

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

BANK BUILDING CORP

CIK: **907250** | IRS No.: **541714800** | State of Incorporation: **VA** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **033-64520** | Film No.: **06817453**
SIC: **6512** Operators of nonresidential buildings

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2001

- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from _____ to _____

Commission file number 33-64520

BANK BUILDING CORPORATION

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

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1714800
(IRS Employer
Identification No.)

1300 Kings Mountain Road, Martinsville, Virginia 24112

(Address of principal executive offices)

(276) 656-1776

(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

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

There are 398,244 shares of stock outstanding as of May 14, 2001.

Transitional Small Business Disclosure Format (Check one): Yes No

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Part I - Financial Information

Item 1 - Financial Statements.

Consolidated Statements of Financial Condition

	<u>March 31,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
Assets		
Current assets		
Cash	\$77,926	\$68,123
Accounts Receivable	-	-
Property - net	28,535,826	26,437,140
Deposit on property		50000
Other assets	<u>263,729</u>	<u>168,715</u>
Total assets	<u>\$28,877,481</u>	<u>\$26,723,978</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$67,204	\$4,275
Loan origination fees payable	-	66,929
Accrued interest	141,060	141,060
Current portion of long-term debt	556,612	542,201
Notes payable	3,687,070	1,717,296

Other Liabilities	104,700	-
Total current liabilities	<u>4,556,646</u>	<u>2,471,761</u>
Long-term liabilities		
Long-term debt - net of current portion	<u>24,148,426</u>	<u>24,274,707</u>
Total long-term liabilities	<u>24,148,426</u>	<u>24,274,707</u>
Total liabilities	<u>28,705,072</u>	<u>26,746,468</u>
Stockholders' equity		
Common Stock, no par value, 400,000 shares authorized; 398,244 shares issued and outstanding	-	-
Retained earnings	<u>172,409</u>	<u>(22,490)</u>
Total stockholders' equity	<u>172,409</u>	<u>(22,490)</u>
Total liabilities and stockholders' equity	<u>\$28,877,481</u>	<u>\$26,723,978</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**Consolidated Statements of Income**

	Three Months Ended	
	March 31,	
	2001	2000
Income		
Lease income	\$848,745	\$524,944
Gain on sale of property	—	—
Gain on sale of investment in Waterlick	—	—
Other income	—	14,068
Total income	848,745	539,012
Operating Expenses		
Interest	489,107	376,984
Depreciation	103,467	90,643
Amortization	—	3,119
Other	61,272	19,483
Total operating expenses	653,846	490,229
Income before income taxes	194,899	48,783
Income taxes	—	—

Net income	<u>\$194,899</u>	<u>\$48,783</u>
Retained earnings (deficit), beginning of period	(22,490)	12,275
Retained earnings (deficit), end of period	172,409	61,058
Basic and diluted earnings per share	<u>\$0.49</u>	<u>\$0.12</u>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**Consolidated Statements of Cash Flows**

	Three Months Ended	
	March 31,	
	2001	2000
Cash flows from operating activities		
Net Income	\$194,899	\$48,782
Adjustments to reconcile to net cash from operating activities:		
Depreciation	103,467	90,643
Amortization	–	3,119
Change in:		
Other assets	(95,014)	(4,403)
Accounts payable	62,929	–
Other liabilities	104,700	–
Loan origination fees payable	(66,929)	–
Accrued interest	–	18,829
Net cash from operating activities	304,052	156,970
Cash flows from investing activities		
Purchase of property	(2,152,153)	–

Net cash from investing activities	<u>(2,152,153)</u>	<u>–</u>
Cash flows from financing activities		
Repayment of long-term debt	(111,870)	(101,627)
Repayment of notes payable	<u>1,969,774</u>	<u>–</u>
Net cash from financing activities	<u>1,857,904</u>	<u>(101,627)</u>
Net change in cash	9,803	55,343
Cash - beginning of year	<u>68,123</u>	<u>24,484</u>
Cash - end of year	<u>\$77,926</u>	<u>\$79,827</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	–	–
Cash paid for income taxes	–	–

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Consolidated Financial Statements

1. Presentation of Statements

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (all of which were normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods.

The accompanying financial statements include the Company's wholly-owned subsidiary, Blackstone Properties, LLC. All intercompany transactions between the Company and Blackstone have been eliminated in these statements. Blackstone Properties owns a shopping center in southside Virginia and leases space to a number of retail tenants.

The results of operations for the interim period ended March 31, 2001 are not necessarily indicative of the results which may be expected for the full year ended December 31, 2001. These unaudited financial statements should be read in conjunction with the financial statements, accounting policies and financial footnotes thereto included in the Bank's 2000 Form 10-KSB filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses during the reporting period. Actual results could differ from those estimates.

