiring December 31, 2030 with a base rent of $565 a month.

The Company leases office space from the Lehigh Valley International Airport, which provides for approximately 360 square feet, at a monthly cost of $518. The lease may be terminated with 30-days' advance notice.

Fixed rent expense aggregated approximately $35,000 in 2018 and 2017. Flowage fees on fuel gallons purchased aggregated approximately $49,000 and $47,000 for the years ended December 31, 2018 and 2017, respectively.

Future minimum rental payments under the Company's operating leases are as follows:

| For the year ended December 31, | | Total |
|---|---|---|
| 2019 | $ | 33,024 |
| 2020 | | 33,024 |
| 2021 | | 33,024 |
| 2022 | | 33,024 |
| 2023 | | 33,024 |
| Thereafter | | 231,168 |
| TOTAL | $ | 396,288 |

NOTE 12 – Related Parties

From time to time, the law firm of Wachtel Missry, LLP provides certain legal services to the Company and its subsidiaries. William B. Wachtel, Chairman of the Company's Board of Directors, is a managing partner of such firm. During the year ended December 31, 2018 and 2017, no services were provided to the Company by Wachtel & Missry, LLP.

As described in more detail in Note 2, Liquidity, the Company is party to a management agreement with Empire Aviation, an entity owned by the children of Alvin S. Trenk, the Company's former Chief Executive Officer and a former member of our Company's Board of Directors.

NOTE 13 – Litigation

From time to time, the Company may be a party to one or more claims or disputes which may result in litigation. The Company's management does not, however, presently expect that any such matters will have a material adverse effect on the Company's business, financial condition or results of operations.

NOTE 14 – Subsequent Events

On February 27, 2019, the Company filed with the Secretary of State of the state of Nevada a certificate of amendment to our articles of incorporation. The amendment provided for a reverse stock split (the "Reverse Split") of the Company's outstanding shares of common stock at a ratio of 1-for-30. This amendment further provided for a reduction in the number of authorized shares of Common Stock to 3,333,334, as well as for a reduction in the number of authorized shares of preferred stock to 333,306 (the Authorized Share Reduction"). The amendment had an effective date and time of 12:01 a.m. Eastern Time on March 1, 2019 for stockholders of record on February 27, 2019.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures**

Management, including our President (principal financial officer) and Chief Executive Officer (principal executive officer), have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report on Form 10-K. Based upon, and as of the date of that evaluation, our President and our Chief Executive Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports filed and submitted by us under the Exchange Act, is (i) recorded, processed, summarized and reported as and when required, and (ii) is accumulated and communicated to our management, including our President and our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

There has been no change to our internal control over financial reporting during the fourth quarter of the fiscal year covered by this Annual Report on Form 10-K that has materially affected, or that is reasonably likely to materially affect our internal control over financial reporting.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. All internal control systems, no matter how well designed and tested, have inherent limitations, including, among other things, the possibility of human error, circumvention or disregard. Therefore, even those systems of internal control that have been determined to be effective can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer (principal executive officer) and our President (principal financial officer), we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment under this framework, management concluded that our internal control over financial reporting was effective as of December 31, 2018.

## ITEM 9B. OTHER INFORMATION

None.

**Part III**

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following table contains certain information related to the directors and executive officers of the Company as of December 31, 2018:

| Name | Age | Position |
|---|---|---|
| William B. Wachtel | 64 | Director, Chairman of the Board |
| Ronald J. Ricciardi | 57 | Director, President & Chief Executive Officer |
| Samuel Goldstein | 40 | Director |
| Marc Chodock | 40 | Director |
| Roy Moskowitz | 64 | Director |

Each of our directors is elected at the Annual Meeting of Stockholders to serve until the next Annual Meeting of Stockholders or until his successor is duly elected and qualified. Our officers are appointed annually by the Board of Directors to serve at the discretion of the Board.

**Business History**

***William B. Wachtel – Director, Chairman of the Board***

Mr. Wachtel was elected as a director and our Chairman of the Board on March 31, 2005. Mr. Wachtel served as our Chairman until April 8, 2009, when he resigned from such capacity but remained a member of the Board. On October 27, 2011, Mr. Wachtel was re-elected as our Chairman of the Board.

