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

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended March 31, 2017

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

(212) 776-4046

(Registrant's telephone number, including area code)

N/A

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

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 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 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," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☒

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

Yes ☐ No ☒

As of May 12, 2017, the registrant had 33,422,995 shares of its common stock, $0.001 par value, issued and outstanding.

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
Form 10-Q
March 31, 2017

Index

PART I - FINANCIAL INFORMATION	
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	**Page**
Balance Sheets as of March 31, 2017 (unaudited) and December 31, 2016	1
Statements of Operations for the Three Months Ended March 31, 2017 and 2016 (unaudited)	2
Statements of Cash Flows for the Three Months Ended March 31, 2017 and 2016 (unaudited)	3
Notes to Financial Statements (unaudited)	4
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	8
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	13
ITEM 4. CONTROLS AND PROCEDURES	13
PART II - OTHER INFORMATION	
ITEM 6. EXHIBITS	15
SIGNATURES	16

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2017		December 31, 2016
ASSETS		(unaudited)		
CURRENT ASSETS				
Cash	$	1,500,469	$	2,192,057
Accounts receivable		1,545,973		1,474,407
Inventories		117,813		113,105
Notes receivable – current portion		270,000		270,000
Prepaid expenses and other current assets		396,139		437,586
Total current assets		3,830,394		4,487,155
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of $2,750,113 and $2,622,066 respectively		949,850		1,074,397
OTHER ASSETS				
Deposits		86,502		97,251
Note Receivable		200,000		200,000
Intangible assets		35,000		35,000
Goodwill		750,000		750,000
Deferred income taxes		323,000		323,000
Total other assets		1,394,502		1,405,251
TOTAL ASSETS	$	6,174,746	$	6,966,803
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	379,180	$	842,411
Customer deposits		134,698		126,572
Accrued expenses		235,610		361,443
Notes payable – current portion		345,000		345,000
Total current liabilities		1,094,488		1,675,426
LONG-TERM LIABILITIES				
Notes payable - less current portion		390,000		457,500
Total liabilities		1,484,488		2,132,926
STOCKHOLDERS' EQUITY				
Preferred stock - $.001 par value; authorized 9,999,154; none issued and outstanding				
Common stock - $.001 par value; authorized 100,000,000; 33,157,610 shares issued and outstanding as of March 31, 2017 and December 31, 2016		33,157		33,157
Additional paid-in capital		20,038,925		20,030,425
Accumulated deficit		(15,381,824)		(15,229,705)
TOTAL STOCKHOLDERS' EQUITY		4,690,258		4,833,877
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	6,174,746	$	6,966,803

See notes to condensed consolidated financial statements.

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
REVENUE	$ 2,041,261	$ 2,967,080
COST OF REVENUE	1,201,866	1,265,390
GROSS PROFIT	839,395	1,701,690
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	888,761	1,328,612
OPERATING (LOSS) INCOME FROM OPERATIONS	(49,366)	373,078
OTHER EXPENSE:		
INTEREST EXPENSE	(5,412)	(7,212)
(LOSS) INCOME FROM OPERATIONS, before income taxes	(54,778)	365,866
INCOME TAX EXPENSE	97,341	179,500
NET (LOSS) INCOME	$ (152,119)	$ 186,366
Basic and Diluted Net (Loss) Income Per Common Share	$ (0.00)	$ 0.01
Weighted Average Number of Common Shares – Basic	33,157,610	33,157,610
Weighted Average Number of Common Shares – Diluted	34,684,661	33,295,579

See notes to condensed consolidated financial statements.

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (152,119)	$ 186,366
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	128,047	93,672
Stock based compensation	8,500	8,500
Changes in operating assets and liabilities:		
Accounts receivable, trade	(71,566)	224,203
Inventories	(4,708)	3,064
Prepaid expenses and other current assets	41,447	65,305
Deposits	18,875	13,340
Accounts payable	(463,231)	74,370
Accrued expenses	(125,833)	(250,233)
TOTAL ADJUSTMENTS	(468,469)	232,221
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(620,588)	418,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,500)	(8,175)
NET CASH USED IN INVESTING ACTIVITIES	(3,500)	(8,175)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(67,500)	(68,675)
NET CASH USED IN FINANCING ACTIVITIES	(67,500)	(68,675)
NET CHANGE IN CASH	(691,588)	341,737
CASH – Beginning	2,192,057	414,661
CASH – Ending	1,500,469	$ 756,398
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the periods for:		
Income Taxes	$ 129,093	$ 365,894
Interest	$ 5,412	$ 7,212

See notes to condensed consolidated financial statements.

