

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN PROPERTIES INC  
Form 10KSB  
April 01, 2004

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

FORM 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

/  TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-22847

AMEN Properties, Inc.  
(Exact Name of Registrant in Its Charter)

Delaware  
-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

54-1831588  
-----  
(IRS Employer Identification No.)

303 West Wall St. Suite 1700  
Midland, TX  
-----  
(Address of Principal Executive Offices)

79701  
-----  
(Zip Code)

432-684-3821  
-----

Issuer's telephone number, including area code

Securities registered under Section 12(b) of the Exchange Act:

Title of each class -----	Name of each exchange on which registered -----
None	None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.01 par value  
-----  
Title of each class

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  /

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB / /

The issuer's revenues from continuing and discontinued operations for the twelve months ended December 31, 2003 were \$4,345,099.

The Company is not considered an investment company.

The aggregate market value of common stock held by non-affiliates, based on the closing price at which the stock was sold at March 10, 2004 was approximately \$5.2 million. The total number of shares outstanding of the issuer's common stock as of March 10, 2004 was 2,201,356.

Transitional Small Business Disclosure Format (Check One): Yes No X

Documents Incorporated by Reference

Exhibits to certain of the Company's filings are incorporated by reference as Exhibits to this Report as set forth in Part III, Item 13.

Portions of the Company's definitive proxy statement for its 2004 annual shareholders meeting to be filed on or before April 29, 2004, are incorporated by reference in Part III. In addition, portions of the Company's definitive Schedule 14-A dated August 27, 2002 are incorporated by reference in Part I and Part II.

### PART I

#### ITEM 1. DESCRIPTION OF BUSINESS

##### Forward-Looking Statements

Certain information in this annual report on Form 10-KSB may contain "forward-looking statements" within the meaning of Section 21e of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any projections of earnings, revenues, cash flow or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statement of assumptions underlying any of the foregoing. In some cases, "forward-looking statements" can be identified by the use of terminology such as "may," "will," "expects," "believes," "plans," "anticipates," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the "forward-looking statements" are reasonable, we can give no assurance that such expectations or any of our "forward-looking statements" will prove to be correct, and actual results could differ materially from those projected or assumed in our "forward-looking statements." Our financial condition and results, as well as any other "forward-looking statements," are subject to inherent risks and uncertainties, including but not limited to those risk factors disclosed in the Company's definitive Schedule 14A dated August 27, 2002, as well as those summarized in Item 6, "Management's Discussion and Analysis or Plan of Operation."

##### Overview

Through the end of December 31, 2002 AMEN Properties, Inc. (hereinafter referred

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

to as "AMEN" or "the Company"), operated under the name Crosswalk.com, Inc. and was primarily known as the creator of crosswalk.com(TM), an interactive website that provides information and resources that the Company believed generally appeals to the English speaking Christian and family-friendly community. The Company was originally incorporated as DIDAX Inc. in January 1997. From our inception through September 2002, our revenue was generated through the development and aggregation of Internet content and services; online and offline advertising sales, royalty sales, as well as the resale of products specifically designed to meet the needs of Christian users of the Internet and the World Wide Web.

On October 4, 2002 Amen sold the crosswalk.com website, with shareholder approval to Salem Communications for approximately \$4.1 million in cash. In addition to the sale the shareholders were presented with a new business plan (the "Business Plan"). The Business Plan recommended a new management team that would attempt to acquire cash generating assets in order to exploit a net

2

operating loss carryforward (NOL) of in excess of \$29 million. This plan initially focuses on value added plays in three distinct arenas that have historically generated large amounts of ordinary income. These three areas are 1) acquiring office space in secondary stagnant markets, 2) acquiring office space in out of favor growth markets and 3) acquiring investments in oil and gas royalties. While this is our initial plan, management is also interested in the acquisition of other properties and businesses that have a consistent and stable cash flow history. On September 19, 2002, the shareholders approved all three items up for vote, (i) the sale of crosswalk.com, (ii) the adoption of the new Business Plan, as described in further detail in the Company's definitive Schedule 14A dated August 27, 2002, and (iii) the change in the Company name to AMEN Properties, Inc. The name change became effective October 9, 2002 and the Company's trading symbol on the Nasdaq SmallCap Market remained AMEN. Effective October 1, 2002, our executive offices were relocated to 303 W. Wall St. Suite 1700, Midland, TX 79701. Our phone number is 432-684-3821 and the facsimile number is 432-685-3143.

In October 2002, the Company formed NEMA Properties LLC ("NEMA"), a Nevada limited liability company 100% owned by AMEN; AMEN Delaware LP ("Delaware"), a Delaware limited partnership owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner; and AMEN Minerals LP ("Minerals"), a Delaware limited partnership, owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner. It is the Company's intent for Delaware to own all our real estate assets and interest and for Minerals to own our oil and gas royalty investments. As used herein, the terms "Company" and "AMEN" and references to "we" and "our" refer to all of AMEN Properties, Inc., NEMA, Delaware and Minerals, unless the context otherwise requires.

The Company makes available, free of charge, its Annual Report on Form 10-KSB, Quarterly Reports on Form 10-QSB, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file or furnish them to the Securities Exchange Commission. These reports may also be obtained directly from the SEC via an Internet site (<http://www.sec.gov>) and at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The Company will also provide to any person, free of charge, a copy of the Company's Code of Business Conduct and Ethics upon request made to the Company at 303 West Wall St., Suite 1700, Midland, Texas 79701, attn: Mr. John M. James.

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

### Status of Business Plan

Shortly after the adoption of the Business Plan, the Company implemented the initial phase by entering into an agreement with certain limited partners of TCTB Partners, Ltd. ("TCTB") on October 31, 2002. Pursuant to the agreement, the Company acquired a 64.9% limited partnership interest in TCTB effective October 1, 2002. Effective January 1, 2004 the Company entered into an agreement with certain limited partners of TCTB in which the Company acquired an additional 6.485533% limited partnership interest in TCTB. This additional interest purchased combined with the initial limited partnership interest purchased in 2002 gives the Company a total of 71.348013 % limited partnership interest in TCTB. The assets of TCTB are two secondary office market properties in Midland and Lubbock, Texas, collectively referred to as "the Properties". (See Item 2 below for further description of the Properties.)

TCTB is managed and operated by its general partner, TCTB Company, Inc. The Company does not own any interest in TCTB Company, Inc., which is primarily owned by the original limited partners of TCTB, but the Company has the authority to change the general partner of TCTB due to its ownership of approximately 71.348013% of the LP Interests of TCTB. Both Mr. Eric Oliver and Mr. Jon Morgan, officers and directors of the Company, own interests in TCTB Company, Inc., and Mr. Morgan is the president of TCTB Company, Inc.

This past year has not been a breakout year for the Company but has served to establish a baseline operating history in which to benchmark the future performance of our fully transitioned company. We pursued numerous acquisition opportunities, none of which were consummated. If we had consummated a couple of

3

these acquisition opportunities, it could have provided the Company with more of an exponential growth model. Ultimately, these potential acquisitions taxed both time and some monies in due diligence efforts, but we abandoned or put on hold when unacceptable risk elements could not be resolved. At the end of the year, we sat with virtually the same asset mix in which we started. As a result we are slightly behind our intended growth schedule.

In addition to our efforts in building shareholder value through real estate acquisitions, the Company has evaluated several oil and gas royalty deals. However, due primarily to the increase in commodity pricing, we have not bought a direct royalty interest to date. Our philosophy is that you make money on royalties by "buying right", so we have chosen to be prudent and patient in our acquisitions. We have, as discussed further in this form, acquired a passive interest in oil and gas royalties via our purchase of shares of a royalty trust. This remains a core focus of the Company and we continue to actively pursue acquiring direct royalty interests in the future.

Going forward, our initial objective is to actively monitor TCTB and build a revenue-generating asset portfolio while not compromising our integrity and founding Christian values. In addition, management intends to pursue other types of property and business endeavors, including but not limited to, real estate investment trusts and partnership interests for which there is a reasonable degree of accuracy in ascertaining the risks associated with their future. In particular, we are interested in existing businesses with management in place that have a stable cash flow history. (For further discussion of our strategy and investment policies see Item 2 "Properties" below.)

While we cannot guarantee results and the ability to find acquisition candidates, we are committed to stay patient and not force any deals, while maximizing our return on the TCTB acquisition, which is currently our primary revenue source. TCTB's performance will depend on its ability to collect rent

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

from tenants and minimize the cost of ownership and maintenance. If TCTB's tenants or prospective tenants experience a change in business conditions or a downturn in their business, it may experience a delay in lease commencements, or a decline in renewals and lease extensions. Any failure of tenants to operate under the terms of their lease, make timely rental payments consistent with lease terms, or remain solvent, could result in the termination of the tenant's leases and the loss of rental income. We believe TCTB will work diligently to attract and retain quality tenants in order to mitigate this risk to the greatest extent possible.

We are also sensitive to the fact that we operate in a restrictive paradigm of not being able to access traditional equity sources without compromising our NOL balances. We hope we can continue to preserve our NOL, but certain issues outside our control may occur which could jeopardize this position. If a larger deal that would require an expansion of our equity base presents itself, we would welcome sacrificing our NOL if the value added exceeded the present value we have assigned it (see "Managements Discussion and Analysis" below for further description of NOL value). If our capital does become limited, we intend to make acquisitions through limited partnerships in a structure whereby AMEN would be the general partner/manager, while property specific equity providers would be the limited partners. However, we do not currently have any agreements or arrangements relating to such financing, and no assurances can be made that such financing will be available on terms acceptable to us.

### Competitive Business Conditions

We compete with a number of other companies in providing leases to prospective tenants and in re-letting space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-let the space. Even if the tenants do renew or we can re-let the space, the terms of renewal or re-letting, including the cost of required renovations, may be less favorable than current lease terms or than expectations for the space. WE MAY BE UNABLE TO PROMPTLY RENEW THE LEASES OR RE-LET THIS SPACE, OR THE RENTAL RATES UPON RENEWAL OR RE-LETTING MAY BE SIGNIFICANTLY LOWER THAN EXPECTED RATES. See Item 2 below for further discussion of the competitive conditions of the new Business Plan.

### Management and Staff

4

Our management consists of Eric Oliver, Chairman of the Board and Chief Executive Officer, Jon Morgan, President and Chief Operating Officer and John M. James, Chief Financial Officer and Corporate Secretary. Currently John M. James is the only full time employee at AMEN. TCTB has nine full time employees who assist in the day-to-day operations of the Properties.

AMEN management believes operational and accounting controls are essential to any successful business plan. During the implementation of the Business Plan the Company maintained a high standard as TCTB has well established control policies in managing the real estate operations of the Properties. Despite the minimal corporate staff, we have in place adequate controls to ensure the security of cash on hand, viability of cash disbursements and complete and accurate recording and reporting of cash receipts.

### Impact of Government Regulation and Environmental Laws

Under various environmental laws, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances, including asbestos-containing materials that are located on or under the property. Specific asbestos remediation has taken place in both of

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

the Properties. Environmental laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of those substances. In connection with our ownership and operation of properties, we may be liable for these costs, which could be substantial. Also, our ability to arrange for financing secured by that real property might be adversely affected because of the presence of hazardous or toxic substances or the failure to properly remediate any contamination. In addition, we may be subject to claims by third parties based on damages and costs resulting from environmental contamination at or emanating from our properties.

In addition, under the Americans with Disabilities Act (ADA), all public accommodations are required to meet certain federal requirements related to physical access and use by disabled persons. While we believe that the Properties comply in all material respects with these physical requirements or would be eligible for applicable exemptions from material requirements because of adaptive assistance provided, a determination that we are not in compliance with the ADA could result in the imposition of fines or an award of damages to private litigants. Any required modifications to comply with the ADA would most likely result in unplanned cash expenditures that could impact our ability to meet our financial objectives.

With regard to investments in oil and gas royalties, the production, transportation and sale of natural gas from underlying properties are subject to federal and state governmental regulation, including regulation and tariffs charged by pipelines, taxes, the prevention of waste, the conservation of gas, pollution controls and various other matters. The United States has governmental power to impose measures that could increase the cost of oil and gas properties. The Federal Energy Regulatory Commission (FERC) has jurisdiction with respect to various aspects of gas operations including the marketing and production of gas. The Natural Gas Act and the Natural Gas Policy Act (collectively, the "Acts") mandate federal regulation of the interstate transportation of gas. Numerous concerns regarding the interpretation and implementation of several provisions of the Acts have led to lawsuits and administrative proceedings to challenge the validity of the Acts. The FERC is also considering various policies and proposals that may affect the marketing of gas under new and existing contracts. Accordingly, we are unable to predict the impact of any such governmental regulation.

In the past, Congress has been very active in the area of gas regulation. Due to legislative action, previously applicable incremental pricing requirements and gas use restraints have been repealed. However, it is not feasible to predict with certainty, what proposals, if any, might actually be enacted by Congress or other legislative bodies and what effect, if any, such proposals might have on the oil and gas properties that may be considered for acquisition.

