

ELECTRIC CITY CORP
Form 10QSB
November 15, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-QSB

ý **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2002

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE**

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SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-2791

ELECTRIC CITY CORP.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

36-4197337

(I.R.S. Employer Identification No.)

1280 Landmeier Road, Elk Grove Village, Illinois 60007-2410

(Address of principal executive offices)

(847) 437-1666 (Issuer's telephone number)

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

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

31,196,378 shares of the registrant's common stock, \$.0001 par value per share, were outstanding

as of October 31, 2002.

Transitional Small Business Disclosure Format: Yes No

ELECTRIC CITY CORP.

FORM 10-QSB

For The Quarter Ended September 30, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ELECTRIC CITY CORP.
CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2002 (Unaudited)	December 31, 2001(1)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,608,128	\$ 5,486,073
Accounts receivable, net	4,631,628	2,772,773
Inventories	2,453,366	1,654,634
Prepaid expenses and other	102,151	128,849
Total Current Assets	8,795,273	10,042,329
Net Property and Equipment	1,596,426	1,767,576
Cost in Excess of Assets Acquired	524,573	4,623,445
Other Assets	2,094	2,513
	\$ 10,918,366	\$ 16,435,863

ELECTRIC CITY CORP.

CONDENSED CONSOLIDATED BALANCE SHEET

	September 30, 2002 (Unaudited)	December 31, 2001 (1)
Liabilities and Stockholders Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 149,554	\$ 356,438
Accounts payable	2,256,325	1,310,852
Accrued expenses	591,884	417,397
Deferred revenue	675,938	487,596
Total Current Liabilities	3,673,701	2,572,283
Deferred Revenue	291,667	329,167
Long-Term Debt , less current maturities	977,826	1,077,580
Stockholders Equity		
Preferred stock, \$.01 par value; 5,000,000 shares authorized Series A 2,118,236 and 1,966,993 shares issued and outstanding as of September 30, 2002 and December 31, 2001, respectively (liquidation value of \$42,365,000 and \$39,340,000 at September 30, 2002 and December 31, 2001, respectively)	21,182	19,670
Series C 206,481 and 0 issued and outstanding as of September 30, 2002 and December 31, 2001, respectively (liquidation value of \$4,130,000 and \$0 at September 30, 2002 and December 31, 2001, respectively)	2,065	
Common stock, \$.0001 par value; 120,000,000 shares authorized, 31,196,378 and 31,113,842 issued as of September 30, 2002 and December 31, 2001, Respectively	3,120	3,112
Additional paid-in capital	46,229,703	44,215,331
Accumulated deficit	(40,272,398)	(31,772,780)
	5,983,672	12,465,333
Less treasury stock, at cost, 1,000 shares as of September 30, 2002 and December 31, 2001	(8,500)	(8,500)
Total Stockholders Equity	5,975,172	12,456,833
	\$ 10,918,366	\$ 16,435,863

See accompanying notes to condensed consolidated financial statements

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(1) *Derived from audited financial statements in the Company's annual report on Form 10-KSB for the twelve month period ended December 31, 2001*

ELECTRIC CITY CORP.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

<i>Three months ended, September 30</i>	2002	2001
Revenue	\$ 3,374,654	\$ 1,548,483
Expenses		
Cost of sales	3,159,655	1,821,533
Selling, general and administrative	1,529,394	2,697,494
	4,689,049	4,519,027
Operating loss	(1,314,395)	(2,970,544)
Other Income (Expense)		
Interest income	4,782	53,860
Interest expense	(15,643)	(1,683,343)
Total other income (expense)	(10,861)	(1,629,483)
Net Loss	(1,325,256)	(4,600,027)
Plus Preferred Stock Dividends	(623,704)	(16,412,959)
Net Loss Available to Common Shareholder	\$ (1,948,960)	\$ (21,012,986)
Basic and Diluted Loss Per Common Share	\$ (0.06)	\$ (0.68)
Weighted Average Common Shares Outstanding	31,196,378	30,820,389

See accompanying notes to condensed consolidated financial statements

ELECTRIC CITY CORP.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

<i>Nine Months ended, September 30</i>	2002	2001
Revenue	\$ 9,948,457	\$ 7,488,807
Expenses		
Cost of sales	8,788,700	7,227,026
Selling, general and administrative	5,514,823	7,717,178
	14,303,523	14,944,204
Operating loss	(4,355,066)	(7,455,397)
Other Income (Expense)		
Interest income	21,361	54,618
Interest expense	(62,041)	(3,505,558)
Total other income (expense)	(40,680)	(3,450,940)
Loss before cumulative effect of accounting change	(4,395,746)	(10,906,337)
Cumulative effect of accounting change	(4,103,872)	
Net Loss	(8,499,618)	(10,906,337)
Plus Preferred Stock Dividends	(3,529,928)	(16,670,213)
Net Loss Available to Common Shareholder	\$ (12,029,546)	\$ (27,576,550)
Basic and diluted loss per common share before cumulative accounting change	\$ (0.26)	\$ (0.93)
Cumulative effect of accounting change	(0.13)	
Basic and Diluted Loss Per Common Share	\$ (0.39)	\$ (0.93)
Weighted Average Common Shares Outstanding	31,155,117	29,698,294

ELECTRIC CITY CORP.

STATEMENT OF CONDENSED CONSOLIDATED STOCKHOLDERS EQUITY

(Unaudited)

	Common Shares	Common Stock	Series A Preferred Shares	Series A Preferred Stock	Series C Preferred Shares	Series C Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total Stockholders Equity
Balance, December 31, 2001	31,113,842	\$ 3,112	1,966,993	\$ 19,670		\$	\$ 44,215,331	\$ (31,772,780)	\$ (8,500)	\$ 12,456,833
Issuance of Series C Convertible Preferred Stock for cash (net of offering costs of \$119,743)					200,000	2,000	1,878,257			1,880,257
Issuance of common stock to purchasers of Series C Convertible Preferred Stock	30,082	3						(3)		
Cumulative dividends on Preferred Stock							(1,577,239)			(1,577,239)
Satisfaction of accrued dividends through the issuance of preferred stock			151,243	1,512	6,481	65	1,575,662			1,577,239
Warrants issued in exchange for services received										