Item 2 - Management's Discussion and Analysis or Plan of Operation.

This report contains statements concerning the Corporation's expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements may constitute "forward-looking statements" as defined by federal securities laws. In some cases, readers can identify the forward-looking statements by the use of words such as "may," "will," "should," "could," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative or other variations of these words, or other comparable words or phrases. These statements may address issues that involve estimates and assumptions made by management, risks and uncertainties, and actual results could differ materially from historical results or those anticipated by such statements. Factors that could have a material adverse effect on the Corporation's operations and future prospects include, but are not limited to: desired business strategies, general economic conditions, interest rates, developments in local and national markets, and other matters, which, by their nature, are subject to significant uncertainties. These risks and uncertainties should be considered in evaluating the forward-looking statements contained herein, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this report.

General

The primary purpose of Bank Building Corporation (the Corporation) is to acquire and develop property for lease as bank offices to the banks with which BBC maintains business relationships (Participating Banks). As of March 31, 2001, the Participating Banks consisted of Blue Ridge Bank, National Association, Floyd, Virginia; Central National Bank, Lynchburg, Virginia; Community National Bank, South Boston, Virginia; First National Bank, Rocky Mount, Virginia; First National Exchange Bank, Roanoke, Virginia; Mountain National Bank, Galax, Virginia; Patrick Henry National Bank, Bassett, Virginia; Patriot Bank, National Association, Fredericksburg, Virginia; Peoples National Bank, Danville, Virginia; and Shenandoah National Bank, Staunton, Virginia.

The selection of sites and construction of the offices is done by the particular Participating Bank that will lease the particular site to insure the needs of that bank are met. There are, however, no commitments on the part of any Participating Bank to present prospective office properties to the Corporation nor are there any commitments on the part of the Corporation to accept any prospective office properties offered by any of the Participating Banks. The acquisition and development of property is financed through loans from various sources. From time to time Participating Banks make loans in connection with the acquisition of a site for another Participating Bank. The

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Corporation does not, however, seek loans for the acquisition of a given site from the particular Participating Bank that intends to lease that site. The Corporation also acquires funds for site acquisition and development from banks that are not Participating Banks.

Critical Accounting Policies

As of March 31, 2001, there have been no significant changes with regard to the application of critical accounting policies and estimates disclosed in "Management's Discussion and Analysis" in the Corporation's annual report on Form 10-KSB for the fiscal year ended December 31, 2000. The policies disclosed included: accounting for the acquisition and classification of real estate assets and accounting for the disposition of real estate assets.

Properties

As of March 31, 2001, the Corporation owned 31 offices that are leased to various Participating Banks under triple net operating leases. The leasing bank is responsible for all property taxes, insurance and maintenance costs on each leased office. The Corporation incurs interest and depreciation expenses related to each office as well as other, minimal operating costs.

The Corporation also owns the Westlake Corner Shopping Center near Smith Mountain Lake. This center consists of 50,000 square feet of space on 29 acres. The anchor tenants for the center are Food Lion, Revco, and Family Dollar Store. First National Bank, Rocky Mount, Virginia opened an office on a portion of this property on June 5, 1998. The Corporation also owns a Golden Corral Restaurant in Raleigh, North Carolina, which it leases to a third party.

The Corporation also owns Blackstone Properties, LLC, a wholly owned subsidiary. Blackstone Properties owns two properties: a shopping center in southside Virginia and Executive Office Park, an office complex located in Roanoke, Virginia. The shopping center maintains various retail tenants. Executive Office Park is an office complex consisting of six separate buildings containing approximately 54,000 square feet of space divided into 28 suites.

Operating Results

Net Income. For the first three months of 2001, the Corporation generated net income of \$194,899 compared to \$48,783 for the same period of the previous year, for an increase of 300%. The increase is primarily attributable to additional lease income. Lease income was 100% of net income for the first three months of 2001 and 97% for the same period of the previous year, and has historically been the Corporation's principal source of revenue.

Operating Expenses. Operating expenses for the first three months of 2001 were \$653,846 as compared to \$490,229 for the same period of 2000. This increase of \$163,617, or 33%, is primarily due to increases in interest expense and depreciation, which are the Corporation's principal operating expenses.

Interest expense rose to \$489,107 in the first three months of 2001 from \$376,984 in the same period of 2000, for an increase of \$112,123 or 30%. The change is principally due to acquisitions of eight additional properties in the year 2000.

Depreciation expense rose to \$103,467 in the first three months of 2001 from \$90,643 in the same period of 2000, for an increase of \$12,824 or 14%. The change is principally due to increased depreciation due to acquisitions in 2000.

Operating expense, other than depreciation and interest, rose to \$61,272 in the first three months of 2001 from \$22,602 in the same period of 2000, for an increase of \$38,670 or 171%. Other expense consists largely of accounting and legal fees. All expenses rose compared to the same period last year.