Christian Statement of Faith; the Company's Policy

Article XIII of our Bylaws provides that AMEN Properties, Inc. is a "religious corporation." Our policy is generally to include among our officers and

5

directors unconditionally, and among our employees where a bona fide occupation qualification exists, only persons who, upon request, subscribe to the Company's Christian Statement of Faith as follows:

1. We believe that there is one God, eternally existing in three persons: the Father, the Son, and the Holy Spirit.
2. We believe that the Bible is God's written revelation to man and that it is verbally inspired, authoritative, and without error in the original manuscripts.
3. We believe in the deity of Jesus Christ, His virgin birth, sinless life,

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

miracles, and death on the cross to provide for our redemption, bodily resurrection and ascension into heaven, present ministry of intercession for us, and His return to earth in power and glory.

4. We believe in the personality and deity of the Holy Spirit, that He performs the miracle of the new birth in an unbeliever and indwells believers, enabling them to live a godly life.
5. We believe that man was created in the image of God, but because of sin, was alienated from God. That alienation can be removed only by accepting through faith, God's gift of salvation which was made possible by Christ's death.

In order to implement the Christian Statement of Faith, we intend generally to act in accordance with the following policy, as stated in our Bylaws:

"The Corporation shall:

1. Actively seek to market the services of the [C]orporation to those persons, entities, and agencies, which are actively involved in propagating a pattern of beliefs and actions consistent with the tenets of the Statement of Faith. Nothing herein shall be construed to prohibit marketing such services to other persons, entities, or agencies except as specifically set forth in the prohibitions or corporate action set forth below.
2. To the extent permitted by law, expend from the revenues of the [C]orporation such sums as are deemed prudent by the Board of Directors to support, encourage, or sustain persons or entities which in the judgment of the Board of Directors are expected to make significant efforts to propagate the Gospel of Jesus Christ in any manner not in conflict with the Statement of Faith. Such expenditures may be made without regard to the tax status or nonprofit status of the recipient. It is expected that the expenditures paid out under the provisions of this paragraph shall approximate ten percent (10%) of the amount that would otherwise be the net profits of the [C]orporation for the accounting period.

The Corporation shall not:

1. Take any position publicly or privately that denies or conflicts with the tenets of the Statement of Faith.
2. Elect, qualify or permit to serve in office as a [d]irector or officer to the [C]orporation any person who has not without reservation subscribed to the Statement of Faith as being true, accurate and correct or who having so subscribed has either publicly or privately recanted from a particular of the Statement of Faith or who has publicly made statements or taken actions without repentance which the Board of Directors finds to be in clear conflict with the Statement of Faith.
3. Hire or continue to employ any employee in any position in which, in the sole discretion of the Corporation, subscription to the Statement of Faith is a bona-fide occupational qualification reasonably necessary to the normal operations of the Corporation's activities, where such employee refuses, upon request, to subscribe to the Statement of Faith or having so subscribed has either publicly or privately recanted from any particular of the Statement of Faith or has publicly made statements or taken actions without repentance which the Board of Directors finds to be in clear conflict with the Statement of Faith. Because the Scriptures teach that bad company corrupts good morals and that a little leaven affects the whole lump, it is important to the Corporation's purposes that it be protected from the influence of persons not in agreement with the Statement of Faith at every level of employment.
4. Permit any party to utilize the name, goodwill, trade marks, or trade names of the [C]orporation in any course of action or dealings which the [C]orporation itself is herein prohibited from taking."

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

"In addition to any other appropriate legend, prior to its issuance each and every share certificate to be issued by this Corporation shall be inscribed with a legend that states:

`This Corporation is a religious corporation. All shares of this [C]orporation are subject to the terms as set forth in the BYLAWS of the corporation which restricts the amendment or deletion of that section of the BYLAWS which prescribes a corporate Statement of Faith in the LORD JESUS CHRIST and directs or prohibits certain corporate actions on the basis of the Statement of Faith.'"`

The Bylaws also state:

"No amendment to this Article XIII and no other superseding or conflicting provision of these BYLAWS, the ARTICLES OF INCORPORATION, or any shareholder agreement shall be adopted unless the result of the count of votes approving the amendment is 90% affirmative without dissension and a minimum of two-thirds of the shares outstanding are represented and voting. Such vote must be made at an actual special meeting of the shareholders called by written notice delivered to each shareholder not less than 10 nor more than 60 days prior to the date of the meeting. Time is of the essence as to this notice provision and no extension of the time of the meeting or adjournment of the meeting to a date outside the notice period shall be permitted except upon the affirmative vote of not less than 70 percent of the shares then issued and outstanding."

### ITEM 2. DESCRIPTION OF PROPERTIES

Investments or Interest in Real Estate or in Persons Primarily Engaged in Real Estate Activities

As discussed above, we intend to grow our business through selective acquisitions of cash-generating assets focusing on value added plays in three distinct arenas that have historically generated large amounts of ordinary income - commercial real estate in secondary stagnant markets, commercial real estate in out of favor growth markets and in oil and gas royalties. While we focus on these areas, we also consider and evaluate opportunities to acquire other properties and businesses that have a consistent and stable cash flow history. Our intent is to accumulate these assets to generate income and create shareholder value.

Out of Favor Growth Market Acquisition - The market for acquiring multi-tenant office complexes in primary growth markets is highly competitive and is dominated by large capitalized real estate investment trusts along with local and regional seasoned private investors. In these markets, our competitive advantage will be through the value we can add by having a qualified on-sight team to manage and lease the building while being proactive on operating expenses by implementing audits of contracts for energy, janitorial, elevator, and other systems. Though these acquisitions will become more competitive, they contribute a significant equity appreciation component.

Secondary Stagnant Market Acquisition - The market for acquiring multi-tenant office properties in secondary stagnant markets is controlled mainly by local or regional investors who operate for sustained profitability versus a timed exit strategy. These markets tend to yield greater return on capital while not delivering as impressively on appreciation potential. In addition to the hands-on operational audits described above, our competitive advantage will be our ability to add value by structuring anchor or major tenant leases to possibly share in building ownership through equity participation. Our intent is to only focus on the premier properties within these secondary stagnant markets.



## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Oil and Gas Royalty Acquisition - Oil and gas royalty properties are revenue generating interests in oil and gas leases which do not bear any of the costs of producing oil or gas, and do not bear all of the risks associated with the ownership and operation of other oil and gas interests. The market for oil and gas royalty is highly competitive and dominated by mainly wealthy individuals and small focused royalty companies. Many middle to large sized oil and gas independents are also markets for individual oil and gas royalty properties.

7

This market is becoming increasingly efficient with a variety of auction types along with direct solicitation. Our competitive advantage hinges on our knowledge of virtually the entire United States with respect to general reservoir characteristics and risk factors. This knowledge could allow us to add value through focusing on properties, which have under developed reserves or other risk mitigating conditions.

Management intends to pursue opportunities in these areas based on favorable market evaluations and availability. Our evaluations of these opportunities will be based on a system whereby we formulate a cash flow series with at least 10 possible outcomes. We will then assign probability percentages to each of the outcomes. Based on the assigned probabilities, we will arrive at weighted return of total capital. These returns should meet the following four criteria to warrant additional due diligence:

1. Return on Total Capital (ROTC) of not less than 15% for the project
2. ROTC of at least 12% at the end of Year 1
3. Less than 10% assigned probability for an outcome ROTC of less than 5%
4. At least a 20% cumulative probability for an outcome ROTC of more than 20%

The last two parameters serve to focus our attention on opportunities we can model with limited risk but significant upside potential. By using leverage on these minimum rates of return, we will attempt to choose opportunities that attain our necessary return on equity targets. With the exception of the TCTB acquisition, no significant acquisition has been made at this time, as deals that meet our criteria in our primary focus area of royalties and commercial office buildings have not been attractive in the short-term. While this methodology was not utilized in the Company's purchase of the TCTB limited partnership interest, this acquisition was deemed, and has proven to be, a solid investment in which to launch the new Business Plan.

### Description of Real Estate and Operating Data

The Properties are owned by TCTB and managed and operated by TCTB Company, Inc., as general partner of TCTB. AMEN initially acquired 64.9% of the limited partnership interest of TCTB and an additional 6.485% effective January 1, 2004. The Properties consist of commercial real estate in Midland and Lubbock, Texas. The twenty-four-story Midland property, where the Company's headquarters are located, was completed in 1977 and encompasses 329,178 rentable square feet and is approximately 78% occupied. It also includes a 17-lane drive through bank and a 900 space-parking garage. The average lease term is 4 years and the major tenant is Bank of America. There are a total of two tenants in the Midland building who account for ten percent or more of the rentable space, consisting of the bank and Pioneer Natural Resources, Inc., a public oil and gas company. The Lubbock property was built in 1966 and is a fifteen story high rise with 210,659 rentable square feet, a 214 space parking garage, and is approximately 79% occupied. TCTB has a non-cancelable operating lease for land on which a

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

portion of the Lubbock, TX rental property is built. The lease will expire in 2013 and the existing monthly lease payments are \$3,930. Wells Fargo Bank is the primary tenant in the Lubbock building and the average tenant lease term is 5 years. There are a total of two tenants occupying ten percent or more of the rentable space, consisting of the bank and a law firm. A limited investment in building improvements of \$160,000 (\$114,157 net to AMEN's interest) are planned or anticipated in the Properties for 2004, and the Properties are held for income generating capabilities. The 2003 average annual net rental per occupied square foot for the Midland and Lubbock buildings was \$8.42 and \$11.03, respectively.

The following table sets forth certain information concerning lease expirations, excluding month to month leases and assuming no renewals for each Property:

8

Midland Building

Lease Expiration	Number of Leases Expiring	Square Feet Expiring	Annualized Gross Base Rent	Percentage of Total Square Feet Expiring	Percentage of Total Annualized Gross Bass Rent
2004	16	28,742	\$ 273,008	13.0%	13.6
2005	26	76,573	690,628	34.6%	34.5
2006	5	58,845	332,827	26.6%	16.6
2007	-	-	-	-	-
2008	6	52,291	654,978	23.7%	32.7
2009	1	4,663	52,220	2.1%	2.6
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
<b>Total</b>	<b>54</b>	<b>221,114</b>	<b>\$ 2,003,661</b>	<b>100.0%</b>	<b>100.0</b>

Lubbock Building

Lease Expiration	Number of Leases Expiring	Square Feet Expiring	Annualized Gross Base Rent	Percentage of Total Square Feet Expiring	Percentage of Total Annualized Gross Bass Rent
2004	8	7,892	\$ 111,307	5.5%	6.1
2005	9	23,665	254,116	16.4%	14.0
2006	5	7,808	116,214	5.4%	6.4
2007	3	13,792	199,584	9.6%	11.0
2008	3	4,822	50,910	3.4%	2.8
2009	1	1,119	10,296	0.8%	0.6
2010	1	52,841	621,425	36.7%	34.2
2011	3	15,738	203,216	10.9%	11.2
2012	2	16,209	248,501	11.3%	13.7
2013	-	-	-	-	-
<b>Total</b>	<b>35</b>	<b>143,886</b>	<b>\$ 1,815,569</b>	<b>100.0%</b>	<b>100.0</b>

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

The federal tax basis for the two properties is \$8,890,770. Of this amount, \$6,868,504 is related to the buildings that will be depreciated, for tax purposes, over 39 years using the straight-line method; \$1,157,459 has been allocated to the parking garages that will be depreciated, for tax purposes, using the 150% declining balance method over 15 years; \$104,138 has been allocated to partitions and flooring which will be depreciated, for tax purposes, using the 200% declining balance over 5 years; \$293,887 has been allocated to building improvements and will be depreciated, for tax purposes, using the 200% declining balance over 7 years; and \$466,782 has been allocated to land that will not be depreciated. The Properties are financed by a loan from Wells Fargo Bank (the "Wells Fargo Note"), originally a \$6.8 million non-recourse note bearing annual interest of 7.23% with a 20-year amortization that balloons on May 31, 2009.

Over the next two to three years, financing acquisitions will hinge upon our ability to access the necessary capital through conventional bank financings, as well as unconventional structures due to NOL restrictions. If acceptable conventional financing is not available, we intend to make acquisitions through limited partnerships in a structure whereby AMEN would be the general partner/manager, while property specific equity providers would be the limited partners. After our NOL utilization period, or if an acquisition provides more shareholder value than the NOL, we will consider financing acquisitions through more conventional equity offerings if necessary. We do not have any financing arranged, and it is anticipated that acquisition financing will most often be project specific. To the extent financing is not available on terms acceptable to the Company, the Company may delay or curtail its acquisitions.

9

As stated above, we recognize that we compete with many companies in providing leases to prospective tenants and in re-letting space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-let the space. Because of competitive offerings, even if the tenants do renew or we can re-let the space, the terms of renewal or re-letting, including the cost of required renovations, may be less favorable than current lease terms or than expectations for the space.