Mr. Wachtel has been a managing partner of Wachtel Missry LLP (previously Wachtel & Missry, LLP, and before that, its predecessor law firm Gold & Wachtel, LLP), since its founding in August 1984. Such firm has provided certain legal services to the Company in the past. He is a co-founder of the Drum Major Institute, an organization carrying forth the legacy of the late Reverend Martin Luther King, Jr.

Mr. Wachtel's participation is important to our Board of Directors because of his extensive experience advising companies regarding legal issues, which provides him with a depth and breadth of experience that enhances our ability to navigate legal and strategic issues, and because of his extensive experience working with us.

***Ronald J. Ricciardi – Director, President and Chief Executive Officer***

Mr. Ricciardi was designated as Chief Executive Officer on November 29, 2018 and was re-appointed as our President on the same date. From August 2004 until September 2006, Mr. Ricciardi also served as our Acting Chief Financial Officer. Mr. Ricciardi was a director of Saker's predecessor entity since its inception in 2003 and continues to serve in that capacity for the current entity. From December 2006 until October 2010, Mr. Ricciardi served as Vice Chairman of the Board. Mr. Ricciardi served as Chairman of the Board from April 2009 until October 2011.

Mr. Ricciardi is a senior executive with extensive general management experience in entrepreneurial and large companies. Before joining Arizona FBO Air and from 2000 - 2003, Mr. Ricciardi was President and CEO of P&A Capital Partners, Inc., an entertainment finance company established to fund the distribution of independent films. From 1999 – 2000, Mr. Ricciardi was also co-founder, Chairman and CEO of eTurn, Inc., a high technology service provider, for which he developed a consolidation strategy, negotiated potential merger and acquisition candidates, prepared private placement materials and executed numerous private, institutional and venture capital presentations. After a management career at Pepsi-Cola Company and the Perrier Group of America, Mr. Ricciardi was President and CEO of Clearidge, Inc., a leading regional consumer products company, where he provided strategic and organizational development, and led a consolidation effort that included 14 transactions, which more than tripled the revenue of Clearidge, Inc. over four years.

Mr. Ricciardi's participation is important to our Board of Directors because of his almost 15 years of experience working in a variety of roles with us, including his service on our Board of Directors, combined with his knowledge of the aviation industry and his extensive management experience, all of which demonstrate his strong commitment to us and make him a valued member of our Board of Directors.

***Samuel Goldstein – Director***

Mr. Goldstein was appointed as a director on September 21, 2018.

Mr. Goldstein has served since 2014, and continues to serve, as Deputy Director of the Helicopter Tourism and Jobs Council ("HTJC"). During this time, HTJC successfully negotiated a settlement with the City of New York enabling the helicopter air tour industry to continue operations. Concurrently, Mr. Goldstein was a principal at Kivvit Public Affairs from 2017 to 2018 and served previously as the director of government relations for Selfhelp Community Services, one of New York's largest senior housing and social service organizations, from 2008 to 2013.

Mr. Goldstein's participation is important to our Board of Directors because his exposure and outreach skills developed in part as Deputy Director of HTJC, and corresponding knowledge of the local helicopter marketplace, enable Mr. Goldstein to advise the Company on potential courses of action.

***Marc Chodock – Director***

Mr. Chodock was appointed as a director on June 25, 2015.

Mr. Chodock has been acting as a private investor since February 2013. Previously, he was a consultant in the New York office of McKinsey & Company and a Principal at MatlinPatterson Global Advisors, where he served on the Board of Directors of four companies. He holds a Bachelor of Science in Economics from the University of Pennsylvania's Wharton School of Business and a Bachelor of Applied Science in Biomedical Science from the School of Engineering and Applied Science of the University of Pennsylvania.

Mr. Chodock's participation is important to our Board of Directors because of his extensive experience in advising companies by serving on boards as well as his knowledge in depth and breadth of the aviation industry.

***Roy P. Moskowitz – Director***

Mr. Moskowitz was appointed as a director on June 25, 2015.

Mr. Moskowitz has been the Chief Legal Officer of The New School since September 2006. From 1988 – 2004, Mr. Moskowitz held senior positions of legal oversight for New York educational institutions, including the New York State Education Department, City University of New York, Community School District #2, and the Regional Superintendent of Region 9.

Mr. Moskowitz' participation is important to our Board of Directors because his extensive experience analyzing legal issues enables Mr. Moskowitz to advise the Company on potential courses of action, particularly when legal topics are involved.

