

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

CITIZENS CAPITAL CORP  
Form 10QSB  
November 19, 2001

United States  
Securities and Exchange Commission  
Washington, D. C. 20549

FORM 10-QSB

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2001.

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: 0-29830

Citizens Capital Corp.  
(Name of Small Business Issuer as specified in its charter)

Texas  
(State or other jurisdiction of  
incorporation organization)

75-2368452  
(IRS Employer  
Identification No.)

1223 E. Beltline Rd., Suite 116, DeSoto, Texas 75115\* Mailing Address: P. O. Box  
670406, Dallas, Texas 75367  
(Address of principal executive offices)

Issuer's telephone number, including area code: (972) 960-2643

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

Number of shares outstanding of the issuer's common stock as of November 11, 2001: 48,022,500 shares of common stock, no par value.

Transitional Small Business Disclosure Format:

Yes  No

INDEX TO FORM 10-QSB

	Page No. -----
PART I	
Item 1. Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition	7
PART II	

## Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

Item 1. Legal Proceedings	8
Item 2. Changes in Securities	8
Item 3. Defaults Upon Senior Securities	8
Item 4. Submission of Matters to a Vote of Securities Holders	8
Item 5. Other Information	8
Item 6. Exhibits and Reports on Form 8-K	9

2

### PART I-FINANCIAL INFORMATION

The balance sheet as of September 30, 2001; statements of operations and statement of cash flows for the third quarters ended September 30, 2001 and 2000 respectively and the period from inception (March 12, 1991) to September 30, 2001 were taken from the Company's books and records without audit. However, in the opinion of management, such information includes all adjustments (consisting only of normal recurring accruals) which are necessary to properly reflect the financial position of the Company as of September 30, 2001; results of operations and cash flow for the third quarters ended September 30, 2001 and 2000 respectively. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed and omitted, although management believes the disclosures are adequate to make the information presented not misleading. These interim unaudited financial statements should be read in conjunction with the Company's audited annual financial statements for the years ended December 31, 2000 and 1999 located in the Company's Form 10-KSB annual report filed with the Securities and Exchange Commission on April 15, 2001.

### INDEX TO FINANCIAL STATEMENTS

	Page No. -----
Consolidated Balance Sheets	4
Consolidated Statements of Operations	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7

3

Item 1. Financial Statements

CITIZENS CAPITAL CORP.  
(a development stage company)

CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2001

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

ASSETS

-----

CURRENT ASSETS -	
Cash	\$          63
Accounts Receivable	3,973
	-----
Total current assets	4,036
EQUIPMENT, net of accumulated depreciation of \$7,059	27,447
OTHER ASSETS	
Intangible Assets, net	320
Total Assets	\$      31,803
	-----

LIABILITIES AND STOCKHOLDER'S EQUITY

-----

CURRENT LIABILITIES -	
Current portion of loans from stockholders	\$      16,953
Accounts payable and accrued liabilities	35,115
Credit Card Cash Advances	38,418
Advances from stockholder	8,270
Total current liabilities	98,756
LONG TERM LIABILITIES	
Loans from stockholders, net of current portion	14,361
Total Liabilities	113,117
	-----
STOCKHOLDERS' EQUITY:	
Preferred stock, \$1.00 stated value, 5,000,000 shares authorized; 1,000,000 shares issued and outstanding	1,000,000
Common stock, no par value, 100,000,000 shares authorized; 40,500,000 shares issued and outstanding (\$.01 stated value)	480,225
Additional paid-in capital	48,836,908
Stock held by subsidiary (5,000,000 common shares)	(50,000)
Note receivable from ESOP	(50,100,000)
Deficit accumulated during the development stage	(248,447)
	-----
Total stockholders' equity	(81,314)
Total liabilities and stockholders' equity	31,803

CITIZENS CAPITAL CORP.  
(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the NINE Months Ended SEPTEMBER 30, 2001 and 2000  
AND THE PERIOD FROM INCEPTION (MARCH 12, 1991) TO

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

SEPTEMBER 30, 2001

(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2001	2000	2001	2000
SALES	\$ 17,461	\$ 28,639	\$ 58,278	\$ 38,013
COST OF SALES	4,296	7,476	12,747	9,053
	13,165	21,163	45,531	28,960
GENERAL AND ADMINISTRATIVE EXPENSES	18,890	30,905	96,260	67,051
NET LOSS	\$ (5,725)	\$ (9,742)	\$ (50,729)	\$ (38,091)
NET LOSS PER SHARE (BASIC AND DILUTED)	\$ --	\$ --	\$ --	\$ --
Weighted Average Shares	43,022,500	40,500,000	42,464,167	40,500,000