In the opinion of management, the Properties are properly insured from loss related to comprehensive liability, fire, extended coverage, and rental loss. Though we believe to the best of our ability that policy specifications and insured limits of these policies are adequate and appropriate, there may be however, certain types of losses, including lease and other contract claims, acts of war, acts of terror and acts of God that generally may not be insured. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in the Properties, as well as anticipated future revenue. If that happened, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the Properties. Though we believe that we maintain insurance policies with carriers with sufficient assets and capital to cover all insured perils, there may be however, failures or receiverships of carriers providing insurance on the Properties. If this occurs, we could be essentially without coverage for perils and losses.

### ITEM 3. LEGAL PROCEEDINGS

None

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

None during the fourth quarter of the fiscal year ended December 31, 2003.

### PART II

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

##### Market Information

From January 1 to December 31, 2003, AMEN Properties, Inc.'s common stock traded on the NASDAQ SmallCap Market (SM) ("NASDAQ SmallCap"). From January 1 to February 3, 2003 Amen Properties, Inc was traded under the symbol "AMENC"; from February 4 to March 3, 2003 Amen Properties, Inc was traded under the symbol "AMECD"; from March 4, 2003 to April 6, 2003, Amen Properties, Inc was traded under the symbol "AMENC"; and from April 7, 2003 to December 31, 2003, Amen Properties, Inc was traded under the symbol "AMEN." The aforementioned changes in Amen Properties, Inc. symbol were due to a process to satisfy listing criteria as described below.

On October 9, 2002, we received Nasdaq Staff Determination of noncompliance with the minimum \$1.00 bid price per share requirement set forth in Nasdaq Marketplace Rule 4310(c)(4). On November 20, 2002, we received further notification of noncompliance with the Nasdaq SmallCap listing maintenance requirement of \$2.5 million in shareholders' equity. After an oral hearing before a Nasdaq Listing Qualifications Panel on November 20, 2002, we were granted a temporary exception from these standards subject to meeting certain conditions. Pursuant to this ruling, effective December 20, 2002, and for the duration of the exception, our Nasdaq symbol was changed to AMENC.

As of April 4, 2003 that the Company had received notification from Nasdaq that the Company had evidenced compliance with the final requirement necessary for continued listing on the Nasdaq SmallCap Market, as set forth in the Nasdaq Listing Qualifications Panel decision dated December 17, 2002.

10

1. On December 31, 2002 we filed with the Securities and Exchange Commission (SEC) and Nasdaq a Form 8-K, evidencing a minimum of \$2.5 million in shareholders' equity.
2. At a special meeting held January 30, 2003, our shareholders approved a 1-for-4 reverse stock split which resulted in the Company having a closing bid price above \$1 per share by February 14, 2003.
3. The third requirement was for our stock to trade above \$1 for 10 consecutive trading days after the reverse split. This was accomplished and we were so notified by Nasdaq.
4. The fourth and final condition was to file, by March 31, 2003, a Form 10-KSB for the year ending December 31, 2002, evidencing over \$2.5 million in stockholders' equity.

The following table sets forth the ranges of high and low sales prices of our common stock for each quarter within the last two fiscal years as reported on the Nasdaq SmallCap Market, adjusted to give effect to the aforementioned 1-for-4 reverse stock split as if it occurred prior to the beginning of such period.

High

Low

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

First Quarter 2002:	\$ 5.560	\$ 2.600
Second Quarter 2002:	\$ 3.440	\$ 1.596
Third Quarter 2002:	\$ 2.320	\$ 1.000
Fourth Quarter 2002:	\$ 2.160	\$ 1.360
First Quarter 2003:	\$ 1.820	\$ 1.170
Second Quarter 2003:	\$3.450	\$ 1.510
Third Quarter 2003:	\$ 2.860	\$ 2.010
Fourth Quarter 2003:	\$ 2.250	\$ 1.10
January 1, 2004 through March 10, 2004	\$ 3.270	\$ 1.50

At March 10, 2004 the closing price for our common stock, as reported by NASDAQ SmallCap, was \$2.37 per share. There are approximately 3,500 holders of record of our common stock. A number of such holders of record are brokers and other institutions holding shares of common stock in "street name" for more than one beneficial owner. The Company's transfer agent and registrar is the American Stock Transfer and Trust Company. We have not paid and do not currently intend to pay cash dividends on our common stock in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table is provided in compliance with Item 201(d) of Regulation S-B:

11

	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average Exercise price of Outstanding warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	498,958	\$15.78	252,947
Equity compensation plans not approved security holders	None	None	None
Total	498,958	\$15.78	252,947

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

#### Overview

As discussed in Item 1 Amen Properties, Inc. initially consisted primarily of the operations of crosswalk.com(TM), an interactive website, which provided information and resources that the Company believed generally appealed to the English speaking Christian and family-friendly community and also provided a direct mail advertising service.

Both of these businesses were sold during 2002. We sold substantially all of the assets used, required, useful, or otherwise relating to the ownership, development and operations of the crosswalk.com website to Salem Communications Corporation for approximately \$4.1 million in cash (the "Asset Sale"). The Asset Sale closed on October 4, 2002. In addition, on December 12, 2002, the Company divested the direct mail service to Blue Hill Media, Inc. and received a \$275,000 Note Receivable bearing 6% interest and a 3.5% net profits interest in the business's gross margin.

Pursuant to the Company's adoption and application of the provisions of Statement of Financial Accounting Standards (SFAS) 144, "Accounting for the Impairment of Disposal of Long-Lived Assets", both the website and direct mail revenue and direct and indirect costs associated with the businesses for the year ended December 31, 2002 are classified as discontinued operations and reported as such on the Company's financial statements.

#### The Asset Sale and Implementation of the Business Plan

Taking into consideration the Company's material remaining value of approximately \$4.1 million in cash from the Asset Sale, a public company foundation, and a net operating tax loss carryforward (NOL) in excess of \$29 million, the Company presented to shareholders a business plan (the "Business Plan") to grow the Company and exploit the NOL through the judicious acquisition of cash generating assets, consisting primarily of office buildings in secondary stagnant markets, office buildings in out of favor growth markets and oil and gas royalties. On September 19, 2002, the shareholders approved this Business Plan, and immediately thereafter, the board of directors appointed current directors Eric Oliver and Jon Morgan as Chairman and Chief Executive Officer, and President and Chief Operating Officer, respectively. Effective October 9, 2002, the name of the Company was changed from Crosswalk.com, Inc. to AMEN Properties, Inc., and the Company relocated its headquarters from Chantilly, Virginia to Midland, Texas.

The first step in the new Business Plan was completed on October 31, 2002 when the Company entered into an Agreement with certain limited partners ("the Selling Partners") of TCTB Partners, Ltd. to purchase 64.86248% of the LP Interest in TCTB effective October 1, 2002. Effective January 1, 2004, the

Company acquired an additional 6.485533% limited partnership interest in TCTB, for a total current ownership of 71.348013%. The assets of TCTB are two secondary office market properties in Midland and Lubbock, Texas, collectively referred to as "the Properties". These properties are described further in Items 1 and 2 above. In addition, information on the Properties is included in audited financial statements in the definitive proxy statement dated August 27, 2002, and the Form 8-K filed with the SEC related to the sale of the website on November 7, 2002 and an 8-KA filed on January 6, 2003.

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

### Risk Factors

During 2003, AMEN marked its 6th anniversary as a public company. While we believe that the Company has finally demonstrated improvement in its financial condition, and management and the board are working diligently to continue and build upon this momentum, there remains significant risk in the new Business Plan. Many of these factors have been previously discussed in this form as well as the "risk factors" set forth in the definitive Schedule 14A dated August 27, 2002, which are incorporated herein by reference. Related to our commercial real estate investments, these risks include, but are not limited to, 1) adverse market conditions and competition, such as changes in the national and regional economic climate, 2) increased competition, 3) changes in operating costs 4) ability of our tenants to pay rent and 5) changes in law - all of which may impede our ability to generate sufficient income to pay expenses and maintain properties. Related to our efforts to buy oil and gas royalty related assets, these risks include, but are not limited to, 1) volatility of oil and gas prices, 2) uncertainty of estimated oil and gas discovery that may affect future cash flows, and 3) regulation of natural gas which could increase the carrying cost associated with oil and gas properties.

### Application of Critical Accounting Policies

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). A summary of our significant accounting policies is disclosed in Note A to our consolidated financial statements, which are included in this annual report under Item 7. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We consider critical accounting policies to be those policies that have the most impact on the reporting of our financial condition and those requiring significant judgments and estimates.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," effective for fiscal years beginning after December 15, 2001. Under the new rules, and the adoption thereof, goodwill will no longer be amortized, effective January 1, 2002, but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

During 2002, the Company recognized \$1,200,000 in impairment losses. In June 2002, the Company performed the transitional goodwill impairment tests as described herein. This resulted in a \$750,000 impact to earnings in the second quarter. In September 2002, the Company performed a quarterly impairment analysis on the continuing operation of the direct mail business and determined that an additional \$450,000 impairment loss needed to be recognized.

In addition, in October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes both SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that Opinion). SFAS 144 retains the fundamental provisions in SFAS 121 for recognizing and measuring impairment losses on long-lived assets

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

held for use and long-lived assets to be disposed of by sale, while also providing guidance on how a long-lived asset that is used as part of a group should be evaluated for impairment. SFAS 144 also establishes criteria for when a long-lived asset is held for sale, and prescribes the accounting for a long-lived asset that will be disposed of other than by sale. SFAS 144 retains the basic provisions of APB 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business).

The Company adopted the provisions of SFAS 144 in 2002, specifically as it relates to the treatment of long-lived assets held for sale pursuant to the Company's sale of substantially all of its website business to Salem Communications Corporation for approximately \$4.1 million and the sale of the direct mail business to Blue Hill Media, Inc., both in 2002. Accordingly, the Company's statement of operations for the year ended December 31, 2002, as presented, consist primarily of a loss from discontinued operations. The exceptions are expenses related to ongoing corporate functions, titled Property Operating and Sales and Marketing under the caption Operating Expenses. All revenue, and all other expenses shown separately relate to the operation results of the Company's investment in TCTB. Consistent with SFAS 144, depreciation on the property, plant and equipment included in discontinued operations, ceased as of June 1, 2002, understanding that the carrying amount of those assets would be recovered through the asset sale and not through future operations.

The Company's acquisition of TCTB has been accounted for under the purchase method of accounting, as required by SFAS No. 141, "Business Combinations". The assets of TCTB are fully consolidated in the Company's financial statements in accordance with Accounting Research Bulletin 51 "Consolidated Financial Statements", as amended by SFAS 94 "Consolidation of all Majority Owned Subsidiaries", as well as Statement of Position 78-9, "Accountings for Investment in Real Estate Ventures", with a corresponding 35% minority interest recorded at historical cost and AMEN's share of the assets recorded at market values at the date of purchase, October 1, 2002 and January 1, 2004. The Company's consolidated financial statements and the financial information set forth in this report are presented on this basis, except for certain information included under "2004 Outlook" which is presented on a basis of net amounts to AMEN's ownership interest in TCTB.

In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" (FIN 46). The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. Management does not believe the new pronouncement will have a material impact on its financial statements.

The Company accounts for its options granted to employees in accordance with APB 25 and SFAS 148. Stock-based awards to non-employees are accounted for under the provisions of SFAS 123 based on their fair value as determined by the Black-Scholes option-pricing model. Had compensation expense been determined based on the fair value of the options at the grant dates consistent with the method of accounting under SFAS 123, the Company's net income and net income per share for the years ended December 31, 2003 and 2002 would have been increased by approximately \$102,000 and approximately \$331,000, respectively. See Footnote P to the Company's Consolidated Financial Statements included herein.



## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

### Results of Operations

#### Full Year 2003 Compared to Full Year 2002

For the year ended December 31, 2003, the Company showed net income of \$391,829, or \$.19 per share, as compared to a net loss of \$2,148,951, or (\$1.08) per share for the same period ended December 31, 2002. The net loss in 2002 is primarily attributable to the prior website business and direct mail business. While there is no good comparison for 2003 due to sale of the website business and the

14

direct mail business during 2002, the Company did realize positive net income from operations for the first time in its history during the fourth quarter of 2002. Continuing operating revenue of \$1,060,413 for 2002 and \$893,022 of operating expenses for 2002 relate solely to the acquisition of interests in TCTB, which was acquired in October 2002.