**Family Relationships**

There are no family relationships among our directors and officers.

**Other Directorships**

None of our directors serves as a director of a company (1) with a class of securities registered pursuant to Section 12 of the Exchange Act, (2) subject to Section 15(d) of the Exchange Act, or (3) registered as an investment company under the Investment Company Act of 1940.

**Code of Ethics**

On May 19, 2006, our Board of Directors adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions as well as to all of our other employees and directors. We will provide to any person, without charge, upon request, a copy of our Code of Ethics upon written or oral request to Ronald J. Ricciardi, President, Saker Aviation Services, Inc., 20 South Street, Pier 6 East River, New York, NY 10004, or by telephone at: (212) 776-4046.

Our Code of Ethics is posted on our website at www.sakeraviation.com under the "Investor Relations" tab, and then under the "Corporate Governance" sub-tab. We intend to satisfy any disclosure requirements pursuant to Item 5.05 of Form 8-K regarding any amendment to, or a waiver from, certain provisions of our Code of Ethics by posting such information on our website under the "Investor Relations" section.

**Committees of the Board of Directors**

There are three committees of the Board of Directors: the Audit Committee comprised of Marc Chodock, Roy P. Moskowitz and Samuel Goldstein; the Nominating Committee comprised of William B. Wachtel and Ronald J. Ricciardi; and the Compensation Committee comprised of Roy P. Moskowitz and Marc Chodock.

**Section 16(a) of the Exchange Act Beneficial Ownership Reporting Compliance**

Based solely on a review of Forms 3 and 4 and amendments thereto, furnished to us during the fiscal year ended December 31, 2018 and Forms 5 and amendments thereto, furnished to us with respect to the fiscal year ended December 31, 2018, each director and officer timely reported all of his transactions during that most recent fiscal year as required by Section 16(a) of the Exchange Act or has since rectified any necessary filings, except for Messrs. Goldstein, Wachtel, Chodock, and Moskowitz, each of whom filed one late Form 4 reporting one transaction.

**Corporate Governance**

There have been no changes to the procedures by which our security holders may recommend nominees to our Board of Directors since our Board of Directors set forth such policy in our proxy statement for our Annual Meeting of Stockholders held on November 6, 2013.

Our Board of Directors has determined that, of its Audit Committee, Marc Chodock qualifies as a financial expert as such term is defined in applicable SEC rules, and Roy P. Moskowitz, Samuel Goldstein and Marc Chodock qualify as "independent" as such term is defined by the rules of the Nasdaq Stock Market.

## ITEM 11. EXECUTIVE COMPENSATION

### COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth the annual and long-term compensation paid by us during the fiscal years ended December 31, 2018 and 2017 for services performed on our behalf with respect to the person who served as our executive officer as of December 31, 2018.

## SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary ($)(1) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|
| Ronald J. Ricciardi, President and Chief Executive Officer | 2018 | 150,000 | 17,306 | 167,306 |
| | 2017 | 150,000 | 16,692 | 166,692 |

1. Mr. Ricciardi received a base salary of $150,000 in 2018 and 2017.

2. Mr. Ricciardi receives health insurance coverage estimated at a value of approximately $1,067 per month in 2018 and approximately $1,016 in 2017. Mr. Ricciardi received a match to his 401K contributions from us amounting to approximately $4,500 in both 2018 and 2017.

## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2018

There are no outstanding equity awards at December 31, 2018.

## 2018 DIRECTOR COMPENSATION TABLE

| Name | Fees Earned in Cash ($)(1) | Option Awards ($)(2) | Total ($) |
|---|---|---|---|
| Samuel Goldstein | 1,000 | 8,000 | 9,000 |
| William B. Wachtel | 3,000 | 8,000 | 11,000 |
| Marc Chodock | 5,250 | 8,000 | 13,250 |
| Roy P. Moskowitz | 4,500 | 8,000 | 12,500 |

1. Each non-employee director is entitled to a fee of $1,000 per board meeting and $750 and $500 per committee meeting for committee chairman and committee members, respectively. Each director is also entitled to reimbursement for expenses incurred in connection with attendance at meetings of the Board of Directors.

