

AMERICAN COMMUNITY PROPERTIES TRUST
Form 10-Q
May 15, 2007

**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 **MARCH 31, 2007**, OR
☐ 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 **1-14369**

AMERICAN COMMUNITY PROPERTIES TRUST
(Exact name of registrant as specified in its charter)

MARYLAND **52-2058165**
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

222 Smallwood Village Center
St. Charles, Maryland 20602
(Address of principal executive offices)(Zip Code)
(301) 843-8600
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "an accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of May 7, 2007, there were 5,229,954 Common Shares, par value \$0.01 per share, issued and outstanding

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FORM 10-Q
MARCH 31, 2007
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**AMERICAN COMMUNITY PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31,**

(In thousands, except per share amounts)

(Unaudited)

	2007	2006
Revenues		
Rental property revenues	\$ 14,410	\$ 12,791
Community development-land sales	3,755	3,944
Homebuilding-home sales	3,088	4,025
Management and other fees, substantially all from related entities	263	290
Reimbursement of expenses related to managed entities	471	572
Total revenues	21,987	21,622
Expenses		
Rental property operating expenses	7,356	6,188
Cost of land sales	2,916	2,236
Cost of home sales	2,286	3,034
General, administrative, selling and marketing	2,463	2,432
Depreciation and amortization	2,184	1,973
Expenses reimbursed from managed entities	471	572
Total expenses	17,676	16,435
Operating income	4,311	5,187
Other income (expense)		
Interest and other income	552	129
Equity in earnings from unconsolidated entities	1,673	170
Interest expense	(4,617)	(3,501)
Minority interest in consolidated entities	(1,372)	(1,065)
Income before provision for income taxes	547	920
Provision for income taxes	523	419
Net income	\$ 24	\$ 501
Earnings per share		

Basic and Diluted	\$	0.00	\$	0.10
Weighted average shares outstanding				
Basic and Diluted		5,208		5,198
Cash dividends per share	\$	0.10	\$	0.53

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

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AMERICAN COMMUNITY PROPERTIES TRUST
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	As of March 31, 2007 (Unaudited)	As of December 31, 2006 (Audited)
<u>ASSETS</u>		
ASSETS:		
Investments in real estate:		
Operating real estate, net of accumulated depreciation of \$144,541 and \$142,458, respectively	\$ 166,821	\$ 142,046
Land and development costs	71,368	67,993
Condominiums under construction	7,075	9,265
Rental projects under construction or development	311	24,143
Investments in real estate, net	245,575	243,447
Cash and cash equivalents	33,081	27,459
Restricted cash and escrow deposits	21,067	19,677
Investments in unconsolidated real estate entities	6,578	6,591
Receivable from bond proceeds	13,736	13,710
Accounts receivable	2,310	4,320
Deferred tax assets	28,324	18,157
Property and equipment, net of accumulated depreciation	1,135	1,157
Deferred charges and other assets, net of amortization of \$2,101 and \$1,655 respectively	10,795	12,181
Total Assets	\$ 362,601	\$ 346,699
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
LIABILITIES:		
Non-recourse debt	\$ 281,290	\$ 270,720
Recourse debt	27,567	29,351
Accounts payable and accrued liabilities	22,230	24,191
Deferred income	3,606	3,591
Accrued current income tax liability	13,972	2,992
Total Liabilities	348,665	330,845
SHAREHOLDERS' EQUITY:		
	52	52

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Common shares, \$.01 par value,
10,000,000 shares
authorized, 5,229,954 shares issued
and outstanding as of
March 31, 2007 and December 31,
2006

Treasury stock, 67,709 shares at cost	(376)	(376)
Additional paid-in capital	17,270	17,238
Retained Deficit	(3,010)	(1,060)
Total Shareholders' Equity	13,936	15,854
Total Liabilities and Shareholders' Equity	\$ 362,601	\$ 346,699

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AMERICAN COMMUNITY PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands, except share amounts)

	<u>Common Shares</u>			<u>Additional</u>		
	<u>Number</u>	<u>Par</u>	<u>Treasury</u>	<u>Paid-in</u>	<u>Retained</u>	<u>Total</u>
		<u>Value</u>	<u>Stock</u>	<u>Capital</u>	<u>Deficit</u>	
Balance December 31, 2006 (Audited)	5,229,954	\$ 52	\$ (376)	\$ 17,238	\$ (1,060)	\$15,854
Net income	-	-	-	-	24	24
Dividends paid	-	-	-	-	(516)	(516)
Cumulative effect of change in accounting for FIN 48	-	-	-	-	(1,458)	(1,458)
Amortization of Trustee Restricted Shares	-	-	-	32	-	32
Balance March 31, 2007 (Unaudited)	5,229,954	\$ 52	\$ (376)	\$ 17,270	\$ (3,010)	\$13,936

The accompanying notes are an integral part of those consolidated statements.

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**AMERICAN COMMUNITY PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,**

(In thousands)

(Unaudited)

	2007	2006
Cash Flows from Operating Activities		
Net income	\$ 24	\$ 501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,184	1,973
Distribution to minority interests in excess of basis	1,648	1,043
Benefit for deferred income taxes	(293)	(217)
Equity in earnings-unconsolidated entities	(1,673)	(170)
Distribution of earnings from unconsolidated entities	173	163
Cost of land sales	2,916	2,236
Cost of home sales	2,286	3,034
Stock based compensation expense	(1)	195
Amortization of deferred loan costs	292	139
Changes in notes and accounts receivable	2,010	