5

CITIZENS CAPITAL CORP.  
(a development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the NINE Months Ended SEPTEMBER 30, 2001 and 2000  
AND THE PERIOD FROM INCEPTION (MARCH 12, 1991) TO  
SEPTEMBER 30, 2001  
(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,			Period from
	2001	2000		March 12, 1991 to SEPTEMBER 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (50,729)	\$ (38,091)	\$	(248,400)
Adjustments to reconcile net loss to cash used by operating activities:				
Expenses paid by stockholder	---	---		95,000
Depreciation and amortization	---	---		7,100
Change in Credit Cards advances	---	33,142		38,400
Services paid for with stock and options	25,125	---		55,200
Change in Prepaid Expenses	---	1,000		---
Change in accounts receivable	(486)	(1,887)		(3,900)
Change in accounts payable and accrued liabilities	21,176	8,477		35,100

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

Net cash used by operating activities	4,914	2,641	(21,3
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of equipment and other assets	---	(31,004)	(34,5
Payment for intangible assets	---	---	(4
Net cash used by investing activities	---	(31,004)	(34,9
CASH FLOWS FROM FINANCING ACTIVITIES -			
Notes payable	---	28,653	-
Sale of stock and contribution by stockholder	---	1,624	16,8
Loan from shareholder	4,600	---	31,3
Stockholders advances	---	---	8,2
Net cash provided by financing activities	---	30,277	56,4
NET INCREASE (DECREASE) IN CASH	(314)	1,914	
CASH, beginning of period	377	2,221	-
CASH, end of period	\$ 63	\$ 4.135	\$

6

CITIZENS CAPITAL CORP.  
(a development stage company)

Notes to Consolidated Financial Statements  
(Unaudited)

1. Unaudited Information

The consolidated balance sheet as of September 30, 2001; consolidated statements of operations and consolidated statements of cash flows for the nine month periods ended September 30, 2001 and 2000 respectively were taken from the Company's books and records without audit. However, in the opinion of management, such information includes all adjustments (consisting only of normal recurring accruals) which are necessary to properly reflect the consolidated financial position of the Company as of September 30, 2001; results of operations and cash flow for the nine month periods ended September 30, 2001 and 2000 respectively.

On June 1, 2000, the Company acquired the operating assets of DeSoto, Texas based Taylor Printing & Graphics which was integrated into the newly formed Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment, Inc. subsidiary. The financial consideration for the purchase of Taylor Printing & Graphics was \$31,004 cash. The Company funded the \$31,004 cash purchase price from \$1,004 cash on hand; the proceeds of a 3 year, 11.5%, \$25,000 loan borrowed by its Landrush Realty Corporation subsidiary and a 2 year, 8.5%, \$5,000 loan borrowed from its President, Billy D. Hawkins.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Citizens Capital Corp. (the "Company") is a development stage, acquisition oriented, holding company whose objectives are to acquire and/or develop

## Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

operating entities, assets and/or marketing rights which provide the Company with an initial entry into new markets or serve as complementary additions to existing operations, assets and/or products.

Currently, the Company's plans contemplate operating and taking acquisition initiatives in the following three market segments: 1) commercial and residential real estate investment and development; 2) commercial printing and publishing; 3) the design, marketing and distribution of branded athletic shoes and apparel, through its three 97% owned subsidiaries: Landrush Realty Corporation ("Landrush"); Media Force Sports & Entertainment, Inc. ("Media Force"); and SCOR Brands, Inc. ("SCOR"). Operations since inception have primarily included expenditures related to development of the Company's planned business ventures.

### Results of Operations

Three Months Ended September 30, 2001

REVENUES. Revenue of \$17,461 for the third quarter of 2001 compares to \$28,639 for the third quarter of 2000. Effective June 1, 2000, the Company acquired and integrated Taylor Printing and Graphics into the newly formed Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment, Inc. subsidiary. The decrease in revenue for the third quarter end 2001 was due to a general decline in spending in the overall economy. Said decrease in spending has had a direct impact on business related commercial printing expenditures.

During the remainder of fiscal year 2001, the Company intends to add additional media products and services to its commercial printing operations. Also, the Company shall continue the evaluation, for acquisition, of other media product and service companies to add to its Media Force Signs Graphics and Media division. Moreover, the Company intends to open and/or acquire other locations to be designated as Media Force Signs Graphics & Media retail outlets.