2. Each non-employee director is eligible to be granted an annual option to purchase shares of our common stock. On December 1, 2018, the Board of Directors granted each non-employee director an option for their service in 2018. Each option was for 3,333 shares and was priced at $2.40 per share, which was the closing sales price of our common stock on December 1, 2018. The options vest on December 1, 2019 and may be exercised until December 1, 2023. See Item 12. for a description of all outstanding options held by non-employee directors at December 31, 2018. The fair value of the option awards are calculated in accordance with FASB ASC Topic 718.

**Employment Agreements**

We do not have any current employment agreements.

**Additional Narrative Disclosure**

We do not offer a defined benefit retirement or pension plan. Our 401k Plan (the "401K Plan") covers all of our employees. The 401K Plan contains an option for us to match each participant's contribution. Any contributions by us vest over a five-year period on a 20% per year basis. In January 2011, we set our match of participant contributions at a rate of 50% of the first 6% of participant deferrals. Our contributions to the 401K Plan totaled approximately $30,000 and $31,000 for the years ended December 31, 2018 and 2017, respectively.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

**Beneficial Owners**

The following table presents certain information as of December 31, 2018, as adjusted for the Company's March 2019 reverse stock split, regarding the beneficial ownership of our common stock by:

- each of our current executive officer and directors; and
- all of our current directors and executive officer as a group; and
- each other person or entity known by us to own beneficially 5% or more of our issued and outstanding common stock;

| Name of Beneficial Owner | Number of Shares of Common Stock Beneficially Owned | Percentage of Common Stock Beneficially Owned (1) |
|---|---|---|
| William B. Wachtel (2) | 187,280 (3) | 18.6% |
| Ronald J. Ricciardi (4) | 43,632 (5) | 4.3% |
| Marc Chodock (6) | 110,000 (7) | 10.9% |
| Samuel Goldstein | 0 (9) | 0.0% |
| Roy P. Moskowitz (8) | 13,167 (11) | 1.3% |
| All directors and officers as a group (4 in number) | 354,079 | 35.1% |
| Ronald I. Heller (10) | 64,085 (12) | 6.4% |
| All Beneficial Holders as a group (5 in number) | 418,164 | 41.5% |

(1) The percentages computed in the table are based upon 1,006,768 shares of our common stock, which were outstanding on December 31, 2018. Effect is given, pursuant to Rule 13-d(1)(i) under the Exchange Act, to shares of our common stock issuable upon the exercise of options or warrants currently exercisable or exercisable within 60 days of December 31, 2018.

(2) William B. Wachtel is our Chairman of the Board and a director. Mr. Wachtel's address is 20 South Street, Pier 6 East River, New York, New York 10004.

(3) The shares of our common stock reported in the table include: (a) 6,467 shares purchased by Mr. Wachtel in the open market; (b) an aggregate of 1,550 shares issued in connection with the cashless exercise of options; (c) 3,333 shares issuable upon the exercise of an option expiring December 1, 2019, which option is currently exercisable; (d) 3,333 shares issuable upon the exercise of an option expiring December 1, 2020, which option is currently

exercisable; (e) 3,333 shares issuable upon the exercise of an option expiring December 1, 2021, which option is currently exercisable; (f) 3,333 shares issuable upon the exercise of an option expiring December 1, 2022, which option is currently exercisable. The shares of our common stock reported in the table do not reflect (x) 3,333 shares issuable upon the exercise of an option granted on December 1, 2018, which shall become exercisable on December 1, 2019; and (y) 11,113 shares of our common stock acquired by Wachtel Missry, LLP, which has provided certain legal services for us. Mr. Wachtel is a managing partner of such firm, but does not have sole dispositive or voting power with respect to such firm's securities.

(4) Ronald J. Ricciardi is our President, Chief Executive Officer and a director. Mr. Ricciardi's address is 20 South Street, Pier 6 East River, New York, New York 10004.

(5) The shares of our common stock reported in the table include 8,846 shares issued in connection with a cashless exercise of an option to purchase 10,000 shares.

(6) Marc Chodock is a director. Mr. Chodock's address is 20 South Street, Pier 6 East River, New York, New York 10004.