SAKER AVIATION SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Saker Aviation Services, Inc. (the "Company") and its subsidiaries have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial statements and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements and should be read in conjunction with the financial statements and related footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The condensed consolidated balance sheet as of March 31, 2017 and the condensed consolidated statements of operations and cash flows for the three months ended March 31, 2017 and 2016 have been prepared by the Company without audit. In the opinion of the Company's management, all necessary adjustments (consisting of normal recurring accruals) have been included to make the Company's financial position as of March 31, 2017 and its results of operations and cash flows for the three months ended March 31, 2017 not misleading. The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for any full year or any other interim period.

The Company has evaluated events which have occurred subsequent to March 31, 2017, and through the date of the filing of this Quarterly Report on Form 10-Q with the SEC, and has determined that no subsequent events have occurred after the current reporting period.

NOTE 2 – Liquidity

As of March 31, 2017, the Company had cash and cash equivalents of $1,500,469 and a working capital surplus of $2,735,906. The Company generated revenue from operations of $2,041,261 and had net loss from operations before taxes of $54,778 for the three months ended March 31, 2017. For the three months ended March 31, 2017, cash flows included net cash used by operating activities of $620,588, net cash used in investing activities of $3,500, and net cash used in financing activities of $67,500.

On May 17, 2013, the Company entered into a loan agreement with PNC Bank (the "PNC Loan Agreement"). The PNC Loan Agreement included a $2,500,000 non-revolving acquisition line of credit (the "PNC Acquisition Line").

Proceeds of the PNC Acquisition Line were able to be dispersed, based on parameters defined in the PNC Loan Agreement, until May 17, 2014 (the "Conversion Date"). As of the Conversion Date, there was $1,350,000 outstanding under the PNC Acquisition Line. The payment terms provided that 30 days following the Conversion Date, and continuing on the same day of each month thereafter, the Company is required to make equal payments of principal over a 60 month period. Interest on the outstanding principal continues to accrue at a rate equal to one-month LIBOR plus 275 basis points (3.693% as of March 31, 2017). As of March 31, 2017, there was $585,000 outstanding under the PNC Acquisition Line.

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 program year gross receipts and 25% of gross receipts in excess of $5 million, or minimum annual guaranteed payments. The Company paid the City of New York $1,200,000 in the first year of the term and minimum payments were scheduled to increase to approximately $1,700,000 in the final year of Concession Agreement, which was set to expire on October 31, 2018. During the three months ended March 31, 2017 and 2016, the Company incurred approximately $305,000 and $478,000, respectively, in concession fees which are recorded in the cost of revenue.

As disclosed in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on February 5, 2016, on February 2, 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 "Agreement").

Under the Agreement, filed as an exhibit to the Company's 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. We also were required to ensure the Company's 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 is 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 Agreement also extends the Company's Concession Agreement with the City of New York 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 will negatively impact the Company's business and financial results as well as those of the Company's management company at the Heliport, Empire Aviation which, as previously disclosed, is owned by the children of Alvin Trenk, the Company's Chief Executive Officer and a member of the Company's Board of Directors. The Company incurred management fees with Empire Aviation of approximately $195,000 and $710,000 during the three months ended March 31, 2017 and 2016, 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.

On October 3,2016, the Company purchased all of the capital stock of Aircraft Services, Inc. ("Aircraft Services"), an aircraft maintenance services firm located in Garden City, Kansas. Under the terms of the transaction, the Company made a $150,000 cash payment at closing and will make installment payments totaling an additional $150,000 over the next two years. The closing cash payment for the transaction was funded with internal resources. The Stock Purchase Agreement is discussed in greater detail in a Current Report on Form 8-K filed on October 7, 2016 and filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30,2016.

NOTE 3 - Summary of Significant Accounting Policies

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

Net Income Per Common Share
Net (loss) income was $(152,119) and $186,366 for the three months ended March 31, 2017 and 2016, respectively. 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 were greater than the average market price of the common stock during the period.