#### Fourth Quarter 2003 Compared to Fourth Quarter 2002

During the fourth quarter of 2003, the Company realized positive income from continued operations of \$218,324 as compared to \$167,391 for the fourth quarter 2002. Operating expenses for the fourth quarter 2003 as compared to the fourth quarter 2002 decreased by approximately \$17,400 while revenue increased by approximately \$33,000. The Company experienced a decrease in interest expense of approximately \$42,000 as compared to the fourth quarter of 2002. This is due to agreements signed between the Company and the holders of the Series A and Series B Preferred Stock dated May 30, 2003 suspending the accrual of \$42,000 in dividends per quarter. The agreements also provided for the payment of already accrued dividends through the issuance of 209,300 share of Common Stock in accordance with the terms of the preferred stock. During the fourth quarter of 2003, other income/(expense) is \$141,500 as compared to (\$6,018) for the fourth quarter of 2002. The difference of \$147,518 is mainly comprised of a net gain realized of approximately \$120,000 on the sale of a royalty investment during the fourth quarter of 2003.

### Liquidity and Capital Resources

During the years ended December 31, 2003 and 2002, net cash provided by (used in) operating activities was \$1,185,321 and \$(833,764), respectively. The increase in the net cash provided by operating activities in 2003 is a result of the Company's implementation of the shareholder approved Business Plan. The net cash used in operating activities in 2002 was, for the most part, a result of the impact of writing off virtually all of the website business receivables and other assets, partially offset by the gain on sale.

Net cash provided by investing activities were \$214,741 and \$1,482,438 for the years ended December 31, 2003 and 2002, respectively. The net cash provided by in investing activities in 2003 is mainly investments in marketable securities and bonds. The net cash provided by investing activities in 2002 is primarily a result of the proceeds received from the sale of the website business, the effects of which are partially offset by additional costs incurred in the sale and the acquisition of the TCTB limited partnership interests.

Net cash used in financing activities was \$199,718 and \$8,686 for the years ended December 31, 2003 and 2002, respectively. The net cash used in financing activities consists primarily of repayments of notes payable of approximately \$175,500 in 2003. The net cash used in financing activities for 2002 consists of \$300,000 received from the net proceeds of the purchase of Series "B" preferred stock that closed on January 9, 2002, in the total amount of \$800,000. The difference of \$500,000 of the net proceeds was received by the Company at the

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

end of 2001. In 2002, this was offset by principal repayment of the Wells Fargo Note of approximately \$272,000.

At December 31, 2003, the Company had working capital and investments of \$2,178,092 comprised of cash of \$2,741,527, accounts receivable of \$51,859, short-term investments of \$50,225, other current assets of \$78,507, and long-term investments of \$62,350, less current liabilities of \$806,376. The long-term investments of \$62,350 primarily relates to the Company's ownership of 10,000 shares of a publicly traded royalty trust. The Company believes this level of working capital plus cash flow from operations will be sufficient to meet the Company's anticipated needs over the next twelve months. See the discussion below in 2004 Outlook for further detail of expected cash flow.

The Company's ability to raise funds is somewhat hindered as we are limited in our ability to issue new equity due to IRC Section 382 restrictions on utilization of the NOL. However, if an opportunity presents itself that would be more valuable to the shareholders than the approximate \$2.5 to \$5 million present value we have assigned the NOL, we will strongly consider pursuing the deal and would consider issuing equity to do so. Absent this, we intend on using, as discussed above, certain limited partnership structures and traditional bank borrowings to implement the Business Plan and meet our growth targets. In assigning a present value range to the NOL, we assumed equity growth of 10% and 30% annualized, and used a 10% discount factor and a 34% tax rate.

15

The TCTB acquisition was funded with \$1,945,874 in cash and the creation of \$2,789,087 in Promissory Notes between AMEN and the selling partners ("the TCTB Notes"). The TCTB Notes totaling \$2,789,087 stipulate a floating interest rate of 15 basis points above the prime lending rate, beginning at 4.9% and never to exceed 6%. The interest rate is adjusted every October 1st. The TCTB Notes are payable in consecutive annual installments, the first of which is due and payable on or before April 1, 2005, and one of which becomes due and payable on or before the same day of each succeeding year until the entire unpaid principal balance and all accrued and unpaid interest is fully paid. The amount of each annual payment is based upon the Net Operating Loss Benefit we realize, defined as the dollar value of the federal income tax benefit to the Company in utilizing the NOL as defined in the Internal Revenue Service Code. Therefore, we will make the first payment on April 1, 2005. It will be related to the 2004 fiscal year Net Operating Loss Benefit. If the TCTB Notes are not paid prior to the expiration of the Wells Fargo Note, they become due and payable in conjunction with the Wells Fargo Note on May 31, 2009. The Wells Fargo Note of \$6,800,000 is non-recourse, bears interest of 7.23% and has a 20-year amortization that balloons on May 31, 2009.

There can be no assurance that current working capital will be sufficient to meet the Company's needs or that additional financing will be available to the Company or that such financing will be available on acceptable terms.

### 2004 OUTLOOK

The following information is presented based upon the Company's knowledge of our current operations and historical performance. This information is not presented in accordance with general accounting principles, which require us to fully consolidate TCTB, showing 100% of its revenues and expenses and subtracting the minority interest in TCTB. Instead, the foregoing reflects information net to AMEN's interest. The net effect to AMEN, however, should be approximately the same.

Current Operations - Based primarily upon historical performance, the Company anticipates TCTB operating results in 2004 to produce approximately \$1,045,157

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

in positive cash flow from operations, net to AMEN's 71.348% ownership. Based upon historical performance of the underlying assets, the Company estimates receiving \$60,000 in 2003 from Blue Hill Media on payments of the Note Receivable and the Net Profits Interest obtained in the sale of the direct mail business. The Company believes that such capital resources will be sufficient to fund its anticipated operations and expenditures, excluding any acquisitions pursuant to the Business Plan.

Regarding anticipated cash outflows in 2004, we are estimating total cost to maintain our public company status to be approximately \$230,000 annually, which includes Nasdaq fees, audit fees, legal expenses, public filing fees, directors and officers insurance and costs related to the annual shareholders meeting. Because the majority of our officers have agreed not to take a salary, our general and administrative cash outlays are expected to be \$100,000. This amount is mainly cash outlays for salary and benefits for our Chief Financial Officer. TCTB's general and administrative costs are expected to be \$100,000 for 2004, net to AMEN's share of TCTB. Current annual interest expense related to the Wells Fargo Note is \$334,000, net to AMEN's interest in TCTB. Additionally, the Company is expecting to incur \$138,000 of interest expense related to the TCTB Notes, but will not have a cash outlay for this expense in 2004 as the first payment on the notes will not occur until April of 2005 in accordance with the terms of the notes. TCTB estimates spending approximately \$114,157 in capital improvements on the Midland and Lubbock buildings in 2004, net to AMEN's interest. Property taxes are anticipated to be \$170,843, net to AMEN's interest in TCTB. We have no long-term leases associated with the current operations.

AMEN's expected cash inflows / outflows are shown in the following table at the consolidated gross amounts and the net amounts, which represents AMEN's ownership interest:

16

	Expected 2004 Consolidated Amounts	Net to Amen
Expected Cash Inflows in 2004:		
TCTB Revenue	\$ 4,345,000	\$ 3,100,000
Other Investments, distributions and note receivable	60,000	60,000
Total Expected Cash Inflows	4,405,000	3,160,000
Expected Cash Outflows in 2004:		
TCTB Operating Costs	2,032,292	1,450,000
TCTB General and Administrative	140,158	100,000
Corporate General and Administrative	100,000	100,000
Public Costs	230,000	230,000
TCTB Est. Taxes	239,450	170,843
Total Operating Expense (excluding depreciation)	2,741,900	2,050,843
TCTB Interest Expense - Wells Fargo Note	468,128	334,000
Expected Cash Outflows from Operations	3,210,028	2,384,843
TCTB Capital Reserve	160,000	114,157
Total Expected Cash Outflows	3,370,028	2,499,000
Expected Net Cash Flow	1,034,972	661,000
Beginning Working Capital + Investments	2,325,907	1,093,133

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Expected Ending Net Working Capital + Investments \$	3,360,879	\$ 1,754,133
	=====	=====

The Wells Fargo Note prohibits distributions, without the consent of the bank, from TCTB to limited partners, except for the limited partners' tax liability. Taking this into consideration, AMEN's beginning working capital plus investments at the corporate level at December 31, 2003 was \$1,093,133. Adding \$60,000 in expected investment distributions and \$240,000 in estimated tax distribution from TCTB, and subtracting \$100,000 for Corporate General and Administrative and \$230,000 for public costs, the Company, at the corporate level, estimates it will have a \$1,063,133 working capital plus investment balance at the end of 2004. The remaining amount of expected ending working capital plus investments reflected in the table above consists of net TCTB revenue retained by TCTB due to the limitation on distributions to the limited partners of TCTB under the terms of the Wells Fargo Note.

The expected 2004 results discussed above contemplate only our current operations and are dependent upon our current operations performing consistent with their historical performance. While management of the Company believes that its current views and expectations are based upon reasonable assumptions, there are significant risks and uncertainties that could significantly effect expected results. Important factors that could cause actual results to differ materially from those in the projections and estimates include, without limitation, the Risk Factors referenced above under "Risk Factors", and many of those factors are beyond the Company's control. The foregoing information is expressly qualified in its entirety by such factors. You should expect the assumptions and related estimates to change as additional information becomes available. However, the Company does not intend to update or otherwise revise the projections and estimates provided to reflect events or circumstances after the date of this report. Actual results may differ materially from the projections and estimates provided.

Management is actively seeking acquisition opportunities that meet our criteria stated above in Item 2. Should an acquisition be made, expenditures and required resources could change significantly. Since implementing the Business Plan in October 2002, management has reviewed numerous deals, and anticipates this pace of evaluation to continue in 2004. The Company's ability to raise funds required to complete acquisitions is somewhat hindered, as mention above, due to NOL utilization rules contained in Section 382 of the Internal Revenue Code. However, if an opportunity presents itself that would be more valuable to the shareholders than the NOL, we would recommend pursuing the deal and would

17

consider issuing equity to do so. Absent this, we intend on using certain limited partnership structures and traditional bank borrowings to implement the Business Plan. The Company does not currently have any agreements or arrangements for any such financing, and no assurances can be made that such financing will be available on terms considered acceptable to the Company.

### Forward Looking Statements

Certain information in this section may contain "forward-looking statements" within the meaning of Section 21e of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including, but not limited to, any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

regarding future economic conditions or performance, and any statement of assumptions underlying any of the foregoing. In some cases, "forward-looking statements" can be identified by the use of terminology such as "may," "will," "expects," "believes," "plans," "anticipates," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although the Company believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations or any of its "forward-looking statements" will prove to be correct, and actual results could differ materially from those projected or assumed in the Company's "forward-looking statements." Our financial condition and results, as well as any other "forward-looking statements," are subject to inherent risks and uncertainties, including but not limited to those risk factors disclosed in the Company's definitive Schedule 14A dated August 27, 2002, which are incorporated herein by reference, as well as those summarized in Item 6, "Management's Discussion and Analysis or Plan of Operation."

### ITEM 7. FINANCIAL STATEMENTS

The Financial Statements prepared in accordance with Regulation S-B are included in this report commencing on page F-1.

### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

### ITEM 8a. CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), performed an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2003. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective. There are no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to this evaluation.

