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CALCASIEU REAL ESTATE & OIL CO INC

Form 10-Q

November 07, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 2002

Commission file number 0-9669

CALCASIEU REAL ESTATE & OIL CO., INC.  
(Exact name of registrant as specified in its charter)

Louisiana  
(State or other jurisdiction of  
incorporation or organization)

72-0144530  
(I.R.S. Employer  
Identification No.)

One Lakeside Plaza  
Lake Charles, LA  
(Address of principal executive offices)

70601  
(Zip Code)

Registrant's telephone number, including area code: (337) 494-4256

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

Securities registered pursuant to Section 12(b) for the Act:

| Title of each class<br>----- | Name of each exchange<br>on which registered<br>----- |
|------------------------------|---|
| None                         | Not applicable  |

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

Common Stock, No Par Value  
(Title of Class)

As of September 30, 2002, 1,955,044 shares of the registrant's Common Stock, without par value, were issued and outstanding.

As of June 30, 2002, the total market value of all outstanding stock was \$9,775,220.

CALCASIEU REAL ESTATE & OIL CO., INC.

Form 10-Q for the Quarter ended September 30, 2002

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Reference is made to the Notes to Financial Statements contained in the Company's Annual Report on Form 10

The information furnished is not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

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CALCASIEU REAL ESTATE & OIL CO., INC.

### PART I

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

Net income for the first nine months ended September 30, 2002, was down 26.6% from the same nine months in 2001, and net income for the quarter ended September 30, 2002, was down 32.5% when compared to the third quarter of 2001.

All sources of revenues were lower in 2002 both for the nine months as well as the third quarter when compared to the corresponding periods in 2001. Income for the nine months for oil and gas properties was down 19% compared to 2001, but down only 8.5% for the third quarter when compared to the third quarter of 2001. The primary source of oil and gas income in 2001 was the North English Bayou field which became depleted in 2002. The principle source in 2002 is from the Company's interest in the North Gordon field. This production is from one well which has a relatively short life.

Timber income for the nine months was down 44.9% from 2001 and agriculture income was down 18.7% from 2001. We do not project either our timber or our agriculture income to be as much in 2002 as in 2001. Oil and gas, agriculture and forestry expenses were all higher for the nine months ended September 30, 2002, compared to 2001 but they were more than offset by lower general and administrative expenses and depletion expense.

In September, 2001, the Company received an invoice from the National Pollution

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Funds Center for cleanup of an old oil well site. The Company protested as an innocent landowner since the spill occurred long before the Company's ownership and the Company did not participate in the mineral production. We received no further communications until September, 2002, when another invoice was received for charges overlooked on the first bill. Our share of the costs is approximately \$100,000. Our legal counsel feels we have strong defenses and we are contesting the charges.

The Company is in the process of closing on the purchase of 280 acres of land at a cost of \$157,000 plus expenses.

The enclosed financial statements are unaudited with the exception of the Balance Sheet for December 31, 2001. The unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Management believes that the Company's revenues will be sufficient to meet its existing needs and the needs for its anticipated future operations. Management does not presently anticipate that the Company will incur material additional liabilities in its future operations. The Company participates in no off-balance sheet entities.

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### CALCASIEU REAL ESTATE & OIL CO., INC.

#### BALANCE SHEET

##### ASSETS

| CURRENT ASSETS   | September 30, 2002 | December 31, 2001 |
|--|--------------------|-------------------|
| Cash and cash equivalents  | \$ 534,964         | \$ 1,419,084      |
| Accounts receivables   | 199,916            | 93,748            |
| Prepaid income taxes & expenses  | 26,144             | 174,452           |
| Inventory harvested crops  |                    | 11,042            |
|  | -----              | -----             |
| Total current assets   | \$ 761,024         | \$ 1,698,326      |
|  | -----              | -----             |
| SECURITIES AVAILABLE FOR SALE  | \$ 1,344,769       | \$ 377,732        |
|  | -----              | -----             |
| PROPERTY AND EQUIPMENT, less<br>accumulated depreciation, depletion and<br>amortization of \$449,684 in 2002 and<br>\$454,674 in 2001. | \$ 95,044          | \$ 94,043         |
| Timber, less accumulated depletion of<br>\$286,969 in 2002 and \$269,170 in 2001.  | 511,723            | 498,569           |
| Land   | 3,751,730          | 3,738,993         |
|  | -----              | -----             |
| Total Property   | \$ 4,358,497       | \$ 4,331,605      |
|  | -----              | -----             |
| TOTAL  | \$ 6,464,290       | \$ 6,407,663      |
|  | -----              | -----             |

CALCASIEU REAL ESTATE & OIL CO., INC.

