

CITIZENS CAPITAL CORP
Form 10-Q
November 14, 2011

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 September 30, 2011.

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: 0-24344

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.)

Mailing Address: P. O. Box 670406, Dallas, Texas 75367
(Address of principal executive offices)

Issuer's telephone number, including area code: (800) 573-4780; Extension 1.

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

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 (230.405) 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 Registrant. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting Registrant" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Non-accelerated filer
Accelerated filer Smaller reporting Registrant

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Number of shares outstanding of the issuer's common stock as of September 30, 2011: 48,022,500 shares of common stock, no par value.

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PART I—FINANCIAL INFORMATION

For its fiscal period ended December 31, 2010, the Company was an inactive entity pursuant to Rule 17 CFR 210.3-11. Rule 17 CFR 210.3-11 states that if a registrant is an inactive entity as defined below, the financial statements required by this regulation for purposes of reports pursuant to the Securities Exchange Act of 1934 may be un-audited. An inactive entity is one meeting all of the following conditions: (a) Gross receipts from all sources for the fiscal year are not in excess of \$100,000; (b) the registrant has not purchased or sold any of its own stock, granted options therefore, or levied assessments upon outstanding stock, (c) Expenditures for all purposes for the fiscal year are not in excess of \$100,000; (d) No material change in the business has occurred during the fiscal year, including any bankruptcy, reorganization, readjustment or succession or any material acquisition or disposition of plants, mines, mining equipment, mine rights or leases; and (e) No exchange upon which the shares are listed, or governmental authority having jurisdiction, requires the furnishing to it or the publication of audited financial statements.

The balance sheet as of September 30, 2011; statements of operations and statement of cash flows for the third quarter ended September 30, 2011 and the period from inception (March 12, 1991) to September 30, 2011 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, 2011; results of operations and cash flow for the third quarter ended September 30, 2011. 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 annual financial statements for the year ended December 31, 2010 located in the Company's Form 10-K annual report filed with the Securities and Exchange Commission on September 12, 2011.

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ITEM 1. FINANCIAL STATEMENTS

MANAGEMENT'S ACCOUNTING REPORT

Board of Directors
Citizens Capital Corp.
Dallas, Texas

The Issuer's management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires the estimating, matching and timing of revenue and expense. The accounting policies used conform to generally accepted accounting principles which have been consistently applied in the preparation of these financial statements. The financial statements and notes are representations of the Issuer's management which is responsible for their integrity and objectivity. Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Issuer's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Issuer for the quarterly period ended September 30, 2011.

/s/ Billy D. Hawkins
Citizens Capital Corp.
Chief Executive Officer

Dallas, Texas
November 7, 2011

CITIZENS CAPITAL CORP.

(a development stage company)

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2011

CURRENT ASSETS:

Cash	\$(71,745)
Accounts receivable	0
Total current assets	(71,745)

OTHER ASSETS:

Investments – (Note 10)	25,010
Note Receivable ² from ESOP Trust - (Note 11)	18,863,700
Total other assets	18,888,710

PROPERTY AND EQUIPMENT, net of accumulated depreciation

-

INTANGIBLE ASSETS, net of accumulated amortization of: \$7,936 - (Note 12)

Brands; Rights; Services and Contracts	27,540
Goodwill	4,284
Total intangible assets	31,824

Total assets	\$18,848,789
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LIABILITIES AND STOCKHOLDERS DEFICIT

CURRENT LIABILITIES:

Accounts payable	\$9,852
Advances from stockholder	8,270
Total current liabilities	18,122

LONG TERM LIABILITIES:

Credit card cash advances – (Note 4)	38,418
Interest Payable – Credit card advances (Note 4)	52,678
Loans from stockholders – (Note 6)	26,714
Interest Payable - Stockholders' Loans - (Note 6)	8,440
Series 2010A; 7% percent; \$1,000 par value; convertible; callable; 144A; First Mortgage Bonds due 2020 - (Note 13)	30,000,000
Discount on Series 2010A; 144A Bond Issuance - (Note 14)	(11,136,300)
Total long term liabilities	18,989,950

Total liabilities	\$19,008,072
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COMMITMENT - (Note 9)

STOCKHOLDERS' DEFICIT:

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	48,818,174
Note receivable ¹ from ESOP – (Note 7)	(50,099,712)
Deficit accumulated during the development stage	(357,970)
Total stockholders' deficit	(159,283)
Total liabilities and stockholders' deficit	\$(18,848,789)

See accompanying notes to consolidated financial statements.

CITIZENS CAPITAL CORP.
(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

	third Quarter Ended september 30,		Period from Inception (March 12, 1991) to September 30, 2011
	2011	2010	
SALES	\$ 0	\$ 0	\$ 177,937
COST OF SALES	0	0	37,401
OTHER INCOME/(LOSS)	-	-	(8,707)
GROSS MARGIN	0	0	131,829
GENERAL AND ADMINISTRATIVE EXPENSES	9,522	1,164	489,799
NET LOSS	\$ (9,522)	\$ (1,164	\$ (357,970)
NET LOSS PER SHARE (basic and diluted)	\$ *	\$ *	

* Less than \$.01 per share

See accompanying notes to consolidated financial statements.