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

	For the Three Months Ended March 31,	
	2017	2016 (1)
Weighted average common shares outstanding, basic	33,157,610	33,157,610
Common shares upon exercise of options	1,575,051	137,969
Weighted average common shares outstanding, diluted	34,684,661	33,295,579

(1) Potential common shares of 1,900,000 were excluded from the computation of diluted shares as their exercise prices were greater than the average closing price of the common stock during the period.

Stock Based Compensation
Stock-based compensation expense for all share-based payment awards are based on the 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 three months ended March 31, 2017 and 2016, the Company incurred stock-based compensation costs of $8,500. Such amounts have been recorded as part of the Company's selling, general and administrative expenses in the accompanying condensed consolidated statements of operations. As of March 31, 2017, the unamortized fair value of the options totaled $17,000.

Option valuation models require the input of highly subjective assumptions, including the expected life of the option. In management's opinion, the use of such option valuation models does not necessarily provide a reliable single measure of the fair value of the Company's employee stock options. Management holds this view partly because the Company's employee stock options have characteristics significantly different from those of traded options and also because changes in the subjective input assumptions can materially affect the fair value estimate.

Recently Issued Accounting Pronouncements
In April 2014, the FASB issued Accounting Standards Update No. 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" (ASU 2014-08) which requires entities to change the criteria for reporting discontinued operations and enhance convergence of the FASB's and International Accounting Standard Board's (IASB) reporting requirements for discontinued operations so as not to be overly complex or difficult to apply to stakeholders. Only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on the entity's operations and financial results will be reported as discontinued operations in the financial statements. ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014 and interim periods thereafter. ASU 2014-08 will be effective for the Company's financial statements for fiscal years beginning January 1, 2015. Based on the Company's evaluation of ASU 2014-08, the adoption of this statement on January 1, 2015 has not had a material impact on the Company's financial statements.

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:

		March 31, 2017		December 31, 2016
Parts inventory	$	73,366	$	71,906
Fuel inventory		28,331		20,821
Other inventory		16,116		20,378
Total inventory	$	117,813	$	113,105

Included in fuel inventory are amounts held for third parties of $17,519 and $36,692 as of March 31, 2017 and December 31, 2016, respectively, with an offsetting liability included as part of accrued expenses.

NOTE 5 – Acquisition

Our wholly-owned subsidiary, FBO Air Garden City, Inc. ("GCK"), entered into a Stock Purchase Agreement, dated October 3, 2016, by and between the Company, GCK and Gary and Kim Keller, (the "Stock Purchase Agreement"), to purchase all of the capital stock of Aircraft Services, an aircraft maintenance services firm located in Garden City, Kansas. Under the terms of the transaction, the Company made a $150,000 cash payment at closing and will make installment payments totaling an additional $150,000 over the next two years. The closing cash payment for the transaction was funded with internal resources. The Stock Purchase Agreement is discussed in greater detail in a Current Report on Form 8-K filed with the SEC on October 7, 2016 and filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2016.

The following table details the allocation of the purchase price:

		Fair Value
Inventory	$	71,650
Equipment		6,850
Fixed Assets		1,500
Goodwill		220,000
Total	$	300,000

The following table presents the unaudited Pro-forma results of the continuing operations of the Company and Aircraft Services for the three months ended March 31, 2016 as if Aircraft Services had been acquired at the beginning of the period:

		March 31, 2016
Revenue	$	3,071,915
Net income		211,082
Basic net income per common share	$	0.01
Weighted Average Number of Common Shares Outstanding- Basic		33,157,610

NOTE 6 – 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 quarters ended March 31, 2017 and 2016, 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 Chief Executive Officer and a member of the Company's Board of Directors.

NOTE 7 – 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.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read together with the accompanying consolidated condensed financial statements and related notes in this report. This Item 2 contains forward-looking statements that involve risks and uncertainties. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date of this report. Actual results may differ materially from those expressed or implied in such forward-looking statements. Factors which could cause actual results to differ materially are discussed throughout this report and include, but are not limited to, those set forth at the end of this Item 2 under the heading "Cautionary Statement Regarding Forward Looking Statements." Additional factors are under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The terms "we," "us," and "our" are used below to refer collectively to the Company and the subsidiaries through which our various businesses are actually conducted.