## PART III

### Information Incorporated by Reference

The information required by Item 9 - Directors and Executive Officers of the Registrant, Item 10 - Executive Compensation, Item 11 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters (other than information concerning securities authorized for issuance under equity compensation plans), and Item 12 - Certain Relationships and Related Transactions and Item 14 - Principal Accountant Fees and Services is incorporated by reference from our definitive proxy statement, which will be

18

filed with the SEC no later than April 29, 2004. For information concerning securities authorized for issuance under equity compensation plans, see "Market for Common Equity and Related Stockholder Matters - Securities Authorized for Issuance under Equity Compensation Plans" in Part II of this Form 10-KSB

### ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

(a) EXHIBITS:

EXHIBIT NUMBER -----	DESCRIPTION -----
2.3//	Asset Purchase Agreement between the Company and Blue Hill Media, Inc. dated December 13, 2002
3.1+	Certificate of Incorporation and Certificates of Amendments thereto of DIDAX INC.
3.1(a)+	Certificate of Correction regarding Certificate of Incorporation
3.1(b)**	Certificate of Amendment thereto of DIDAX INC.
3.2+++	Certificate of Amendment thereto of Crosswalk.com, Inc.
3.3+	Bylaws and amendments thereto of the Registrant
3.4 ~	Certificate of Designations for Series "A" Preferred Stock
3.4(a) ~~	Amended Certificate of Designations for Series "A" Preferred Stock
3.5 ~~	Certification of Designations for Series "B" Preferred Stock
4.5+	Form of Stock Option Agreement
4.6+	1997 Stock Option Plan
4.6A*	1997 Stock Option Plan, as amended April 6, 1998
4.7*	1998 Stock Option Plan
4.7A**	1998 Stock Option Plan, as amended February 26, 1999
4.8##	1998 Stock Option Plan, as amended March 3, 2000
10.3**	Office Building Lease by and between Enterprise Center Limited Partnership Number Two and the registrant dated August 23, 1999
10.4+	Warrant Certificate between the Company and Robert Varney dated July 10, 1996
10.5+	Warrant Certificate between the Company and Robert Varney dated September 26, 1996
10.8+	Warrant Certificate between the Company and Bruce Edgington dated July 30, 1996
10.9+	Warrant Certificate between the Company and Bruce Edgington dated October 30, 1996
10.50++	Stock Purchase Agreement between the Company and A. Scott Dufford for Series A Preferred Stock dated September 29, 2000
10.51++	Stock Purchase Agreement between the Company and John R. Norwod for Series A Preferred Stock dated September 29, 2000

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

- 10.52++ Stock Purchase Agreement between the Company and J.M. Mineral and Land Co. for Series A Preferred Stock dated September 29, 2000
- 10.53++ Stock Purchase Agreement between the Company and Jon M. Morgan Pension Plan for Series A Preferred Stock dated September 29, 2000
- 10.54++ Stock Purchase Agreement between the Company and Stallings Properties, Ltd. for Series A Preferred Stock dated September 29, 2000
- 10.55++ Stock Purchase Agreement between the Company and John D. Bergman for Series A Preferred Stock dated September 29, 2000
- 10.56++ Stock Purchase Agreement between the Company and Julia Jones Family Trust for Series A Preferred Stock dated September 29, 2000
- 10.57++ Stock Purchase Agreement between the Company and Dodge Jones Foundation for Series A Preferred Stock dated September 29, 2000
- 10.58++ Stock Purchase Agreement between the Company and Soft Op, L.P. for Series A Preferred Stock dated September 29, 2000
- 10.59++ Stock Purchase Agreement between the Company and Lighthouse Partners, L.P. for Series A Preferred Stock dated September 29, 2000
- 10.60++ Stock Purchase Agreement between the Company and Ray McGlothlin, Jr. for Series A Preferred Stock dated September 29, 2000
- 10.61++ Stock Purchase Agreement between the Company and Gary J. Lamb for Series A Preferred Stock dated September 29, 2000
- 10.62++ Stock Purchase Agreement between the Company and Frosty Gilliam, Jr. for Series A Preferred Stock dated September 29, 2000
- 10.63++ Stock Purchase Agreement between the Company and Bruce Edgington for Series B Preferred Stock dated December 31, 2001
- 10.64++ Stock Purchase Agreement between the Company and Dodge Jones Foundation for Series B Preferred Stock dated December 31, 2001
- 10.65++ Stock Purchase Agreement between the Company and Earl E. Gjælde for Series B Preferred Stock dated December 31, 2001
- 10.66++ Stock Purchase Agreement between the Company and Jon M. Morgan for Series B Preferred Stock dated December 31, 2001
- 10.67++ Stock Purchase Agreement between the Company and Soft Op, L.P. for Series B Preferred Stock dated December 31, 2001
- 10.68++ Annex to the Stock Purchase Agreement for Series A Preferred Stock dated September 29, 2000
- 20
- 10.69++ Annex to the Stock Purchase Agreement for Series B Preferred Stock dated December 31, 2001
- 10.72// Agreement and Transfer of Limited Partnership Interest between the Company and the Selling Partners of TCTB Partners, Ltd. dated October 31, 2002

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

- 10.73// Amended Promissory Note between the Company and A. Scott Dufford dated October 31, 2002, with schedule describing all outstanding Amended Promissory Notes between the Company and the Selling Partners of TCTB Partners, Ltd, which are identical other than differences stated in the schedule.
- 10.74// Credit Agreement between TCTB Partners, Ltd. and Wells Fargo Bank Texas, N.A. dated June 5, 2002, the exhibits of which are not included due to their size.
- 10.75// Lease Agreement between TCTB Partners, Ltd. and Bank of America, N.A. dated September 30, 2003.
- 10.76// Lease Agreement between TCTB Partners, Ltd. and Pioneer Natural Resources USA, Inc. dated April 4, 2000.
- 10.77// Lease Agreement between TCTB Partners, Ltd. and Wells Fargo Bank Texas, N.A. dated June 27, 2000
- 10.78// Lease Termination between the Company and Matan Properties dated July 30, 2002.
- 10.79# Agreement to Suspend Dividends and Consent of the Holders of Series A Preferred Stock of Amen Properties, Inc. dated May 30, 2003.
- 10.80# Agreement to Suspend Dividends and Consent of Holders of Series B Convertible Preferred Stock of Amen Properties, Inc. dated May 30, 2003.
- 11 Statement of computation of earnings per share
- 21.1 Subsidiaries of the Company
- 23.1 Consent of Johnson, Miller & Co.
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 USCss.1350.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 USCss.1350.

+ Incorporated by reference to the Company's Registration Statement on Form SB-2 declared effective by the Securities and Exchange Commission on September 24, 1997, SEC File No. 333-25937

\* Incorporated by reference to the Company's Registration Statement Post Effective Amendment No. 1 to Form SB-2 declared effective by the Securities and Exchange Commission on July 2, 1998, SEC File No. 333-25937

## Filed as an Appendix to the Company's Proxy Statement on Schedule 14-A filed with the Securities and Exchange Commission on March 30, 2000.

\*\* Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2000.



Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

~ Incorporated by reference to the Company's Registration Statement on Form S-3 declared effective by the Securities and Exchange Commission on December 1, 2000, SEC File No. 333-49126

++ Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 29, 2002, amended July 25, 2002 and August 14, 2002.

~~ Incorporated by reference to the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on April 5, 2002, SEC file No. 333-85636

\*\*\* Incorporated by reference to the Company's Quarterly Report on Form 10-QSB filed with the Securities and Exchange Commission on November 14, 2002.

+++ Filed as an Appendix to the Company's Proxy Statement on Schedule 14-A filed with the Securities and Exchange Commission on January 13, 2003.

// Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2003.

# Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 4, 2003.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the last fiscal quarter covered by this report.

22

SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMEN Properties, Inc.

March 29, 2004

By: /s/ Eric L. Oliver

-----  
Eric L. Oliver,  
Chairman of the Board of Directors and  
Chief Executive Officer

March 29, 2004

By: /s/ John M James

-----  
John M. James, Chief Financial Officer  
and Secretary

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 29, 2004

By: /s/ Jon Morgan

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

-----  
Director and Chief Operating Officer

March 29, 2004

By: /s/ Bruce Edgington  
-----

Director

March 29, 2004

By: /s/ Randy G. Nicholson  
-----

Director

23

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	F-1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	F-2
CONSOLIDATED STATEMENTS OF OPERATIONS	F-3
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY	F-4
CONSOLIDATED STATEMENTS OF CASH FLOWS	F-5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-7

Report of Independent Certified Public Accountants  
-----

To the Board of Directors and Stockholders  
AMEN Properties, Inc. and Subsidiaries  
Midland, Texas

We have audited the consolidated balance sheets of AMEN Properties, Inc., (formerly Crosswalk.com, Inc.), and Subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AMEN Properties, Inc. and Subsidiaries at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

JOHNSON, MILLER & CO.

Midland, Texas  
February 6, 2003

F-1

### AMEN Properties, Inc. and Subsidiaries

#### CONSOLIDATED BALANCE SHEETS

December 31,

#### ASSETS

	2003
	-----
CURRENT ASSETS	
Cash and cash equivalents (notes A3, D and E)	\$ 2,741,527
Accounts receivable (notes A6 and A13), net of allowance of \$91,066 and \$61,826 in 2003 and 2002, respectively	51,859
Short-term investments (notes A4 and E)	50,225
Other current assets	78,507
	-----
Total current assets	2,922,118
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$822,301 and \$458,155 in 2003 and 2002, respectively (notes A7, A8, and G)	11,662,960
LONG-TERM INVESTMENTS (notes A4 and E)	62,350

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

OTHER ASSETS	
Note receivable (note F)	250,763
Deferred costs (note A9)	79,064
Rents receivable (notes A6 and A13)	75,288
Deposits and other assets	4,348
Total other assets	409,463
TOTAL ASSETS	\$ 15,056,891
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Current portion of long-term obligations (note J)	\$ 186,156
Accounts payable	151,818
Accrued liabilities (note H)	258,237
Deferred revenue	34,463
Other liabilities	175,702
Total current liabilities	806,376
LONG-TERM OBLIGATIONS, less current portion (note J)	8,898,364
DEFERRED REVENUE	180,542
MINORITY INTEREST (note A12)	1,157,170
COMMITMENTS AND CONTINGENCIES (notes A16 and L)	-
STOCKHOLDERS' EQUITY (notes O and P)	
Preferred stock, \$.001 par value, 5,000,000 shares authorized; 80,000 Series "A" shares issued and outstanding	80
80,000 Series "B" shares issued and outstanding	80
Common stock, \$.01 par value, 20,000,000 shares authorized; 2,201,356 and 1,991,056 shares issued and outstanding	22,014
Common stock warrants	127,660
Additional paid-in capital	42,481,507
Accumulated deficit	(38,616,607)
Accumulated other comprehensive (loss) income	(295)
Total stockholders' equity	4,014,439
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 15,056,891
=====	

The accompanying summary of accounting policies and footnotes are an integral part of these consolidated financial statements.

# Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN Properties, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,

		2003
		-----
Rental revenue	\$	4,345,099
Operating expenses:		
Property operating		359,319
Sales and marketing		7,351
General and administrative		128,788
Depreciation and amortization		408,335
Insurance		68,439
Travel and entertainment		827
Utilities		854,140
Building maintenance		621,905
Office expense		479,486
Taxes, except income		238,873
		-----
Total operating expenses		3,167,463
		-----
Net income from operations		1,177,636
Other income (expense):		
Interest income		31,020
Interest expense (note A15)		(654,319)
Other expense		253,306
		-----
Total other income (expense)		(369,993)
		-----
Net income (loss) before income taxes, minority interest and discontinued operations		807,643
Income taxes (notes A11 and I)		-
Minority interest		(415,814)
		-----
Income (loss) from continuing operations		391,829
		-----
Discontinued operations-net operations of sold assets		-
Discontinued operations-gain on sale of assets		-
		-----
Loss from discontinued operations		-
		-----
NET INCOME (LOSS)	\$	391,829
		=====
Net income (loss) per common share (basic)		
Income (loss) from continuing operations	\$	.19
Discontinued operations		-
Gain on sale of discontinued operations		-

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Net income (loss)	\$	.19
=====		
Net income (loss) per common share (diluted)		
Income (loss) from continuing operations	\$	.13
Discontinued operations		-
Gain on sale of discontinued operations		-
-----		
Net income (loss)	\$	.13
=====		
Weighted average number of common shares outstanding - basic		2,111,328
Weighted average number of common shares outstanding - diluted		2,961,051

The accompanying summary of accounting policies and footnotes are an integral part of these consolidated financial statements.

F-3

AMEN Properties, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
Years Ended December 31, 2003 and 2002

	Preferred Stock		Common Stock		Additional Paid-in Capital	Common Stock Warrants
	Shares	Amount	Shares	Amount		
Balance, December 31, 2001	160,000	\$ 160	1,989,931	\$ 19,835	42,116,248	127,660
Common stock issued pursuant to exercise of stock options	-	-	2,125	85	7,353	-
Other comprehensive income	-	-	-	-	-	-
Net loss	-	-	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	-	-	-	-
-----						
Balance, December 31, 2002	160,000	160	1,992,056	19,920	42,123,601	127,660
Common stock issued pursuant to a deferral of preferred stock dividend	-	-	209,300	2,094	357,906	-
Other comprehensive income	-	-	-	-	-	-
Net income	-	-	-	-	-	-

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Balance, December 31, 2003	160,000	\$ 160	2,201,356	\$ 22,014	42,481,507	127,660
	=====	=====	=====	=====	=====	=====

The accompanying summary of accounting policies and footnotes are an integral part of these con

F-4

AMEN Properties, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2003
	-----
Increase (Decrease) in Cash and Cash Equivalents	
Cash flows from operating activities:	
Net income (loss)	\$ 391,829
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	408,335
Depreciation and amortization - discontinued operations	-
Goodwill impairment - discontinued operations	-
Gain on sale of discontinued operations	-
(Gain) loss on sale of investments	(120,405)
Minority interest	415,814
Changes in operating assets and liabilities:	
Accounts receivable	109,924
Notes receivable from former officers	-
Deposits and other assets	14,425
Deferred costs	(5,572)
Accounts payable	(63,037)
Accrued and other liabilities	(72,069)
Deferred revenue	106,077
	-----
Net cash provided by (used in) operating activities	1,185,321
	-----
Cash flows from investing activities:	
Purchases of property and equipment	(151,518)
Proceeds from sale of property, equipment and intangible assets	-
Closing costs on sale of discontinued operations	-
Sales and maturity of investments	1,839,223
Purchase of investments	(1,497,201)

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Acquisition of limited partnership interest (note C)		-
Repayments of notes receivable		24,237
		-----
Net cash provided by investing activities		214,741
		-----
Cash flows from financing activities:		
Net proceeds from issuance of preferred stock		-
Net proceeds from issuance of common stock		-
Repayments of notes payable		(175,467)
Repayments of capitalized leases		(10,284)
Partner distributions		(13,967)
		-----
Net cash used in financing activities	\$	(199,718)
		-----

The accompanying summary of accounting policies and footnotes are an integral part of these consolidated financial statements.