BALANCE SHEET

LIABILITIES & STOCKHOLDERS' EQUITY

| CURRENT LIABILITIES   | September 30, 2002 | December 31, 2001 |
|---|--------------------|-------------------|
| Trade payables and accrued expenses   | \$ 13,430          | \$ 5,968          |
| Dividends payable   |                    | 195,737           |
| Current deferred tax liability, net   | 13,191             | 26,893            |
|   | -----              | -----             |
| Total Current Liabilities   | \$ 26,621          | \$ 228,598        |
|   | -----              | -----             |
| SHAREHOLDERS' EQUITY  |                    |                   |
| Common Stock, no par value, 3,000,000 shares<br>authorized; 2,100,000 shares issued | \$ 72,256          | \$ 72,256         |
| Retained earnings   | 6,666,736          | 6,387,579         |
| Accumulated other comprehensive income  | 5,506              | 26,059            |
|   | -----              | -----             |
|   | \$6,744,498        | \$6,485,894       |
| Less cost treasury stock (2002 144,956 shares;<br>2001 144,956 shares)              | 306,829            | 306,829           |
|   | -----              | -----             |
| Total Equity  | \$6,437,669        | \$6,179,065       |
|   | -----              | -----             |
| TOTAL   | \$6,464,290        | \$6,407,663       |
|   | -----              | -----             |

CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

|  | Three Months Ended |                    | Ni          |
|--|--------------------|--------------------|-------------|
|  | September 30, 2002 | September 30, 2001 | September 3 |
| REVENUES                                     |                    |                    |             |
| Income-primarily from oil and gas properties | \$ 274,455         | \$ 299,880         | \$ 800,1    |

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|   |             |              |            |
|---|-------------|--------------|------------|
| Agricultural Income   | 61,355      | 99,466       | 138,6      |
| Timber Income   | 35,427      | 141,093      | 112,5      |
|   | -----       | -----        | -----      |
| TOTAL   | \$ 371,237  | \$ 540,439   | \$ 1,051,3 |
|   | -----       | -----        | -----      |
| COSTS AND EXPENSES  |             |              |            |
| Oil and gas production costs                                    | \$ 17,691   | \$ 15,208    | \$ 53,5    |
| Agriculture expense   | 2,444       | 2,249        | 8,2        |
| Forestry expenses   | 27,137      | 9,663        | 37,7       |
| General and Administrative                                      | 36,307      | 50,254       | 166,5      |
| Depreciation and depletion                                      | 1,822       | 8,804        | 5,7        |
|   | -----       | -----        | -----      |
| TOTAL   | \$ 85,401   | \$ 86,178    | \$ 271,9   |
|   | -----       | -----        | -----      |
| OTHER INCOME (EXPENSE):   |             |              |            |
| Interest Income   | \$ 7,902    | \$ 12,896    | \$ 17,6    |
| Dividends   | 11,498      | 6,147        | 22,7       |
| Gain on Sale of Assets  |             |              |            |
|   | -----       | -----        | -----      |
| TOTAL   | \$ 19,400   | \$ 19,043    | \$ 40,4    |
|   | -----       | -----        | -----      |
| INCOME OR LOSS BEFORE INCOME TAXES AND<br>EXTRAORDINARY CREDITS |             |              |            |
|   | \$ 305,236  | \$ 473,304   | \$ 819,7   |
|   | -----       | -----        | -----      |
| PROVISION FOR INCOME TAXES:                                     |             |              |            |
| Current   | 94,785      | 161,432      | 254,9      |
|   | -----       | -----        | -----      |
| NET INCOME OR (LOSS)  | \$ 210,451  | \$ 311,872   | \$ 564,8   |
|   | -----       | -----        | -----      |
| RETAINED EARNINGS,<br>BEGINNING OF PERIOD                       |             |              |            |
|   | 6,554,276   | 6,266,506    | 6,387,5    |
|   | -----       | -----        | -----      |
| DIVIDENDS   |             |              |            |
|   | (97,991)    | (97,976)     | (285,6     |
|   | -----       | -----        | -----      |
| RETAINED EARNINGS END OF PERIOD                                 |             |              |            |
|   | \$6,666,736 | \$ 6,480,402 | \$ 6,666,7 |
|   | -----       | -----        | -----      |
| NET INCOME PER COMMON SHARE                                     |             |              |            |
|   | \$ .11      | \$ .16       | \$ .       |

