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PLAYERS NETWORK
Form 10QSB/A
November 05, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended: September 30, 2003

☐ 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: 0-29363

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

Nevada
(State or other jurisdiction of
incorporation or organization)

880343702
(I.R.S. Employer
Identification No.)

4620 Polaris Avenue, Las Vegas, Nevada
(Address of principal executive officer)

89103
(Zip Code)

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 ☐

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of common stock, no par value, outstanding as September 30, 2003: 14,090,225 shares

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

THE PLAYERS NETWORK
PERIOD ENDED SEPTEMBER 30, 2003

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE PLAYERS NETWORK BALANCE SHEET September 30, 2003

ASSETS

Current assets	
Cash	\$ 11,055
Accounts receivable	17,114
Prepaid barter credits	34,703
Prepaid expenses and other current assets	10,344

Total current assets	73,216
Property and equipment,	
net of \$327,675 accumulated depreciation	233,067
Intangible assets	
Video film library,	
net of \$1,364,359 accumulated amortization	470,414
Web site development costs,	
net of \$264,786 accumulated amortization	2,980
Trademark and other assets,	
net of \$1,828 accumulated amortization	8,874

Total assets	\$ 788,551
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Current portion of long-term debt	\$ 3,907

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Accounts payable	134,011
Accrued expenses	3,861
Accrued expenses due to stockholders	89,828
Deferred revenue	5,670

Total current liabilities	237,277

Stockholders' Equity	
Common stock, \$.01 par value; 25,000,000 shares	
authorized, 14,090,225 shares issued and outstanding	14,090
Additional paid-in capital	7,498,364
Accumulated deficit	(6,961,180)

Stockholders' equity	551,274

Total liabilities and stockholders' equity	\$ 788,551
	=====

THE PLAYERS NETWORK STATEMENT OF OPERATIONS Nine and Three Months Ended September 30, 2003 and 2002

	For the nine months ended		For the three months	
	2003	2002	2003	2002
	-----	-----	-----	-----
Revenues				
Network	\$ 185,306	\$ 331,754	\$ 56,218	\$ 100,000
Advertising	16,695	16,265	100	100
Production and other	41,479	111,915	26,316	26,316
	-----	-----	-----	-----
Total revenues	243,480	459,934	82,634	152,626
	-----	-----	-----	-----
Operating expenses				
Cost of production	39,582	33,000	20,036	20,036
Selling, general and administrative	432,115	516,319	124,056	124,056
Impairment	30,894	54,000	0	0
Depreciation and amortization	253,950	316,070	74,605	74,605
	-----	-----	-----	-----
Total operating expenses	756,541	919,389	218,697	418,701
	-----	-----	-----	-----
Other expenses				
Interest expense	7,183	21,149	480	480
Gain on sale of assets	1,159	0	0	0
Other expense		18,193	0	0
	-----	-----	-----	-----
Net Loss	\$ (520,244)	\$ (498,797)	\$ (136,543)	\$ (266,175)
	=====	=====	=====	=====
Basic and Diluted				
Loss per share	(\$0.04)	(\$0.04)	(\$0.01)	(\$0.01)
Weighted average				

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shares outstanding	13,919,660	11,208,475	14,090,255	12,
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THE PLAYERS NETWORK STATEMENT OF CASH FLOWS Nine Months Ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities		
Net loss	(\$520,244)	(1,000,000)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	246,405	246,405
Stock issued for services		
Impairment	30,894	30,894
Net gain on assets sold	(11,156)	(11,156)
Net change in unused barter credits	(2,500)	(2,500)
Net changes to:		
Accounts receivable	(10,539)	(10,539)
Prepaid assets	(5,504)	(5,504)
Account payable	(22,966)	(22,966)
Accrued expenses	3,862	3,862
Accrued expenses due to stockholder	59,914	59,914
Deferred revenue	(27,067)	(27,067)
Net cash used in operating activities	(258,901)	(258,901)
Cash flows used in investing activities		
Purchase of property and equipment	(4,338)	(4,338)
Additions to video film library	(18,250)	(18,250)
Proceeds from reduction in deposits	5,868	5,868
Net cash used in investing activities	(16,720)	(16,720)
Cash flows provided by financing activities		
Sales of common stock	200,000	200,000
Deposit for Acquisition		
Proceeds from the sale of assets	26,500	26,500
Payment on installment debt	(19,634)	(19,634)
Net cash provided by financing activities	206,866	206,866
Net increase (decrease) in cash	(68,755)	(68,755)
Cash at beginning of period	79,810	79,810
Cash at end of period	\$11,055	\$11,055

THE PLAYERS NETWORK

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of The Players Network ("PNTV") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in PNTV's Annual Report filed with the SEC on Form 10-KSB. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for 2002 as reported in the 10-KSB have been omitted.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that PNTV will continue as a going concern. PNTV has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans include the ongoing attempts to sell additional stock and increase its broadcasting market revenues. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Item 2. Management's Discussion and Analysis

Overview

We produce television programming and videos related to gaming instruction and information for hotel casinos on a private cable channel known as "PLAYERS NETWORK." We also are a 24-hour digital web broadcaster featuring live and previously recorded content. We are evolving from a subscription based model to a traditional advertising based advertising model. Our programming is now available in 16 non-casino properties in Las Vegas. Our programming is also now on the "Dish Network" and is being sold on CDs and VHS tapes in mass merchandisers such as Target and Walgreen.

At September 30, 2003, we had an accumulated operating deficit of \$6,961,180 and stockholders' equity of \$551,274.