CITIZENS CAPITAL CORP.
(a development stage company)

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional	Note	Accumulated	
	Shares	Amount	Shares	Amount	Paid-In Capital	Receivable from ESOP	Deficit	Totals
Common stock issued founder upon incorporation	-	\$-	300	\$3	\$(3) \$-	\$-	\$-
Common stock issued founder December 24, 1993	-	-	22,499,700	224,997	(224,997) -	-	-
Preferred stock issued November 1, 1994	1,000,000	1,000,000	-	-	(988,000	-	-	12,000
Contributions by stockholder at various dates prior to 1997	-	-	-	-	56,096	-	-	56,096
Cumulative net loss through December 31, 1996	-	-	-	-	-	-	(65,271) (65,271)
BALANCES, December 31, 1996	1,000,000	1,000,000	22,500,000	225,000	(1,156,904) -	(65,271) 2,825
Common stock issued for brand and service marks November 14, 1997	-	-	3,000,000	30,000	(30,000) -	-	-
Contributions by stockholder during 1997	-	-	-	-	9,307	-	-	9,307
Net loss for the year	-	-	-	-	-	-	(9,657) (9,657)

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BALANCES, December 31, 1997	1,000,000	1,000,000	25,500,000	255,000	(1,177,597)	-	(74,928)	2,475
Common stock issued to ESOP May 8, 1998	-	-	15,000,000	150,000	49,950,000	(50,100,000)	-	-
Contributions by stockholder during 1998	-	-	-	-	15,563	-	-	15,563
Net loss for the year	-	-	-	-	-	-	(17,353)	(17,353)
BALANCES, December 31, 1998	1,000,000	1,000,000	40,500,000	405,000	48,787,966	(50,100,000)	(92,281)	685
Contributions by stockholder during 1999	-	-	-	-	17,319	-	-	17,319
Net loss for the year	-	-	-	-	-	-	(18,203)	(18,203)
BALANCES, December 31, 1999	1,000,000	1,000,000	40,500,000	405,000	48,805,285	(50,100,000)	(110,484)	(199)
Common stock issued and options for services	-	-	10,000	100	30,000	-	-	30,100
Contribution by stockholder during 2000	-	-	-	-	1,623	-	-	1,623
Net loss for year	-	-	-	-	-	-	(87,234)	(87,234)
BALANCES, December 31, 2000	1,000,000	1,000,000	40,510,000	405,100	48,836,908	(50,100,000)	(197,718)	(55,710)
Common stock issued to Joint Venture Partner January 5, 2001	-	-	1,500,000	15,000	(15,000)	-	-	-

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See accompanying notes to consolidated financial statements.

CITIZENS CAPITAL CORP.
(a development stage company)

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

Common stock issued for services January 25, 2001	-	-	1,012,500	10,125	-	-	-	10,125
Common stock issued to SCOR Brands subsidiary August 1, 2001	-	-	5,000,000	50,000	(50,000)	-	-	-
Principal Repayment by ESOP of Note Receivable during 2001	-	-	-	-	-	170	-	170
Net loss for year	-	-	-	-	-	-	(63,351)	(63,351)
BALANCES, December 31, 2001	1,000,000	1,000,000	48,022,500	480,225	48,771,908	(50,099,830)	(261,069)	(108,766)
Net loss for year	-	-	-	-	-	-	(872)	(872)
BALANCES, December 31, 2002	1,000,000	1,000,000	48,022,500	480,225	48,771,908	(50,099,830)	(261,941)	(109,638)
Net loss for year	-	-	-	-	-	-	(10,721)	(10,721)
BALANCES, December 31, 2003	1,000,000	1,000,000	48,022,500	480,225	48,771,908	(50,099,830)	(272,662)	(120,359)
Contribution by stockholder during 2004	-	-	-	-	2,159	-	-	2,159
	-	-	-	-	-	118	-	118

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Principal
Repayment by
ESOP
of Note
Receivable
during 2004

Net loss for year	-	-	-	-	-	-	(3,359)	(3,359)
BALANCES, December 31, 2004	1,000,000	1,000,000	48,022,500	480,225	48,774,067	(50,099,712)	(276,021)	(121,441)

Contribution by stockholder during 2005					18,929			18,929
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Net loss for year	-	-	-	-	-	-	(24,066)	(24,066)
BALANCES, December 31, 2005	1,000,000	1,000,000	48,022,500	480,225	48,792,996	(50,099,712)	(300,087)	(126,578)

Contribution by stockholder during 2006					7,170			7,170
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Net loss for year	-	-	-	-	-	-	(10,215)	(10,215)
BALANCES, December 31, 2006	1,000,000	1,000,000	48,022,500	480,225	48,800,166	(50,099,712)	(310,302)	(129,623)

Contribution by stockholder during 2007					2,897			2,897
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Net loss for year	-	-	-	-	-	-	(7,589)	(7,589)
BALANCES, December 31, 2007	1,000,000	1,000,000	48,022,500	480,225	48,803,063	(50,099,712)	(317,891)	(134,315)

Contribution by stockholder during 2008					4,056			4,056
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Net loss for year	-	-	-	-	-	-	(9,465)	(9,465)
BALANCES, December 31, 2008	1,000,000	1,000,000	48,022,500	480,225	48,807,119	(50,099,712)	(327,356)	(139,724)

Contribution by stockholder during 2009					4,934			4,934
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Net loss for year	-	-	-	-	-	-	(14,654)	(14,654)
BALANCES, December 31, 2009	1,000,000	1,000,000	48,022,500	480,225	48,812,053	(50,099,712)	(342,010)	(149,444)

See accompanying notes to consolidated financial statements.

CITIZENS CAPITAL CORP.
(a development stage company)

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

Contribution by stockholder during 2010					4,190	4,190
Net loss for year	-	-	-	-	-	