F-5

AMEN Properties, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31,

		2003
		-----
Net increase in cash and cash equivalents	\$	1,200,344
Cash and cash equivalents at beginning of year		1,541,183
		-----
Cash and cash equivalents at end of year	\$	2,741,527
		-----
Cash paid during the year for:		
Interest	\$	470,783
Non-cash investing and financing activities:		
In December 2002, the Company sold its "Offline Business" for a note receivable. (note B)	\$	-
In March 2003, the Company issued 209,300 shares of stock pursuant to a deferral of preferred stock dividend	\$	360,000



## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

The accompanying summary of accounting policies and footnotes are an integral part of these consolidated financial statements.

F-6

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

#### NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. Organization

Pursuant to actions of the stockholders on September 19, 2002, Crosswalk.com, Inc. changed its name to AMEN Properties, Inc. ("AMEN"). Effective October 2002, AMEN formed NEMA Properties, LLC ("NEMA"), a Nevada limited liability company; AMEN Minerals, LP ("Minerals"), a Delaware limited partnership; and AMEN Delaware, LP ("Delaware"), a Delaware limited partnership, to pursue acquisitions as authorized by stockholders on September 19, 2002. AMEN Properties, Inc. and Subsidiaries and affiliates (collectively referred to as the "Company") is a self-administered and self-managed Delaware corporation.

The Company's business purpose is to acquire investments in commercial real estate, oil and gas royalties and stabilized cash flowing businesses or assets. As of December 31, 2003, the Company, through Delaware's investment in a limited partnership, has a commercial real estate portfolio consisting of majority ownership in two office properties located in Midland and Lubbock, Texas comprising an aggregate of approximately 539,837 square feet of gross leasable area ("GLA"). The investment was obtained through Delaware's acquisition of an approximate 64.9% partnership interest in TCTB Partners, Ltd. ("TCTB"), a Texas limited partnership. Through its investment in Minerals, AMEN has acquired an investment interest in an oil and gas royalty trust. The operations of the Company are primarily conducted through Delaware of which AMEN is the sole general partner.

##### 2. Basis of Presentation

The consolidated financial statements include the accounts of the Company and its majority-owned/controlled subsidiaries and affiliates. Intercompany balances and transactions have been eliminated.

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

##### 3. Cash Equivalents

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

The Company considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

F-7

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4. Short and Long-Term Investments

The Company invests in U.S. government bonds and treasury notes, municipal bonds, and corporate bonds. Investments with original maturities greater than three months but less than twelve months from the balance sheet date are short-term investments. Those investments with original maturities greater than twelve months from the balance sheet date are long-term investments.

The Company's marketable securities are classified as available-for-sale as of the balance sheet date, and are reported at fair value with unrealized gains and losses, net of tax, recorded in stockholders' equity. Realized gains or losses and permanent declines in value, if any, on available-for-sale investments are reported in other income or expense as incurred.

##### 5. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, investments and accounts receivable approximate fair value because of the relatively short maturity of these instruments.

##### 6. Tenant Accounts Receivable

Management regularly reviews accounts receivable and estimates the necessary amounts to be recorded as an allowance for uncollectibility. These reserves are established on a tenant-specific basis and are based upon, among other factors, the period of time an amount is past due and the financial condition of the obligor.

##### 7. Depreciation and Amortization

Property, plant and equipment are stated at cost. Depreciation is determined using the straight-line method over the estimated useful lives ranging from three to forty years. Leasehold improvements are amortized over the shorter of the life of the asset or the remaining lease term. Intangible assets are amortized over the useful lives of five to ten years using the straight-line method. Amortization expense includes two capital leases amortized over a 36 month period which were repaid in 2003. Costs for the repair and maintenance of property and equipment are expensed as incurred.

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Impairment of Long-Lived Assets

The Company periodically evaluates the recoverability of the carrying value of its long-lived assets and identifiable intangibles by monitoring and evaluating changes in circumstances that may indicate that the carrying amount of the asset may not be recoverable. Examples of events or changes in circumstances that indicate that the recoverability of the carrying amount of an asset should be assessed include but are not limited to the following: a significant decrease in the market value of an asset, a significant change in the extent or matter in which an asset is used or a significant physical change in an asset, a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset, and/or a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue.

The Company considers historical performance and anticipated future results in its evaluation of potential impairment. Accordingly, when indicators or impairment are present, the Company evaluates the carrying value of these assets in reaction to the operating performance of the business and future discounted and nondiscounted cash flows expected to result from the use of these assets. Impairment losses are recognized when the sum of expected future cash flows are less than the assets' carrying value. The Company recorded an impairment loss of \$1,200,000 for the year ended December 31, 2002, which related to discontinued operations.

9. Deferred Costs

Deferred costs primarily consist of deferred financing costs. Deferred financing costs are amortized as interest expense over the life of the related debt.

10. Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with Accounting Principles Board Opinion (APB) 25, Accounting for Stock Issued to Employees, which uses the intrinsic value method. As required by Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, the Company has disclosed the pro forma impact on the consolidated financial statements assuming the measurement provisions of SFAS No. 123 and additional disclosure requirements of SFAS No. 148 had been adopted.

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

12. Minority Interest

Minority interest represents the interest of unit holders of TCTB, other than the Company in the net earnings and net equity of TCTB. The unit holder minority interest is adjusted at the end of each period to reflect the ownership at that time. The unit holder minority interest in TCTB was approximately 35.1% at December 31, 2003 and 2002.

13. Revenue recognition

Leases with tenants are accounted for as operating leases. Minimum annual rentals are recognized on a straight-line basis over the terms of the respective leases. As a result of recording rental revenue on a straight-line basis, accounts receivable include \$47,478 and \$100,105 of tenant receivables at December 31, 2003 and 2002, respectively, which is expected to be collected over the remaining lives of the leases.

14. Advertising Expense

All advertising costs are expensed when incurred. Advertising expenses were approximately \$7,000 and \$91,000 for the years ended December 31, 2003 and 2002, respectively.

15. Earnings Per Share

Income from continuing operations has been decreased by preferred stock dividends of approximately \$42,000 and \$168,000 for the years ended December 31, 2003 and 2002, respectively.

The effects of Series "A" and "B" convertible Preferred Stock are not included in the computation of diluted earnings per share for any periods in which their effect is antidilutive.

# Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

## NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 15. Earnings Per Share (Continued)

Disclosures regarding shares and share price have been adjusted to reflect the 1-for-4 reverse stock split dated January 30, 2003 in accordance with accounting principles generally accepted in the United States of America. See note O.

### 16. Environmental

The Company is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Company to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings.

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can be reasonably estimated.

### 17. New Accounting Pronouncements

In September 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). This Statement improves financial reporting by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The accounting for similar events and circumstances will be the same, thereby improving the comparability and representation faithfulness of reported financial information. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure, an amendment of SFAS No. 123, Accounting for Stock-Based Compensation. This Statement amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require

# Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 17. New Accounting Pronouncements (Continued)

prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based compensation and the effect of the method used on reported results. Certain of the disclosure modifications are required for fiscal years ending after December 15, 2002 and are included in the notes to these consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected residual returns, if they occur. FIN 46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The provisions of this interpretation become effective upon issuance.

In December 2003, the FASB issued a revised Interpretation No. 46, Consolidation of Variable Interest Entities, replacing the original Interpretation issued in January 2003. The revised Interpretation provides guidance on when certain entities should be consolidated or the interests in those entities should be disclosed by enterprises that do not control them through majority voting interest. Under the revised Interpretation, entities are required to be consolidated by enterprises that lack majority voting interest when equity investors of those entities have insignificant capital at risk or they lack voting rights, the obligation to absorb expected losses, or the right to receive expected returns. Entities identified with these characteristics are called variable interest entities and the interests that enterprises have in these entities are called variable interests. These interests can derive from certain guarantees, leases, loans or other arrangements that result in risks and rewards that are disproportionate to the voting interests in the entities. The provisions of the revised Interpretation must be immediately applied for variable interest entities created after January 31, 2003 and for variable interests in entities commonly referred to as "special purpose entities." For all other variable interest entities, implementation is required by March 31, 2004.

In July 2003, the FASB issued SFAS No. 149, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 149 improves financial reporting of derivatives by requiring contracts with comparable characteristics be accounted for similarly. This Statement also incorporates

# Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

## NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 17. New Accounting Pronouncements (Continued)

clarifications of the definition of a derivative. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. Management will consider the impact of this Statement on its financial statements for future periods.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability. Many of those instruments were previously classified as equity such as common or preferred shares that are mandatorily redeemable—that embody an unconditional obligation requiring the issuer to redeem the shares by transferring its assets at a specified date or upon an event that is certain to occur. The provisions of this Statement shall be effective for the first fiscal period beginning after December 15, 2004.

Management does not believe the new pronouncements will have a material impact on its financial statements.

### 18. Reclassifications

Certain reclassifications of prior period amounts have been made to conform to the 2003 presentation.

## NOTE B - DISCONTINUED OPERATIONS AND ASSET SALES

In the years ended December 31, 2001 and prior, the business of the Company consisted of the development and aggregation of Internet content and services; advertising and royalty sales; and through the third quarter of 2000, the resale of products specifically designed to meet the needs of Christian users of the Internet and the World Wide Web. This was accomplished through the platform of the website Crosswalk.com, which was created and developed by the Company (the "Online Business"). In addition, the Company generated advertising revenue through the issuance of mailers called "card decks." Six times annually, the Company distributed these card decks bringing awareness of over fifty ad clients' products to 225,000 churches in each mailing (the "Offline Business"). The Offline Business, which employed a staff of three, included a proprietary database of about 140,000 churches. Additional lists were rented to meet the remaining distribution commitment.

In September 2002, the Company's stockholders approved the sale of the Crosswalk.com Web site to Salem Communications, Inc. for approximately \$4.1 million in cash. The sale closed October 4, 2002. The operation of the Online Business also terminated at that time. The Company incurred legal and consulting

# Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE B - DISCONTINUED OPERATIONS AND ASSET SALES (CONTINUED)

fees, contract termination costs and severance costs approximating \$1,043,000. These costs were incurred as part of the Company's exit of the Online Business activities and moving corporate headquarters to Midland, Texas.

On December 12, 2002, the assets related to the Offline Business were sold to Blue Hill Media, Inc. for a note receivable in the amount of \$275,000 and a 3.5% net profits interest in the Offline Business' future gross margin. The operation of the Offline Business ceased upon the date of the sale. Therefore, the Online Business and Offline Business comprise that which is categorized as "Discontinued Operations."

The table below summarizes the net operations and sales of discontinued operations for the year ended December 31, 2002:

Revenues	\$	2,245,430
Operating expenses		(4,529,500)
		-----
Loss from discounted operations	\$	(2,284,070)
		=====
Proceeds received on sales of assets of discontinued operations	\$	4,381,290
Property, plant and equipment, net		(598,592)
Intangibles, net		(2,361,319)
Other assets and liabilities, net		(1,012,597)
Other costs incurred		(31,820)
		-----
Net gain on sale of discontinued operations	\$	376,962
		=====

NOTE C - BUSINESS COMBINATIONS

Effective October 1, 2002, Delaware completed the acquisition of approximately 64.9% of a limited partnership interest in TCTB for an aggregate consideration of approximately \$4,375,000, including approximately \$1,946,000 of cash paid.

This acquisition has been accounted for under the purchase method of accounting. The purchase price has been allocated based on the estimated fair values of the approximate 64.9% acquired interest at the acquisition date as follows:

Fair value of assets acquired	\$	12,262,452
		-----
Liabilities assumed		(7,398,028)
Notes payable to sellers		(2,789,087)
Minority interest		(673,339)
		-----



## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Cash used for the acquisition		1,401,998
Plus: cash acquired		543,876
		-----
Net cash paid	\$	1,945,874
		=====

F-14

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE C - BUSINESS COMBINATIONS (CONTINUED)

For purposes of financial reporting, the Company has accounted for the acquisition as if it occurred on October 1, 2002, the effective date of the transaction. The Company has included the results of TCTB's fourth quarter operations in its statement of operations for 2002.

The following summary compares the Company's 2002 operating results as reported, to a pro forma of those results (twelve months) prepared on the assumption that the purchase had taken place January 1, 2001.