(7) The shares of our common stock reported in the table include 100,000 shares based on a Schedule 13D filed with the SEC on February 9, 2015. The reporting persons are (i)ACM Value Opportunities Fund I, LP, a Delaware limited partnership (the "Fund"), with respect to the shares of our common stock directly owned by it; (ii) ACM Value Opportunities Fund I GP, LLC, a Delaware limited liability company (the "General Partner"), as general partner of the Fund, with respect to the shares of our common stock directly owned by the Fund, (iii) Arvice Capital Management, LLC, a Delaware limited liability company (the "Manager"), as manager of the Fund, with respect to the shares of our common stock directly owned by the Fund; and (iv) Mr. Marc Chodock ("Mr. Chodock"), as managing member of the Manager, with respect to the shares of our common stock directly owed by the Fund. The business address of each of the Reporting Persons is 110 East 25th St., 3rd Floor, New York, New York 10011. In addition, the shares of our common stock reported in the table include: (a) 3,333 shares issuable upon the exercise of an option expiring December 1, 2020, which option is currently exercisable and (b) 3,333 shares issuable upon the exercise of an option expiring December 1, 2021, which option is currently exercisable and c) 3,333 shares issuable upon the exercise of an option expiring December 1, 2022, which option is currently exercisable. The shares of our common stock reported in the table do not reflect 3,333 shares issuable upon the exercise of an option granted on December 1, 2018, which shall become exercisable on December 1, 2019.

(8) Samuel Goldstein is a director. Mr. Goldstein's address is 20 South Street, Pier 6 East River, New York, New York 10004.

(9) The shares of our common stock reported in the table do not reflect 3,333 shares issuable upon the exercise of an option granted on December 1, 2018, which shall become exercisable on December 1, 2019.

(10) Roy P. Moskowitz is a director. Mr. Moskowitz's address is 20 South Street, Pier 6 East River, New York, New York 10004.

(11) The shares of our common stock reported in the table include (a) 3,167 shares purchased by Mr. Moskowitz in the open market; (b) 3,333 shares issuable upon the exercise of an option expiring December 1, 2020, which option is currently exercisable; (c) 3,333 shares issuable under the exercise of an option expiring December 1, 2021, which option is currently exercisable ; and (d) 3,333 shares issuable under the exercise of an option expiring December 1, 2022, which option is currently exercisable. The shares of our common stock reported in the table do not reflect 3,333 shares issuable upon the exercise of an option granted on December 1, 2018, which shall become exercisable on December 1, 2019.

(12) Ronald I. Heller's address is c/o Heller Capital Partners, 700 E. Palisade Avenue, Englewood, NJ 07632. Mr. Heller is the beneficial owner of 64,085 shares of common stock. The Heller Family Foundation holds 45,752 shares of common stock and the Ronald I. Heller IRA holds 18,333 shares of common stock. Mr. Heller controls the voting and disposition of such securities held by the Heller Family Foundation and Ronald I. Heller IRA.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table set forth certain information, as of December 31, 2018, with respect to securities authorized for issuance under equity compensation plans. The only security being so offered is our common stock.

| | Number of Securities to be issued upon exercise of outstanding options, warrants and rights | | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|---|---|---|---|
| | (a) | | (b) | (c) |
| Equity compensation plans approved by security holders | 63,332 | $ | 2.580 | 186,668 |
| Equity compensation plans not approved by security holders | – | $ | – | – |
| Total | 63,332 | $ | 2.580 | 186,668 |

We received stockholder approval on December 12, 2006 for the Saker Aviation Services, Inc. Stock Option Plan of 2005 which relates to 250,000 shares of our common stock.

On February 27, 2019, the Company filed with the Secretary of State of the state of Nevada a certificate of amendment to our articles of incorporation. The amendment provided for a reverse stock split (the "Reverse Split") of the Company's outstanding shares of common stock at a ratio of 1-for-30. This amendment further provided for a reduction in the number of authorized shares of Common Stock to 3,333,334, as well as for a reduction in the number of authorized shares of preferred stock to 333,306 (the Authorized Share Reduction"). The Company's intention to effect both the Reverse Split and the Authorized Share Reduction were previously disclosed in a definitive information statement on Schedule 14A filed on July 13, 2017 and in a current report on Form 8-K filed on August 23, 2017. The amendment has an effective date and time of 12:01 a.m. Eastern Time on March 1, 2019 for stockholders of record on February 27, 2019.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

**Certain Relationships and Related Transactions**

Our Board of Directors adopted a Policy and Procedure Governing Related Party Transactions on April 26, 2007, which policy delegates certain functions related to the review and approval of related party transactions to the audit committee and the compensation committee.