The Company, through its SCOR Brands, Inc. subsidiary has completed production of its initial lines of SCOR Brand athletic footwear. It is the objective of the Company to cause SCOR Brands to move its initial product lines into the market and begin to generate revenues from the SCOR Brands unit. To facilitate movement of said products into the market, it is the objective of the Company to add additional SCOR Store retail outlets beginning in the Dallas,/Ft. Worth

7

market. It is the objective of the Company to add both company and franchise owned SCOR Store retail outlets to facilitate distribution of its SCOR Brand products. The Company believes that the market for its SCOR Brand products remain strong and especially believes that there are great opportunities for a new brand entrant in the \$13 billion athletic footwear market.

The Company believes that the further penetration of its now developed products and services into the market place will further its ability to increase revenues. In addition, the Company believes that its strategy of pursuing the continued purchase of revenue streams through the merger and acquisition process and/or the creation of various joint ventures will allow the Company to accelerate the rate in which it generates revenue.

The Company intends to utilize the remainder of its 2001 fiscal year focusing on identifying, evaluating and pursuing suitable merger and/or the acquisition of those operating, revenue producing entities which offer products and/or services similar to, or the same as, those proposed by the Company. The Company continues in direct contact with various companies who may be suitable acquisition candidates for the Company. Moreover, the Company maintains ongoing relationship

## Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

with investment banks and business intermediaries who represent companies operating in various industries who are seeking to be acquired.

**GROSS PROFIT.** Gross profit of \$13,165 for the third quarter of 2001 compares to \$21,163 for the third quarter of 2000. The decrease in revenue for the third quarter end 2001 was due to a general decline in spending in the overall economy. Said decrease in spending has had a direct impact on business related commercial printing expenditures and thereby revenues and gross profit for the third quarter of 2001.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSE.** Selling, general and administrative expenses of \$18,890 for the third quarter of 2001 compares to \$30,905 for the third quarter of 2000. The decrease in selling, general and administrative expenses are due to a general decline in spending in the overall economy. Said decrease in spending has had a direct impact on business related commercial printing expenditures and thereby the Company has adjusted its general and administrative expenses to reflect the corresponding decrease in revenues and the cost thereof.

As the Company introduces its SCOR Brand products into the market place; expands its media products and services and hires additional personnel during the remainder of its 2001 fiscal year, the Company expects its selling, general and administrative expenses to increase.

**NET INCOME (LOSS).** A net loss of \$5,725 on revenue of \$17,461 for the third quarter of 2001 compares to a net loss of \$9,742 on revenue of \$28,639 for the third quarter of 2000. The net loss reported by the Company for the third quarter of 2001 is attributable to a higher level of general and administrative expenses as related to revenues and gross profits for the period.

### Liquidity And Capital Resources

To continue its plan of operation for the remainder of its 2001 fiscal year, the Company expects to undertake capital obligations in order to market, distribute and expand the products and/or services proposed by Media Force Sports & Entertainment Inc. (Media Force) and SCOR Brands Inc. (SCOR) subsidiaries.

The Company expects to undertake initial capital obligations of up to \$220,000 to hire executive management and general administration personnel for itself. Subsequently, the Company expects to incur additional capital obligations of up to \$100,000 to hire management, general administration, marketing and sales personnel for Media Force and SCOR respectively and \$800,000 in order to procure initial product inventories for its SCOR Brand unit. In order to fund the continuance of its operations, the Company expects to pursue working capital lines of credit of \$100,000 for itself and \$100,000 each for Media Force and SCOR respectively.

The Company expects to expand the products and services proposed to be offered by Media Force and SCOR primarily by acquiring those existing, income producing operating entities that offer products and services similar to, or the same as, those offered by Media Force and SCOR. To facilitate its growth and expansion plans for Media Force and SCOR, the Company intends to pursue loans from affiliates of the Company and/or sell a portion of its SCOR Brands unit to procure up to \$1,000,000.

### Plan of Operation

The Company's plan of operation for the remainder of its 2001 fiscal year is to:  
(1) promote, market and/or introduce into the consumer marketplace the products

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

and services proposed by its Media Force and SCOR units and (2) continue to identify, evaluate and pursue suitable merger and/or acquisition of those operating, income producing entities which offer products and/or services similar to, or the same as, those proposed by the Company.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

On October 3, 2001, a report of Form 8-K was filed with the Securities and Exchange Commission regarding Citizens Capital Corp. Class A Subscription Rights Agreement dated August 30, 2001.

EXHIBIT INDEX

SEE "EXHIBIT INDEX" ON PAGE 11

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 15, 2001

By: \_\_\_\_\_  
Chief Executive Officer

Citizens Capital Corp.  
-----  
(Registrant)

By: /s/ Billy D. Hawkins  
-----  
Chief Executive Officer

EXHIBIT INDEX

Exhibit No -----	Description -----	Page No. -----
None		