		As Reported	Proforma 2002
		-----	-----
Revenues	\$	1,060,413	4,132,131
		=====	=====
(Loss) income before discontinued operations	\$	(241,843)	(90,337)
Loss from discontinued operations		(1,907,108)	(1,907,108)
		-----	-----
Net loss	\$	(2,148,951)	(1,997,445)
		=====	=====
(Loss) income per common share (basic and diluted)			
Loss (income) from continuing operations	\$	(.12)	(.04)
Loss from discontinued operations		(.96)	(.96)
		-----	-----
Net loss	\$	(1.08)	(1.00)
		=====	=====

#### NOTE D - CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at three financial institutions, which at times may exceed federally insured limits. At December 31, 2003 and 2002, the Company had approximately \$2,201,200 and \$679,700, respectively, of uninsured cash and cash equivalents. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on such accounts.

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

The Company's revenues are derived principally from uncollateralized rents from tenants. The concentration of credit risk in a single industry affects its overall exposure to credit risk because tenants may be similarly affected by changes in economic and other conditions.

F-15

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE E - CASH AND CASH EQUIVALENTS, SHORT AND LONG-TERM INVESTMENTS (CONTINUED)

The Company invests in cash in banks, U.S. government bonds, oil and gas royalty trust funds and various other investments. All highly liquid instruments with original maturities of three months or less are considered cash equivalents; those with original maturities greater than three months but less than twelve months from the balance sheet date are considered short-term investments; and those with original maturities greater than twelve months from the balance sheet date are considered long-term investments. The Company's marketable securities are classified as available-for-sale as of the balance sheet date and are reported at fair value, with unrealized gains and losses, net of tax, recorded shareholders' equity. Realized gains and losses and permanent declines in value, if any, on available-for-sale securities are reported in other income or expense as incurred. The cost of securities sold is determined by the specific identification method.

At December 31, 2003 and 2002, the Company's cash and cash equivalents consist of the following:

		2003	2002
		-----	-----
Cash in banks	\$	2,741,527	1,464,436
Short-term investments		-	76,747
		-----	-----
	\$	2,741,527	1,541,183
		=====	=====

Securities available-for-sale in the accompanying balance sheet at December 31, 2003 and 2002 total \$112,575 and \$418,396, respectively. The aggregate market value, cost basis, and unrealized gains and losses of securities available-for-sale, by major security type as of December 31, 2003 and 2002 are as follows:

		Market Value	Cost Basis	Gross Unrealized Losses
		-----	-----	-----
As of December 31, 2003:				
U.S. Government Debt Securities	\$	50,225	50,520	(295)
Other		62,350	62,350	-
		-----	-----	-----

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Total	\$	112,575	112,870	(295)
		=====	=====	=====

F-16

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE E - CASH AND CASH EQUIVALENTS, SHORT AND LONG-TERM INVESTMENTS (CONTINUED)

		Market Value	Cost Basis	Gross Unrealized Gains
		-----	-----	-----
As of December 31, 2002:				
U.S. Government Debt Securities	\$	127,386	125,599	1,787
Oil and Gas Royalty Trust Fund		288,625	283,250	5,375
Other		2,385	2,385	-
		-----	-----	-----
Total	\$	418,396	411,234	7,162
		=====	=====	=====

The current and long-term portions at December 31, 2003 are as follows:

		Market Value	Cost Basis	Gross Unrealized Losses
		-----	-----	-----
Short-term investments	\$	50,225	50,520	(295)
Long-term investments		62,350	62,350	-
		-----	-----	-----
	\$	112,575	112,870	(295)
		=====	=====	=====

The Company recorded net realized gains of \$120,405 for the year ended December 31, 2003. The Company recorded net realized losses of \$11,271 and net realized gains of \$814 for the year ended December 31, 2002.

NOTE F - NOTE RECEIVABLE

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

On December 13, 2002, the Company received a note receivable in the amount of \$275,000, with an annual interest rate of 6.00%, from a third-party for the sale of substantially all assets associated with the Offline Business line (see note B). The note receivable is due in quarterly installments, beginning April 10, 2003, equal to 20% of the gross margin of the Offline Business operations for the prior calendar quarter period, with all remaining unpaid principal and interest due on January 10, 2010. As of December 31, 2003 and 2002, the outstanding principal balance on the note receivable was \$250,763 and \$275,000, respectively. Because the current maturities are not reasonably estimable at December 31, 2003, the entire principal balance is reported as non-current.

F-17

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE G - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consisted of the following at December 31, 2003 and 2002:

	2003 -----	2002 -----
Buildings	\$ 11,742,431	11,667,457
Furniture, fixtures and equipment	44,147	11,310
Tenant improvements	165,245	121,539
Capitalized leases	-	32,477
Land	533,438	533,438
	-----	-----
	12,485,261	12,366,221
Less: accumulated depreciation	(822,301)	(458,155)
	-----	-----
	\$ 11,662,960	11,908,066
	=====	=====

Depreciation and amortization expense for 2003 and 2002 was \$408,335 and \$418,885, respectively.

#### NOTE H - ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	2003 -----	2002 -----
--	---------------	---------------

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Accrued dividends payable (see note O)	\$	-	318,000
Accrued property taxes		248,712	219,949
Accrued severance wages		-	103,665
Other liabilities		9,525	156,859
	\$	258,237	798,473
		=====	=====

NOTE I - INCOME TAXES

There was no income tax expense or benefit to report for the years ended December 31, 2003 and 2002. A reconciliation of income taxes at the statutory rate to the Company's effective rate is as follows for the years ended December 31:

		2003	2002
		-----	-----
Computed at the expected statutory rate	\$	133,000	(731,000)
		-----	-----
State income tax-net of Federal tax benefit		-	-
Other		-	9,000
Less valuation allowance		(133,000)	722,000
		-----	-----
Income taxes	\$	-	-
		=====	=====

F-18

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE I - INCOME TAXES (CONTINUED)

Noncurrent deferred tax assets and liabilities at December 31, 2003 and 2002 were as follows:

		2003	2002
		-----	-----
Deferred tax assets			
Net operating loss carry-forward	\$	10,850,666	10,953,786
Other		30,963	23,545
		-----	-----
Gross deferred tax assets		10,881,629	10,977,331
Deferred tax liabilities			
Rents receivable		(16,603)	(15,710)
Depreciation		(54,641)	(19,443)
Other		(1,436)	-
		-----	-----

Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Gross deferred tax liabilities	(72,680)	(35,153)
Valuation allowance	(10,808,949)	(10,942,178)
	-----	-----
Net noncurrent deferred tax assets \$	-	-
	=====	=====

As of December 31, 2003, the Company has net operating loss carry-forwards totaling approximately \$31,914,000 for federal and state income tax purposes expiring in 2013 through 2023.

NOTE J - LONG-TERM OBLIGATIONS

On June 5, 2002, TCTB entered into a loan agreement with a financial institution for a term note of \$6,800,000 and a revolving line of credit note of \$200,000. The term note bears interest at a fixed rate per annum of 7.23% and the line of credit bears interest at a variable rate per annum equal to the Wells Fargo Bank Texas, N.A. Base Rate plus one-half of one percentage point (0.50%), 4.75% at December 31, 2002. Commencing on June 30, 2002, TCTB was required to start making monthly payments of principal and interest in the amount of \$53,663 for the term note until maturity of the note on May 31, 2009. The terms of the TCTB revolving line of credit note, due to mature on May 31, 2003, required monthly interest payments computed on the unpaid principal balance commencing June 30, 2002. The line of credit matured on May 31, 2003 and was not renewed by the Company. The loan agreement is secured by substantially all of the assets of TCTB. The loan agreement restricts cash distributions to TCTB's owners. TCTB shall not declare or pay any distributions in excess of tax liability due annually (but in any event, no more than 40% of net income), either in cash or any property to any owners. The loan agreement also contains other customary conditions and events of default, the failure to comply with, or occurrence of, would prevent any further borrowings and would generally require the repayment of any outstanding borrowings along with accrued

F-19

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

NOTE J - LONG-TERM OBLIGATIONS (CONTINUED)

interest under the loan agreement. Such events of default include (a) non-payment of loan agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances, (d) bankruptcy and (c) a final judgment or order for the payment of money in excess of \$100,000.

Delaware entered into nine promissory notes, in an aggregate amount of \$2,789,087, to purchase the 64.9% ownership interest in TCTB (see note C). The notes are due in annual payments of principal and interest beginning April 1, 2005 with a final maturity of May 31, 2009. The interest rate is equal to the Wall Street Journal Prime Lending Rate plus 1.5%. The annual

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

payments are equal to a set percentage, ranging from 1% to 16% of the future net operating loss benefit of the Company. The net operating loss benefits are calculated as the dollar value of the federal income tax benefit to the Company of the net operating loss calculated in accordance with the Internal Revenue Code, for the calendar year preceding the date of each annual payment.

Maturities of long-term debt at December 31, 2003 are as follows:

2004	\$	186,156	
2005		202,951	
2006		218,338	
2007		233,682	
2008		251,460	
Thereafter		7,991,933	
		-----	
Total		9,084,520	
Less current portion		186,156	
		-----	
Long-term portion	\$	8,898,364	=====

The Company entered into two capital lease agreements for computer equipment in prior years. During 2003, these capital lease agreements were repaid and the associated assets retired. The assets under capital leases recorded in Property, Plant and Equipment, net of accumulated depreciation, totaled \$9,116 at December 31, 2002.

### NOTE K - RELATED PARTY TRANSACTIONS

At December 31, 2003 and 2002, related parties leased approximately 29,000 and 37,000 square feet, respectively. TCTB received rental income from these related parties of approximately \$260,000 and \$273,000 during the years ended December 31, 2003 and 2002. At December 31, 2003, related parties owed TCTB approximately \$11,000, which is included in accounts receivable. At December 31, 2002, a preferred stockholder owed TCTB approximately \$1,000, which is included in accounts receivable.

F-20

AMEN Properties, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

### NOTE L - COMMITMENTS AND CONTINGENCIES

The Company is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

The Company has a non-cancelable operating lease agreement for land on which a portion of the Lubbock, Texas rental property is built. The terms of the present lease agreement will expire September 30, 2013. The existing

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

lease requires monthly lease payments of \$3,930 per month. These payments are adjusted every five years for the change in the consumer price index. The next adjustment will occur on October 1, 2008. Future minimum lease payments under the agreement aggregate approximately \$459,810 as of December 31, 2003 and are as follows:

2004	\$	47,160
2005		47,160
2006		47,160
2007		47,160
2008		47,160
Thereafter		224,010
		-----
Total	\$	459,810
		=====

### NOTE M - RENTAL ARRANGEMENTS

The Company has rented facilities under operating leases. Future minimum lease payments under non-cancelable operating leases aggregate \$15,689,635 as of December 31, 2003 and are due as follows:

		Future Minimum Rent	Percentage of Total Space Under Lease Expiring
		-----	-----
2004	\$	3,819,230	24%
2005		3,130,982	20%
2006		2,427,182	16%
2007		2,139,245	14%
2008		1,301,001	8%
Thereafter		2,871,995	18%
		-----	-----
Total	\$	15,689,635	100%
		=====	=====

F-21

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

### NOTE M - RENTAL ARRANGEMENTS (CONTINUED)

Of the above leases, future minimum lease payments under non-cancelable operating leases to related parties aggregate \$319,349 as of December 31, 2003 and are due as follows:

2004	\$	257,879
2005		61,470
		-----
	\$	319,349
		=====

### NOTE N - SIGNIFICANT TENANTS



## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

For the year ended December 31, 2003, rent income that accounted for more than ten-percent of the Company's revenue was derived from two entities which had 15% and 14%, respectively.

### NOTE O - STOCKHOLDERS' EQUITY

At a special meeting held January 30, 2003, the Company stockholders approved a 1-for-4 stock split. On February 3, 2003, shares of AMEN began trading under the new symbol "AMECD." This action brought the closing bid price of AMEN's common stock over the \$1.00 per share criteria required before February 14, 2003. After 20 trading days, on March 4, 2003, the symbol reverted back to AMENC, and the Company continued trading under this symbol for the duration of the exception period granted by the Nasdaq Listing Panel. The "C" was removed from the symbol when the Nasdaq Listing Panel confirmed compliance with the terms of the exception and all other criteria necessary for continued listing on April 4, 2003.

On October 9, 2002, the Company received Nasdaq Staff Determination of noncompliance with the minimum \$1.00 bid price per share requirement set forth in Nasdaq Marketplace rules. On November 20, 2002, the Company received further notification of noncompliance with the Nasdaq SmallCap listing maintenance requirement of \$2.5 million in shareholders' equity. After an oral hearing before a Nasdaq Listing Qualifications Panel, the Company was granted a temporary exception from these standards subject to meeting certain conditions. Pursuant to this ruling, effective December 20, 2002, and for the duration of the exception, AMEN's symbol was changed to "AMENC."