OTHER COMPREHENSIVE INCOME

|  | Three Months Ended |                    | Nin         |
|--|--------------------|--------------------|-------------|
|  | September 30, 2002 | September 30, 2001 | September 3 |
| Unrealized gain (loss) on securities<br>available for sale, net of taxes | \$ (25,653)        | \$ 2,342           | \$ (20,5    |
| Other comprehensive income<br>Beginning of Period                        | 31,159             | 31,350             | 26,0        |
|  | -----              | -----              | -----       |
| Other comprehensive income<br>End of Period                              | \$ 5,506           | \$ 33,692          | \$ 5,5      |
|  | -----              | -----              | -----       |

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Nine Months Ended  
September 30, 2002 September 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

|   |                |              |
|---|----------------|--------------|
| Net Income (or Loss)                                    | \$ 564,826     | \$ 769,693   |
| Non cash (income) expenses<br>included in net income:   |                |              |
| Depreciation, depletion and amortization                | 5,776          | 15,452       |
| CHANGE IN ASSETS<br>AND LIABILITIES:                    |                |              |
| (Increase) decrease in accounts receivable              | (106,168)      | (43,436)     |
| (Increase) decrease in inventory                        | 11,042         | 4,427        |
| (Increase) decrease in prepaid expenses                 | 3,309          | 3,309        |
| (Increase) decrease in<br>prepaid income taxes          | 144,999        | 32,721       |
| Increase (decrease) in trade payables                   | 7,462          | 1,002        |
| Increase (decrease) in dividends payable                | (195,737)      | (195,504)    |
|   | -----          | -----        |
| Net Cash Provided by<br>Operating Activities            | \$ 435,509     | \$ 587,664   |
|   | -----          | -----        |
| CASH FLOWS FROM INVESTING ACTIVITIES:                   |                |              |
| Maturity of Securities available for sale               | \$ 694,073     | \$ 688,654   |
| Purchase of Securities available for sale               | (1,695,365)    | (596,502)    |
| Purchase of Property and<br>equipment and reforestation | (19,931)       | (11,265)     |
| Purchase of land  | (12,737)       | (228,910)    |
|   | -----          | -----        |
| Net cash provided (used in)<br>Investing Activities     | \$ (1,033,960) | \$ (148,023) |
|   | -----          | -----        |
| CASH FLOWS FROM FINANCING ACTIVITIES:                   |                |              |
| Dividends paid  | \$ (285,669)   | \$ (293,933) |
| Payments to acquire<br>treasury stock                   |                |              |
|   | -----          | -----        |
| Net cash provided by (used in)<br>financing activities  | \$ (285,669)   | \$ (293,933) |
|   | -----          | -----        |
| Net increase (decrease) in<br>cash & cash equivalents   | \$ (884,120)   | \$ 145,708   |
|   |                |              |
| CASH AND CASH EQUIVALENTS:                              |                |              |
| Beginning   | 1,419,084      | 638,063      |
|   | -----          | -----        |
| Ending  | \$ 534,964     | \$ 783,771   |
|   | -----          | -----        |

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CALCASIEU REAL ESTATE & OIL CO., INC.

PART II OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

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None

(B) Management's Certification

This is to certify that we, the officers signing below, have reviewed this report and based on our knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading. Based on our knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer, as of, and for, the periods presented in the report. We are responsible for establishing and maintaining internal controls; have designed such controls to ensure that material information relating to the issuer is made known to such officers by others within the Company, particularly during the period in which these reports are prepared. We have evaluated the effectiveness of the Company's internal controls and believe that said controls are effective and sufficient. We have disclosed to the Company's auditors and audit committee the operation of the internal controls and have stated to same that we are unaware of any material weakness in said controls nor are we aware of any fraud. There have been no significant changes in the Company's internal controls.

/s/ Arthur Hollins, III  
-----

Arthur Hollins, III  
President

/s/ William D. Blake  
-----

William D. Blake  
Vice-President and Treasurer

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SIGNATURES

Pursuant to the requirements 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.

CALCASIEU REAL ESTATE & OIL CO., INC.  
(Registrant)

/s/ Arthur Hollins, III  
-----

Arthur Hollins, III  
President

/s/ Charles D. Viccellio  
-----

Charles D. Viccellio  
Vice-President and Secretary

Dated October 29, 2002