OVERVIEW

Saker Aviation Services, Inc. ("we", "us", "our") is a Nevada corporation. Our common stock, $0.001 par value per share (the "common stock"), is publicly traded 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"), as a provider of aircraft maintenance, repair and overhaul ("MRO") services, 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. ("CPA") in March 2005. Our Garden City facility began offering maintenance services in October 2016 as a result of our acquisition of Aircraft Services, Inc. ("Aircraft Services").

Our business activities at the Downtown Manhattan (New York) Heliport facility (the "Heliport") commenced as a result of the Company's award of 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"). See Note 2 to the condensed consolidated financial statements included in Item 1. of this report.

The FBO segment of the general aviation industry is highly fragmented. According to the National Air Transportation Association ("NATA"), there are over 3,000 FBOs that serve customers at one or more of over 3,000 airport facilities across the country that have at least one paved 3,000-foot runway. The vast majority of these entities are single location operators. NATA characterizes companies with operations at three or more airports as "chains." An operation with FBOs in at least two distinctive regions of the country is considered a "national" chain while an operation with FBOs in multiple locations within a single region is considered a "regional" chain.

REVENUE AND OPERATING RESULTS

Comparison of Continuing Operations from the Three Months Ended March 31, 2017 and March 31, 2016.

REVENUE

Revenue from operations decreased by 31.2 percent to $2,041,261 for the three months ended March 31, 2017 as compared with corresponding prior-year period revenue of $2,967,080.

For the three months ended March 31, 2017, revenue from operations associated with the sale of jet fuel, aviation gasoline and related items decreased by 17.9 percent to approximately $915,000 as compared to approximately $1,115,000 in the three months ended March 31, 2016. This decrease is related to the final stage of the air tour reductions which took effect on January 1, 2017, as further described below in Liquidity and Capital Resources.

For the three months ended March 31, 2017, revenue from operations associated with services and supply items decreased by 41.1 percent to approximately $1,182,000 as compared to approximately $1,838,000 in the three months ended March 31, 2016. This decrease is related to the final stage of the air tour reductions which took effect on January 1, 2017, as noted above.

For the three months ended March 31, 2017, all other revenue from operations increased by 214.7 percent to approximately $44,000 as compared to approximately $14,000 in the three months ended March 31, 2016. The increase was attributable to greater amounts of miscellaneous income in the three months ended March 31, 2017 as compared to prior year.

GROSS PROFIT

Total gross profit from operations decreased by 50.7 percent to $839,395 in the three months ended March 31, 2017 as compared with the three months ended March 31, 2016. Gross margin decreased to 41.1 percent in the three months ended March 31, 2017 as compared to 57.4% percent in the same period in the prior year. The decrease in gross profit is related to the final stage of the air tour reductions, as noted above. 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 the three months ended March 31, 2017 as compared to the same period in 2016.

OPERATING EXPENSE

<u>Selling, General and Administrative</u>

Total selling, general and administrative expenses, or SG&A, from operations were $888,761 in the three months ended March 31, 2017, representing a decrease of approximately $440,000 or 33.1 percent, as compared to the same period in 2016. The overall decrease in SG&A was largely attributable to reduced costs related to the lower levels of activity in our Heliport operations.

SG&A from operations associated with our aviation services operations were approximately $785,000 in the three months ended March 31, 2017, representing a decrease of approximately $436,000, or 35.7 percent, as compared to the three months ended March 31, 2016. SG&A from operations associated with our FBO operations, as a percentage of revenue, was 38.4 percent for the three months ended March 31, 2017, as compared with 41.2 percent in the corresponding prior year period. The decreased operating expenses were largely attributable to reduced costs related to the lower levels of activity in our Heliport operations.

Corporate SG&A from operations was approximately $104,000 for the three months ended March 31, 2017, representing a decrease of approximately $3,000 as compared with the corresponding prior year period.

OPERATING (LOSS) INCOME

Operating loss from operations for the three months ended March 31, 2017 was $49,366 as compared to operating income of $373,078 in the three months ended March 31, 2016. The decrease on a year-over-year basis was driven by lower levels of gross profit, which was partially offset by lower SG&A expenses.

Depreciation and Amortization

Depreciation and amortization was approximately $128,000 and $94,000 for the three months ended March 31, 2017 and 2016, respectively.

Interest Expense

Interest expense for the three months ended March 31, 2017 was approximately $5,000 as compared to $7,000 in the same period in 2016.