Pursuant to a management agreement with Empire Aviation, which is owned by the children of Alvin S. Trenk, our former Chief Executive Officer and a former director, the Company incurred management fees of approximately $1,777,000 and $2,500,000 during the twelve months ended December 31, 2018 and 2017, respectively, which is recorded in administrative expenses. The Company and Empire Aviation have also contributed to the Helicopter Tourism and Jobs Council ("HTJC"), an association that lobbies on behalf of the helicopter air tour industry, and which had engaged in discussions with the Mayor's office. Mr. Trenk is also an active participant with HTJC, which is managed by his grandson.

On February 6, 2018, the Company was issued a note by one of its customers at the Heliport. The note scheduled approximately $750,000 in receivables payable by such customer, had a maturity date of October 31, 2018, and carried a 7.5% rate of interest. As of December 31, 2018, all amounts due under the note have been paid. During the second quarter of 2018, Alvin Trenk, the Company's former Chief Executive Officer and a former member of its Board of Directors, acquired controlling interest in this customer.

**Director Independence**

Our Board of Directors made the determination of director independence in accordance with the definition set forth in the Nasdaq Stock Market rules. Under such definition, Marc Chodock, Roy P. Moskowitz and Samuel Goldstein qualify as independent.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

***Audit Fees.*** The aggregate fees billed for professional services rendered by the principal accountant were approximately $94,800 and $92,500 by Kronick Kalada Berdy & Co. for 2018 and 2017, respectively, for the audits of our annual financial statements for the fiscal years ended December 31, 2018 and 2017, and the reviews of the financial statements included in the Company's Quarterly Reports on Forms 10-Q for those fiscal years.

***Audit-Related Fees.*** There were no fees billed for professional services categorized as Audit-Related Fees by the principal accountant for the fiscal years ended December 31, 2018 and 2017.

***Tax Fees***. For the years ended December 31, 2018 and 2017, the aggregate fees billed by a firm other than the principal accountant for services categorized as Tax Fees were $19,000 in both years.

***All Other Fees***. There were no fees billed for services categorized as All Other Fees by the principal accountant for the fiscal years ended December 31, 2018 and 2017.

***Audit Committee Policies and Procedures.*** The audit committee of the Board of Directors must pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent registered public accountants, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, which nonetheless must be approved by our audit committee prior to the completion of the audit. Each year the audit committee approves the engagement of our independent registered public accountant to audit our financial statements, including the associated fee, before the filing of the previous year's Annual Report on Form 10-K. At the beginning of the fiscal year, the audit committee will evaluate other known potential engagements of the independent registered public accountants, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent registered public accountant's independence from management. At each such subsequent meeting, the registered public accountants and management may present subsequent services for approval. Typically, these would be services such as due diligence for an acquisition, that would not have been known at the beginning of the year.

Since December 17, 2009 when our Board of Directors initially authorized the engagement of Kronick Kalada Berdy & Co., pursuant to the SEC rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each subsequent engagement of Kronick Kalada Berdy & Co, has been approved in advance by the audit committee of the Board of Directors, and none of these engagements made use of the de minimus exception to the pre-approval contained in Section 10A(i)(1)(B) of the Exchange Act.

## Part VI

## ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The consolidated financial statements of Saker Aviation Services, Inc. and subsidiaries as of December 31, 2018 and 2017 and for each of the years then ended, and the Report of Independent Registered Public Accounting Firm thereon, are included herein as shown in the "Table of Contents to Consolidated Financial Statements."

(b) Financial Statement Schedules

None.

