

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

CITIZENS CAPITAL CORP  
Form 10QSB  
August 21, 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 June 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., Ste. 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 August 10, 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	3
Item 2. Management's Discussion and Analysis of Financial Conditions	7
PART II	

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

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

2

PART I-FINANCIAL INFORMATION

The balance sheet as of June 30, 2001; statements of operations; statement of cash flows for the second quarters ended June 30, 2001 and 2000 respectively and the period from inception (March 12, 1991) to June 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 June 30, 2001 and results of operations for the second quarters ended June 30, 2001 and 2000. 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, 2001 and 2000 located in the Company's Form 10-KSB annual report filed with the Securities and Exchange Commission on April 15, 2000.

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 JUNE 30, 2001

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

ASSETS

-----

CURRENT ASSETS -	
Cash	\$ 10,735
Account Receivable	6,335
	-----
Total Current Assets	17,070
EQUIPMENT, net of accumulated depreciation of \$7,059	27,447
OTHER ASSETS	
Intangible Assets, net	320
Total Assets	\$ 44,837
	-----

LIABILITIES AND STOCKHOLDER'S EQUITY

-----

CURRENT LIABILITIES -	
Current portion of loans from stockholders	\$ 16,953
Accounts payable and accrued liabilities	42,424
Credit card cash advances	38,418
Advances from stockholder	8,270
	-----
Total Current Liabilities	106,065
Loans from stockholders, net of current portion	14,361
Total Liabilities	120,426
	-----
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; 48,022,500 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	(242,722)
	-----
Total stockholders' deficit	(75,589)
	-----
Total liabilities and stockholders' deficit	\$ 44,837
	=====

CITIZENS CAPITAL CORP.  
(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000  
AND THE PERIOD FROM INCEPTION (MARCH 12, 1991) TO  
JUNE 30, 2001

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

(Unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2001	2000	2001	2000
SALES	17,564	\$ 9,374	40,817	\$ 9,374
COST OF SALES	4,027	1,577	8,451	1,577
	13,537	7,797	32,366	7,797
GENERAL AND ADMINISTRATIVE EXPENSES	26,073	32,813	77,370	36,146
NET LOSS	\$ (12,536)	\$ (25,016)	\$ (45,004)	\$ (28,349)
NET LOSS PER SHARE (BASIC AND DILUTED)	\$ --	\$ --	\$ --	\$ --
Weighted Average Shares	43,022,500	40,500,000	42,185,000	40,500,000

5

CITIZENS CAPITAL CORP.  
(a development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	SIX MONTHS ENDED JUNE 30,		Period from March 12, 1991 to JUNE 30, 2001
	2001	2000	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (45,004)	\$ (28,349)	\$ (242,722)
Adjustments to reconcile net loss to cash used by operating activities:			
Expenses paid by stockholder	--	--	95,083
Depreciation and amortization	--	--	7,197
Change in Credit Cards advances	--	--	38,418

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

Services paid for with stock and options	25,125	--	55,225
Change in accounts receivable	(2,848)	(4,300)	(6,335)
Change in accounts payable & sales tax	28,485	5,378	42,424
	-----	-----	-----
Net cash (used by) provided by operating activities	5,758	(27,271)	(10,710)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of equipment and other assets	--	(31,004)	(34,564)
Payment for intangible assets	--	--	(400)
			-----
Net cash used by investing activities	--	(31,004)	(34,964)
CASH FLOWS FROM FINANCING ACTIVITIES -			
Notes payable	--	54,594	--
Sale of stock and contribution by stockholder	--	2,604	16,825
Loan from shareholders	4,600	--	31,314
Stockholders advances	--	--	8,270
	-----	-----	-----
Net cash provided by financing activities	4,600	57,198	56,409
NET INCREASE (DECREASE) IN CASH	10,358	(1,077)	10,735
CASH, beginning of period	377	2,221	-
	-----	-----	-----
CASH, end of period	\$ 10,735	\$ 1,144	\$ 10,735
	=====	=====	=====

6

CITIZENS CAPITAL CORP.  
(a development stage company)

Notes to Consolidated Financial Statements  
(Unaudited)

1. Unaudited Information

-----

The consolidated balance sheet as of June 30, 2001 and the consolidated statements of operations for the six month period ended June 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 June 30, 2001 and the results of operations for the six month period ended June 30, 2001 and 2000 respectively.