Income Tax

Income tax expense for the three months ended March 31, 2017 was $72,357 as compared to $179,500 during the same period in 2016.

Net (Loss) Income Per Share

Net (loss) income was $(152,119) and $186,366 for the three months ended March 31, 2017 and 2016, respectively.

Basic and diluted net (loss) income per share for the three month periods ended March 31, 2017 and 2016 was $(0.00) and $0.01, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2017, we had cash and cash equivalents of $1,500,469 and a working capital surplus of $2,735,906. We generated revenue from operations of $2,041,261 and had a net loss from operations before taxes of $54,778 for the three months ended March 31, 2017. For the three months ended March 31, 2017, cash flows included net cash used by operating activities of $620,588, net cash used in investing activities of $3,500, and net cash used in financing activities of $67,500.

On May 17, 2013, we entered into a loan agreement with PNC Bank (the “PNC Loan Agreement”). The PNC Loan Agreement included a $2,500,000 non-revolving acquisition line of credit (the “PNC Acquisition Line”).

Proceeds of the PNC Acquisition Line were able to be dispersed, based on parameters defined in the PNC Loan Agreement, until May 17, 2014 (the “Conversion Date”). As of the Conversion Date, there was $1,350,000 outstanding under the PNC Acquisition Line. The payment terms provided that 30 days following the Conversion Date, and continuing on the same day of each month thereafter, we are required to make equal payments of principal over a 60 month period. Interest on the outstanding principal continues to accrue at a rate equal to one-month LIBOR plus 275 basis points (3.693% as of March 31, 2017). As of March 31, 2017, there was $585,000 outstanding under the PNC Acquisition Line.

We are 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, we must pay the greater of 18% of the first $5,000,000 in program year gross receipts and 25% of gross receipts in excess of $5 million, or minimum annual guaranteed payments. We paid the City of New York $1,200,000 in the first year of the term and minimum payments were scheduled to increase to approximately $1,700,000 in the final year of Concession Agreement, which was set to expire on October 31, 2018. During the three months ended March 31, 2017 and 2016, we incurred approximately $305,000 and $478,000, respectively, in concession fees which are recorded in the cost of revenue.

As disclosed in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on February 5, 2016, on February 2, 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 "Agreement").

Under the Agreement, filed as an exhibit to the our Annual Report on Form 10-K for the year ended December 31, 2015, we may not allow our tenant operators to conduct tourist flights from the Downtown Manhattan Heliport on Sundays beginning April 1, 2016. We also were required to ensure our 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, we were 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 Agreement also extends our Concession Agreement with the City of New York 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 we are required to pay to the City of New York under the Concession Agreement be reduced by 50%, effective January 1, 2017.

These reductions will negatively impact our business and financial results as well as those of our management company at the Heliport, Empire Aviation which, as previously disclosed, is owned by the children of Alvin Trenk, our Chief Executive Officer and a member of our Board of Directors. The Company incurred management fees with Empire Aviation of approximately $195,000 and $710,000 during the three months ended March 31, 2017 and 2016, 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.

On October 3,2016, the Company purchased all of the capital stock of Aircraft Services, Inc. ("Aircraft Services"), an aircraft maintenance services firm located in Garden City, Kansas. Under the terms of the transaction, the Company made a $150,000 cash payment at closing and will make installment payments totaling an additional $150,000 over the next two years. The closing cash payment for the transaction was funded with internal resources. The Stock Purchase Agreement is discussed in greater detail in a Current Report on Form 8-K filed on October 7, 2016 and filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30,2016.

During the three months ended March 31, 2017, we had a net decrease in cash of $691,588. Our sources and uses of funds during this period were as follows:

Cash from Operating Activities

For the three months ended March 31, 2017, net cash used in operating activities was $620,588. This amount included a decrease in operating cash related to net loss of $152,119 and additions for the following items: (i) depreciation and amortization, $128,047 ; (ii) stock based compensation, $8,500 ; (iii) prepaid expenses and other current assets, $41,447; and (iv) deposits, $18,875. These increases in operating activities were offset by the following decreases in (i) accounts receivable, trade, $71,566; (ii) inventories, $4,708; (iii) accounts payable, $463,231; and (iv) accrued expenses, $125,833.