(c) Exhibits

| Exhibit No. | Description of Exhibit |
|---|---|
| 3 | Amended and Restated Articles of Incorporation. |
| 3 | Articles of Merger (Changing name to Saker Aviation Services, Inc.) |
| 3 | Bylaws of Saker Aviation Services, Inc. |
| 10.1+ | Stock Option Plan of 2005 |
| 10.2 | Concession Agreement between FirstFlight, Inc. and the City of New York by and through New York City of Department of Small Business Services, dated October 7, 2008 |
| 10.3 | Stock Purchase Agreement between the Company and Phoenix Rising Aviation, Inc. |
| 10.4 | Loan Agreement between the Company and PNC Bank |
| 10.5 | Forms of Security Agreements between the Company and PNC Bank |
| 10.6 | Executed Stock Purchase Agreement, effective as of September 30, 2015, by and between the Company and Warren A. Peck |
| 10.7 | Executed Secured Promissory Note, effective as of September 30, 2015, to be made by Warren A. Peck in favor of the Company |
| 10.8 | Executed Installment Payment Agreement, effective as of September 30, 2015, by and between the Company and Warren A. Peck |
| 10.9 | Executed Closing Cash Agreement, effective as of September 30, 2015, by and between the Company and Warrant A. Peck |

| | |
|---|---|
| 10.10 | Amendment to NYC Heliport Concession Agreement, dated as of July 13, 2016 |
| 10.11 | Stock Purchase Agreement, dated October 3, 2016, by and between the Company and Gary and Kim Keller, to purchase all of the capital stock of Aircraft Services, Inc. |
| 10.12 | Loan Agreements entered into by and between the Company and KeyBank, dated as of March 15, 2018. |
| 10.13* | Modified Loan Agreement entered into by and between the Company and KeyBank, dated as October 11, 2018. |
| 10.14* | Certificate of Amendment to the Company's Articles of Incorporation. |
| 31.1* | Certification pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act (principal financial officer). |
| 31.2* | Certification pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act (principal executive officer). |
| 32.1* | Certification pursuant to Section 1350 Certification of Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Extension Definition XBRL Taxonomy Linkbase Document |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |

*Filed herewith
+Management compensation plan or arrangement

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Saker Aviation Services, Inc.

Date: March 29, 2019

By: /s/ Ronald J. Ricciardi
Ronald J. Ricciardi
President, Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| SIGNATURE | TITLE | DATE |
|---|---|---|
| /s/ William B. Wachtel<br>William B. Wachtel | Chairman of the Board, Director | March 29, 2019 |
| /s/ Ronald J. Ricciardi<br>Ronald J. Ricciardi | President, Chief Executive Officer, Director | March 29, 2019 |
| /s/ Marc Chodock<br>Marc Chodock | Director | March 29, 2019 |
| /s/ Roy P. Moskowitz<br>Roy P. Moskowitz | Director | March 29, 2019 |
| /s/ Samuel Goldstein<br>Samuel Goldstein | Director | March 29, 2019 |

Saker Aviation Services, Inc. Form 10-K for the Year Ended December 31, 2018
Exhibits Filed with this Annual Report on Form 10-K:

**INDEX**

| Exhibit No. | Description of Exhibit |
|---|---|
| 31.1 | Certification pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act (principal financial officer). |
| 31.2 | Certification pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act (principal executive officer). |
| 32.1 | Certification Pursuant to Section 1350 Certification of Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Extension Definition XBRL Taxonomy Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

**EXHIBIT 31.1**

**Certification of President**
**(principal financial officer)**
**Pursuant To Rule 13a-14(a)/15d-14(a)**

I, Ronald J. Ricciardi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Saker Aviation Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Ronald J. Ricciardi

Ronald J. Ricciardi
President (principal financial officer)

**EXHIBIT 31.2**

**Certification of Chief Executive Officer**
**(principal executive officer)**
**Pursuant To Rule 13a-14(a)/15d-14(a)**

I, Ronald J. Ricciardi, certify that:

1. I have reviewed this Annual Report on Form 10-K of Saker Aviation Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Ronald J. Ricciardi

Ronald J. Ricciardi
Chief Executive Officer (principal executive officer)

**EXHIBIT 32.1**

**Section 1350 Certification**

Pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), Ronald J. Ricciardi, the Chief Executive Officer (principal executive officer) and President (principal financial officer) of Saker Aviation Services, Inc., does hereby certify that:

1. The Annual Report on Form 10-K for the year ended December 31, 2018 (the "Report") of Saker Aviation Services, Inc. fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of Saker Aviation Services, Inc.

Date: March 29, 2019

By: /s/ Ronald J. Ricciardi
Ronald J. Ricciardi
Chief Executive Officer
(principal executive officer)

Date: March 29, 2019

By: /s/ Ronald J. Ricciardi
Ronald J. Ricciardi
President
(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to Saker Aviation Services, Inc. and will be retained by Saker Aviation Services, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.