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 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

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

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

Six Months Ended June 30, 2001

REVENUES. Revenue of \$17,564 for the second quarter of 2001 compares to \$9,374 for the second quarter of 2000. During the second quarter end 2000, the Company acquired and integrated Taylor Printing and Graphics into the newly formed Media Force Signs Graphics & Media (MFSG&M) division of its Media Force Sports & Entertainment, Inc. subsidiary effective June 1, 2000. The increase in revenue during the second quarter end 2001 were a result of (MFSG&M) owning and operating Taylor Printing & Graphics for a longer period of time than the period ended June 30, 2000.

During the remainder of fiscal year 2001, the Company intends to seek opportunities to expand (MFSG&M) by adding additional retail locations and acquiring other media products and services companies.

The Company has completed primary development of its initial products and services and is currently preparing said products and services for production and entry into their respective markets. The Company, through its SCOR Brands, Inc. (SCOR) subsidiary anticipates moving further into the production and distribution of its SCOR Brand line of athletic footwear and apparel. The Company believes that the markets for each of its products and services remain strong. SCOR brand products are distributed through its SCOR Store retail outlets. SCOR .intends to strategically open additional company owned and licensed SCOR Store retail outlets in key markets.

The Company believes that the initial introduction of its developed products and services into the market place will establish and increase its ability to generate revenue. 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 increased revenue.

7

In addition to introducing its own products and services into their respective markets, 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 with investment banks and business intermediaries who represent companies operating in various industries who are seeking to be acquired.

GROSS PROFIT. Gross profit of \$13,537 for the second quarter of 2001 compares to \$7,797 for the second quarter of 2000. The increase in gross profit for the second quarter of 2001 was attributable to increased revenue generated as the result of MFSG&M owning and operating Taylor Printing & Graphics for a longer period of time than the period ended June 30, 2000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expenses of \$77,370 for the second quarter of 2001 compares to

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

\$36,146 for the second quarter of 2000. The increase in selling, general and administrative expenses primarily reflects the increase in general expenses associated with the operation of its MFSG&M unit subsequent to the Company's acquisition and integration of Taylor Printing & Graphics during the second quarter of 2000. For the remainder of its 2001 fiscal year, the Company expects selling, general and administrative expenses to increase as it expands its current operations and continues its ongoing identification, evaluation and pursuit of suitable merger, acquisition and/or joint venture candidates.

OTHER INCOME (EXPENSES). The Company did not generate any other items of income or expense for the second quarter of 2001 nor for the second quarter of 2000.

NET INCOME (LOSS). A net loss of \$45,004 on revenue of \$40,817 for the second quarter of 2001 compares to a net loss of \$28,349 on revenue of \$9,374 for the second quarter of 2000. Although an increase in revenue, the net loss reported by the Company for the second quarter of 2001 is attributable to an increase of general and administrative expenses from its MFSG&M unit subsequent to the integration of Taylor Printing & Graphics which was acquired during the second quarter of 2000.

### 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 its Landrush Realty Corporation (Landrush); Media Force Sports & Entertainment Inc. (Media Force) and SCOR Brands Inc. (SCOR) subsidiaries.

The Company expects to undertake initial capital obligations of \$220,000 to hire executive management and general administration personnel for itself. Subsequently, the Company expects to incur additional capital obligations of \$100,000 and \$100,000 to hire management, general administration, marketing and sales personnel for Landrush and Media Force respectively and \$550,000 in order to initiate production of its SCOR Brand line of athletic footwear and apparel. 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 Landrush; Media Force and SCOR respectively.

The Company expects to expand the products and services proposed to be offered by Landrush; 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 Landrush; Media Force and SCOR. To facilitate its growth and expansion plans for Landrush; Media Force and SCOR, the Company intends to pursue loans from affiliates of the Company and/or third party lenders, as well as, the capital markets in the amounts of \$415,000; \$200,000 and \$750,000 respectively for each of its three subsidiaries.

8

### PLAN OF OPERATION

The Company's plan of operation for the remainder of its 2001 fiscal year is to: (1) produce, promote, market and introduce into the consumer marketplace the products and/or services proposed by its three subsidiaries: Landrush, Media Force and SCOR 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

Edgar Filing: CITIZENS CAPITAL CORP - Form 10QSB

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

None

EXHIBIT INDEX

SEE "EXHIBIT INDEX" ON PAGE 10

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: August 16, 2001

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

Citizens Capital Corp  
\_\_\_\_\_  
(Registrant)

By: /s/ Billy D. Hawkins  
\_\_\_\_\_  
Chief Executive Officer

9

EXHIBIT INDEX

Exhibit No -----	Description -----	Page No. -----
	No Exhibits	

[THE REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

10