For the three months ended March 31, 2016, net cash provided by operating activities was $418,587. This amount included an increase in operating cash related to net income of $186,366 and additions for the following items: (i) depreciation and amortization, $93,672 ; (ii) stock based compensation, $8,500 ; (iii) accounts receivable, trade, $224,203; (iv) inventories, $3,064; (v) deposits, $13,340; (vi) prepaid expenses and other current assets, $65,305; and (vii) accounts payable, $74,370. These increases in operating activities were offset by the following decrease in (i) accrued expenses, $250,233.

Cash from Investing Activities

For the three months ended March 31, 2017, net cash of $3,500 was used in investing activities for the purchase of property and equipment. For the three months ended March 31, 2016, net cash of $8,175 was used in investing activities for the purchase of property and equipment.

Cash from Financing Activities

For the three months ended March 31, 2017, net cash used in financing activities was $67,500 for the repayment of notes payable. For the three months ended March 31, 2016, net cash used in financing activities was $68,675 for the repayment of notes payable.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Recent Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" (ASU 2014-08) which requires entities to change the criteria for reporting discontinued operations and enhance convergence of the FASB's and International Accounting Standard Board's (IASB) reporting requirements for discontinued operations so as not to be overly complex or difficult to apply to stakeholders. Only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on the entity's operations and financial results will be reported as discontinued operations in the financial statements. ASU 2014-08 is effective for fiscal years beginning on or after December 15, 2014 and interim periods thereafter. ASU 2014-08 will be effective for the Company's financial statements for fiscal years beginning January 1, 2015. Based on the Company's evaluation of ASU 2014-08, the adoption of this statement on January 1, 2015 has not had a material impact on the Company's financial statements.

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

Statements contained in this report may contain information that includes or is based upon "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. These forward-looking statements represent management's current judgment and assumptions, and can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are frequently accompanied by the use of such words as "anticipates," "plans," "believes," "expects," "projects," "intends," and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors, including, but not limited to, those relating to:

- our ability to secure the additional debt or equity financing, if required, to execute our business plan;
- our ability to identify, negotiate and complete the acquisition of targeted operators and/or other businesses, consistent with our business plan;
- existing or new competitors consolidating operators ahead of us;
- our ability to attract new personnel or retain existing personnel, which would adversely affect implementation of our overall business strategy.

Any one of these or other risks, uncertainties, other factors, or any inaccurate assumptions made by the Company may cause actual results to be materially different from those described herein or elsewhere by us. Undue reliance should not be replaced on any such forward-looking statements, which speak only as of the date they were made. Certain of these risks, uncertainties, and other factors are described in greater detail in our Annual Report on Form 10-K for the year ended December 31, 2015 and in other filings we make with the Securities and Exchange Commission. Subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above and elsewhere in our reports filed with the Securities and Exchange Commission. We expressly disclaim any intent or obligation to update any forward-looking statements, except as may be required by law.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, including our President, Chief Executive Officer and our principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon, and as of the date of that evaluation, our President, Chief Executive Officer and principal financial officer concluded that our 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 Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported as and when required, and (ii) is accumulated and communicated to our management, including our President, Chief Executive Officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description of Exhibit
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (principal executive officer). *
31.2	Rule 13a-14(a)/15d-14(a) Certification of President (principal financial officer). *
32.1	Section 1350 Certification. *
101.INS	XBRL Instance Document. *
101.SCH	XBRL Taxonomy Extension Schema Document. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. *

* Filed herewith

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: May 12, 2017

By: /s/ Ronald J. Ricciardi
Ronald J. Ricciardi
President

EXHIBIT 31.1

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

I, Alvin S. Trenk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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;

(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;

5. The registrant's other certifying officer(s) 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: May 12, 2017

By: /s/ Alvin S. Trenk

Alvin S. Trenk
Chief Executive Officer (principal executive officer)

EXHIBIT 31.2

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 Quarterly Report on Form 10-Q 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;

(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;

5. The registrant's other certifying officer(s) 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: May 12, 2017

By: /s/ Ronald J. Ricciardi

Ronald J. Ricciardi
President (principal financial 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"), Alvin S. Trenk, the Chief Executive Officer (principal executive officer), and Ronald J. Ricciardi, the President (principal financial officer) of Saker Aviation Services, Inc. does hereby certify that:

1. The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (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: May 12, 2017

By: /s/ Alvin S. Trenk
Alvin S. Trenk
Chief Executive Officer
(principal executive officer)

Date: May 12, 2017

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.