Financial Condition, Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of business operations. The Corporation's main source of liquidity is lease income. Cash outflows consist of payments

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for operating expenses, interest expense, income taxes, and repayment of mortgage borrowings. The Corporation's cash flow from operations was \$304,052 for the first three months of 2001 compared to \$156,970 for the same period of 2000.

As of March 31, 2001, the Corporation's main sources of liquidity consisted of \$77,926 cash. In addition, the Corporation owns unencumbered real estate having an aggregate book value of approximately \$28,535,826. Management believes that its cash flow from operations and these other potential sources of cash will be sufficient to finance current and projected operations.

The Corporation has not paid dividends to its shareholders.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

There were no significant recent accounting pronouncements that would affect the Corporation in this period.

Item 3 - Controls and Procedures.

The Corporation maintains a system of disclosure controls and procedures that is designed to ensure that material information is accumulated and communicated to management, including the Corporation's president (who is currently the Corporation's principal executive officer and principal financial officer), as appropriate to allow timely decisions regarding required disclosure. As required, during the preparation of this report, management, with the participation of the Corporation's president, evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on this evaluation, the Corporation's president concluded that the Corporation's disclosure controls and procedures were not operating effectively as of the end of the period covered by this report because the controls and procedures necessary to ensure the timely preparation and filing of reports required to be filed under the Securities Exchange Act of 1934, as amended ("Exchange Act"), were not in place. In connection with this evaluation, during the fourth quarter of 2005, the Corporation implemented significant changes to the Corporation's reporting processes to ensure that relevant information is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC so that the Corporation's future periodic and other reports required by the Exchange Act will be filed on time and accurately.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that the Corporation's disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Corporation to disclose material information otherwise required to be set forth in the Corporation's periodic reports.

The Corporation's management is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. There were no changes in the Corporation's internal control over financial reporting during the quarter covered by this report that materially affected, or were reasonably likely to materially affect, the Corporation's internal control over financial reporting. However, as noted above, during the fourth quarter of 2005, the Corporation implemented significant changes to the Corporation's reporting processes to ensure that relevant information is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC so that the Corporation's periodic and other reports required by the Exchange Act will be filed on time and accurately.

Part II - Other Information

Item 1 - Legal Proceedings.

There are no material pending legal proceedings to which the Corporation is a party or to which any of the Corporation's property is subject.

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Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds.

There have been no changes in the Corporation's securities during the period covered by this report.

Item 3 - Defaults Upon Senior Securities.

There have been no defaults on any securities.

Item 4 - Submission of Matters to a Vote of Security Holders.

There were no matters presented to a vote of security holders during the period covered by this report.

Item 5 - Other Information.

None.

Item 6 - Exhibits.

Exhibits.

- 3.1 Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Form SB-2 filed with the SEC on June 16, 1993)
- 3.2 Bylaws (incorporated by reference to Exhibit 3.2 to Form SB-2 filed with the SEC on June 16, 1993)
- 21 Subsidiaries (incorporated by reference to Exhibit 21 to Form 10-KSB, for the period ended December 31, 2000, filed with the SEC on May 5, 2006)
- 31 Certification by principal executive officer and principal financial officer pursuant to Rule 13a-14(a)
- 32 Certification of principal executive officer and principal financial officer pursuant to 18 U.S.C. § 1350

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BANK BUILDING CORPORATION

DATE: May 1, 2006

BY:

/s/ Worth Harris Carter, Jr.

Worth Harris Carter, Jr.
Chairman of the Board, President,
Chief Executive Officer and
Chief Financial Officer

CERTIFICATION

I, Worth Harris Carter, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Bank Building Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer' s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer' s internal control over financial reporting that occurred during the small business issuer' s most recent fiscal quarter (the small business issuer' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer' s internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer' s auditors and the audit committee of the small business issuer' s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer' s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer' s internal control over financial reporting.

DATE: May 1, 2006

/s/ Worth Harris Carter, Jr.

Worth Harris Carter, Jr.
 Chairman of the Board, President,
 Chief Executive Officer and
 Chief Financial Officer

CEO/CFO Certification Pursuant to § 906 of the
Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350)

The undersigned, as the Chief Executive Officer and Chief Financial Officer of Bank Building Corporation, certifies that, to the best of his knowledge and belief, the Quarterly Report on Form 10-QSB for the period ended March 31, 2001, which accompanies this certification fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Bank Building Corporation at the dates and for the periods indicated. The foregoing certification is made pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350) and shall not be relied upon for any other purpose. The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

DATE: May 1, 2006

/s/ Worth Harris Carter, Jr.

Worth Harris Carter, Jr.
Chairman of the Board, President,
Chief Executive Officer and
Chief Financial Officer