We expect operating losses and negative operating cash flows to continue for at least the next twelve months, because of expected additional costs and expenses related to brand development; marketing and other promotional activities; hiring of management, sales and other personnel; the expansion of infrastructure and customer support services; strategic relationship development; and potential acquisitions of related complementary businesses.

Liquidity and Capital Resources

Our principal source of operating capital has been provided by private sales of our common stock and stockholder loans, as well as revenues from the operations. At September 30, 2003, we had a negative working capital position of approximately \$164,000, of which \$100,000 are amounts due to officers and

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directors. In addition, \$5,700 of current liabilities are deferred revenue, which consists of monthly network services that are billed in advance and installation charges that are amortized over the life of network contracts,.

Although the Company has experienced no revenue growth, this may not be indicative of future operating results and there can be no assurance that it will achieve or maintain profitability. Due to these factors, the Company believes that period-to-period comparisons of its results of operations are not necessarily a good indication of future performance. The results of operations in some future periods may be below the expectations of analysts and investors.

We anticipate capital expenditures in excess of \$100,000 to expand our operation during the next twelve months. We believe that the current cash flows generated from its revenues will not be sufficient to fund our anticipated expansion of operations. We may require additional funding to finance our operations through private sales and public debt or equity offerings. However, there is no assurance that we can obtain such financing.

At September 30, 2003, we had three full time employees and three part time consultants.

Recent Events:

In September 2003 we signed an agreement to be featured as part of Ed McMahon's Players Club which will be promoted through a series of infomercials. As part of joining the club members will receive a free Black Jack video for which we will paid \$2.50. Later the members will be given to option to buy two other videos "Craps" and "Roulette".

In July 2003 we signed an agreement with Morningstar Entertainment Inc. to distribute our videos to mass marketers such as Target, Wal-Mart and Walgreens. Our videos will be appearing in stores across North America in November 2003.

Results of Operations - Nine Months Ended September 30, 2003 and 2002

Revenues decreased 47% to \$243,000 from \$460,000 in 2003 versus 2002. PNTV had \$185,300 in Network and Television Revenue, \$16,700 in Advertising Revenue and \$41,500 in Production and Other Revenue in 2003, compared to \$332,800 in Network Revenue, \$16,300 in Advertising Revenue and \$111,900 in Production and Other Revenue in 2002. We are changing our revenue model from one of paid subscription to a traditional cable network model of revenues from the sale of advertisement. We are currently installing sixteen new hotel clients using this model. We anticipate advertising revenues to increase accordingly. In addition, we started to sell our videos through mass market distributors and infomercials.

Video production expense increased 20% to \$39,500 from \$33,000 for 2003 and 2002, respectively. The increase is due the preparation of our existing video for distribution through mass merchandisers and infomercials. However we have had a reduction in video production over the past 12 months.

Selling and administrative expenses decreased 18% to \$432,000 from \$518,300 in 2003 and 2002, respectively. While selling, general and administrative expenses decreased there was an increase in payroll expense to \$218,000 (of which \$71,000 was accrued and unpaid) from \$201,000, while consulting expense decreased to \$0 from \$67,000 and travel expenses decreased to \$18,000 from \$39,000 for 2003 and 2002, respectively.

Depreciation and amortization decreased 20% to \$254,000 from \$317,000 in 2003 and 2002, respectively. This is due to our charging off production for our hotel

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customers over the life of the network agreement as video production expense and not amortizing this production. Our gaming instruction videos have long "shelf life" and continue to be amortized over their estimated useful lives.

Interest expense decreased 66% to \$7,200 from \$21,100 for 2003 and 2002, respectively, due to the shareholder loans converted into common stock in May 2002.

Impairment charges were \$30,100 and \$54,000 and \$30,100 for 2003 and 2002, respectively. Impairment charges are for assets that we determine are worth less than the value recorded on our books.

Critical Accounting Policies

Video Library

Our Video Library consist of over 500 completed videos. The library consists of gaming instruction which were produced at our own expense, videos produced for gaming equipment manufacturers and videos produced for our network hotel customers. For gaming instruction and equipment video, we record the cost of production and amortize the cost over the estimated useful life (7 years). We amortize hotel customer production over the life of the hotel network agreement, which usually run 24 to 36 months. This policy recognizes that customized video for hotel customers are subject to a shorter "shelf life" than gaming instruction video. We review our library catalogue quarterly and determine which videos are no longer of value. At September 30, 2003, we had a net carrying value for our Video of \$470,000.

Risk Factors and Cautionary Statements

Forward-looking statements in this report are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. We wish to advise readers that actual results may differ substantially from such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements, including, but not limited to, the following: our ability to meet our cash and working capital needs, our ability to successfully market our product, and other risks detailed in our periodic report filings with the Securities and Exchange Commission.

Item 3. Controls and Procedures

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There was no change in the Company's internal control over financial reporting during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed with this Quarterly Report or are incorporated herein by reference:

Exhibit Number -----	Description -----
31.01	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

During the quarter ended September 30, 2003, the Company filed one Current Report on Form 8-K on July 7th reporting that KO Ventures, LLC had advised the Company that KO would not be in a position to continue to make its agreed installment investments in the Company's Common Stock.

SIGNATURE

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

THE PLAYERS NETWORK
(Registrant)

By: /s/ Mark Bradley

Mark Bradley,
Chief Executive Officer

By: /s/ Seth Horn

Seth Horn,
Chief Financial Officer

Dated: November 5, 2003