F-22

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

### NOTE O - STOCKHOLDERS' EQUITY (CONTINUED)

On September 29, 2000, the Company closed a \$2.0 million strategic private placement. The financing consisted of 80,000 shares of three-year Series "A" preferred stock, convertible into 215,517 shares of common stock, and redeemable at the option of the Company. This is the equivalent to \$9.28 per common share. The Series "A" preferred stock also accrues a 6% dividend per annum which was suspended by agreement in 2003 with the outstanding accrued dividends paid in shares of common stock. Each preferred share carries the number of votes equal to the number of shares of common stock into which each share of preferred stock is convertible.

On January 9, 2002, the Company closed the sale of 80,000 shares of Series "B" preferred stock for an aggregate of \$800,000. Of this amount, four directors of the Company purchased \$550,000. A total of \$500,000 was received in December 2001, with the remaining \$300,000 included as a subscription receivable at December 31, 2001. The subscription receivable was realized on January 9, 2002. The Series "B" preferred stock is convertible into an aggregate of 233,317 shares of AMEN Properties, Inc. common stock over the next three years, and will accrue 6% interest per annum payable in cash or the Company's common stock, at the discretion of

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

the Company. The dividend accrual was suspended during 2003 by agreement, with the outstanding accrued dividend paid in common stock. At the end of the three-year period, the Series "B" preferred stock may be redeemed, extended or converted, at the discretion of the Company. Consistent with the offering memorandum, conversion prices of the three tranches received are \$3.244, \$3.424 and \$4.00, chronologically, for an average conversion price of \$3.428 per share. The Purchaser of the Series "B" and the holders of common stock shall vote together on all matters as to which the approval of the stockholders may be required. The purchasers of the Series "B" preferred stock shall have one vote for each share of common stock into which such Series "B" preferred stock may be converted.

Pursuant to the anti-dilution provisions of the Series "A" preferred stock, the conversion price of the Series "A" preferred stock is reduced from \$9.28 per share to \$3.244 per share in the event that the Company issues additional shares of common stock from conversion of the first tranche Series "B" preferred stock purchasers. In addition, to assure that the Company is in full compliance with Nasdaq marketplace rules, the Company also received unanimous approval from the purchasers of the Series "A" preferred stock to change the terms of the Series "A" preferred stock as it relates to voting rights and shareholder approval of issuance of certain common stock upon conversion and/or dividend payment. Consistent with this amendment, the Series "A" conversion would be subject to shareholder approval if the number of shares exceeds 396,250 shares or 20% of the number of shares outstanding at the time of the issuance of the Series "A" preferred stock. With regard to voting rights, the original Series "A" preferred stock voting rights provided the purchaser one vote for each share of common stock into which the Series "A" preferred stock may be

F-23

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

##### NOTE O - STOCKHOLDERS' EQUITY (CONTINUED)

converted. This has been changed to provide the purchaser one vote for each share of common stock into which the Series "A" preferred stock may be converted, or the number of common stock equivalent shares determined by dividing the face value of the preferred stock by \$6.00, \$1.50 prior to the January 2003 reverse stock split impact, the closing price on the date of the binding agreement, whichever is lower.

##### NOTE P - STOCK OPTION PLAN

Since the inception of the Company, various options have been granted by the Board of Directors to founders, directors, employees, consultants and ministry partners. The 1998 Stock Option Plan ("1998 Plan") was approved by the Board of Directors in April 1998, with approved amendment in May 2000. The 1998 Plan gives the Company the authority to issue 300,000 options to purchase AMEN common stock. If any stock options granted under the 1998 Plan terminate, expire or are canceled, new stock options may thereafter be granted covering such shares. In addition, any shares purchased under the

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

1998 Plan subsequently repurchased by the Company pursuant to the terms hereof may again be granted under the 1998 Plan. The shares issued upon exercise of stock options under the 1998 Plan may, in whole or in part, be either authorized but unissued shares, or issued shares reacquired by the Company. As of December 31, 2003, 81,714 options from the 1998 Plan have been granted and are outstanding.

In February 1997, the Company authorized 67,100 additional shares of common stock to underlie additional options reserved for key employees and for future compensation to members of the Board of Directors. The Board of Directors also adopted and the Stockholders approved, the 1997 Stock Option Plan ("1997 Plan"), which provides for the granting of either qualified or non-qualified options to purchase an aggregate of up to 514,484 shares of common stock, inclusive of the 67,100 shares mentioned above, and any and all options or warrants granted in prior years by the Company. As of December 31, 2003, all options available under the 1997 Plan have been granted: 374,084 options are outstanding, 43,160 warrants are outstanding to directors included in the plan, and 62,579 options have been exercised.

At December 31, 2003 and 2002, the Company had outstanding options to sell 130,671 and 122,151 shares of common stock, respectively, to various current officers and directors of the Company at exercise prices ranging from \$35.24 to \$3.8752 per share. As of December 31, 2003 and 2002, options for 85,748 and 78,323 shares are vested, respectively. The options expire ten years from the date granted, except 46,250 options granted to directors in 1997, which expire five years from the date exercisable.

F-24

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE P - STOCK OPTION PLAN (CONTINUED)

At December 31, 2003 and 2002, the Company had outstanding options to sell 10,992 and 19,239 shares of common stock, respectively, to various outside consultants at exercise prices ranging from \$61.36 to \$6.67 per share. As of December 31, 2003 and 2002, options for 10,992 and 15,489 were vested, respectively. As of December 31, 2003, of the options outstanding, 3,219 options expire five years from the date granted. All other options expire ten years from the date granted.

At December 31 2003 and 2002, the Company had outstanding options granted to employees, ex-employees and previous directors for 357,295 and 297,982 shares of common stock, respectively, at exercise prices ranging from \$61.00 to \$3.50 per share. As of December 31, 2003 and 2002, options for 345,967 and 286,654 are vested, respectively. The options expire through 2012.

The table below summarizes the stock option activity for the years ending 2003 and 2002, followed by summary table. The figures herein, as above, reflect the impact of a 1-for-4 stock split approved by stockholders on January 30, 2003. See note O.

Number of Per Unit

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

Options Outstanding	Shares	Exercise Price
Outstanding, December 31, 2001	523,728	\$ 3.52 - \$61.36
Options granted	108,560	\$ 3.52 - \$ 7.00
Options forfeited	(137,943)	\$ 3.52 - \$61.00
Options exercised	(2,125)	\$ 3.52
Outstanding, December 31, 2002	492,220	\$ 3.52 - \$61.36
Options granted	14,450	\$ 1.98
Options forfeited	(50,872)	\$ 3.50 - \$45.00
Outstanding, December 31, 2003	455,798	\$ 1.98 - \$61.36

F-25

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE P - STOCK OPTION PLAN (CONTINUED)

The Company accounts for its options granted to employees in accordance with APB 25. Stock-based awards to non-employees are accounted for under the provisions of SFAS No. 123 based on their fair value as determined by the Black-Scholes option-pricing model. Had compensation expense been determined based on the fair value of the options at the grant dates consistent with the method of accounting under SFAS No. 123, the Company's net income (loss) and net income (loss) per share for the years ended December 31, 2003 and 2002 would have been increased to the proforma amounts indicated below:

	2003	2002
Net income (loss), as reported	\$ 391,829	(2,148,951)
Deduct: Total stock-based employee compensation expense determined under fair value based method	(102,124)	(331,028)
Net income (loss), pro forma	\$ 289,705	(2,479,979)
Net income (loss) per common share		
Basic		
As reported	.19	(1.08)
Pro forma	.14	(1.24)
Diluted		

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

As reported	.13	(1.08)
Pro forma	.10	(1.24)

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model.

For the year ended December 31, 2003, the following assumptions were used: dividend yield of 0%; risk-free interest rates based on the Treasury bond yield at the date of grant for three- to five-year bonds, depending on the expected term; volatility range approximating 64.9% depending on the grant date; and an expected term of ten years. For the year ended December 31, 2002, the following assumptions were used: dividend yield of 0%; risk-free interest rates based on the Treasury bond yield at the date of grant for three- to five-year bonds, depending on the expected term; volatility range approximating 104.3%, depending on the grant date; and an expected term of five to seven years. All options granted to employees have been granted at an exercise price of \$3.50 to \$61.00 per share.

F-26

### AMEN Properties, Inc. and Subsidiaries

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003 and 2002

#### NOTE Q - EMPLOYEE BENEFIT PLAN

In January 1998, the Company adopted a defined contribution 401(k) plan which covers substantially all of its eligible employees. The maximum employee contribution allowed is 15% of compensation or \$12,000, whichever is lower. The Company is not required to contribute to the 401(k) plan and has made no contributions since inception.

#### NOTE R - SUBSEQUENT EVENTS

On February 18, 2004, the Company and certain other limited partners of TCTB entered into an agreement to acquire an additional approximate 6.49% of TCTB, subject to a back-in interest to a related party. The effective date of the acquisition is January 1, 2004. The Company funded the acquisition with approximately \$208,000 of cash and a note payable to the selling limited partner of approximately \$251,000. The note is payable in quarterly installments of principal and interest. The note matures January 1, 2010 and bears an interest rate of 5%. The first quarterly payment is due April 1, 2004.

F-27

INDEX TO EXHIBITS

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

EXHIBIT NUMBER -----	DESCRIPTION -----
2.3//	Asset Purchase Agreement between the Company and Blue Hill Media, Inc. dated December 13, 2002
3.1+	Certificate of Incorporation and Certificates of Amendments thereto of DIDAX INC.
3.1(a)+	Certificate of Correction regarding Certificate of Incorporation
3.1(b)**	Certificate of Amendment thereto of DIDAX INC.
3.2+++	Certificate of Amendment thereto of Crosswalk.com, Inc.
3.3+	Bylaws and amendments thereto of the Registrant
3.4 ~	Certificate of Designations for Series "A" Preferred Stock
3.4(a) ~~	Amended Certificate of Designations for Series "A" Preferred Stock
3.5 ~~	Certification of Designations for Series "B" Preferred Stock
4.5+	Form of Stock Option Agreement
4.6+	1997 Stock Option Plan
4.6A*	1997 Stock Option Plan, as amended April 6, 1998
4.7*	1998 Stock Option Plan
4.7A**	1998 Stock Option Plan, as amended February 26, 1999
4.8###	1998 Stock Option Plan, as amended March 3, 2000
10.3**	Office Building Lease by and between Enterprise Center Limited Partnership Number Two and the registrant dated August 23, 1999
10.4+	Warrant Certificate between the Company and Robert Varney dated July 10, 1996
10.5+	Warrant Certificate between the Company and Robert Varney dated September 26, 1996
10.8+	Warrant Certificate between the Company and Bruce Edgington dated July 30, 1996
10.9+	Warrant Certificate between the Company and Bruce Edgington dated October 30, 1996
10.50++	Stock Purchase Agreement between the Company and A. Scott Dufford for Series A Preferred Stock dated September 29, 2000
10.51++	Stock Purchase Agreement between the Company and John R. Norwwood for Series A Preferred Stock dated September 29, 2000

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

- 10.52++ Stock Purchase Agreement between the Company and J.M. Mineral and Land Co. for Series A Preferred Stock dated September 29, 2000
- 10.53++ Stock Purchase Agreement between the Company and Jon M. Morgan Pension Plan for Series A Preferred Stock dated September 29, 2000
- 10.54++ Stock Purchase Agreement between the Company and Stallings Properties, Ltd. for Series A Preferred Stock dated September 29, 2000
- 10.55++ Stock Purchase Agreement between the Company and John D. Bergman for Series A Preferred Stock dated September 29, 2000
- 10.56++ Stock Purchase Agreement between the Company and Julia Jones Family Trust for Series A Preferred Stock dated September 29, 2000
- 10.57++ Stock Purchase Agreement between the Company and Dodge Jones Foundation for Series A Preferred Stock dated September 29, 2000
- 10.58++ Stock Purchase Agreement between the Company and Soft Op, L.P. for Series A Preferred Stock dated September 29, 2000
- 10.59++ Stock Purchase Agreement between the Company and Lighthouse Partners, L.P. for Series A Preferred Stock dated September 29, 2000
- 10.60++ Stock Purchase Agreement between the Company and Ray McGlothlin, Jr. for Series A Preferred Stock dated September 29, 2000
- 10.61++ Stock Purchase Agreement between the Company and Gary J. Lamb for Series A Preferred Stock dated September 29, 2000
- 10.62++ Stock Purchase Agreement between the Company and Frosty Gilliam, Jr. for Series A Preferred Stock dated September 29, 2000
- 10.63++ Stock Purchase Agreement between the Company and Bruce Edgington for Series B Preferred Stock dated December 31, 2001
- 10.64++ Stock Purchase Agreement between the Company and Dodge Jones Foundation for Series B Preferred Stock dated December 31, 2001
- 10.65++ Stock Purchase Agreement between the Company and Earl E. Gjelde for Series B Preferred Stock dated December 31, 2001
- 10.66++ Stock Purchase Agreement between the Company and Jon M. Morgan for Series B Preferred Stock dated December 31, 2001
- 10.67++ Stock Purchase Agreement between the Company and Soft Op, L.P. for Series B Preferred Stock dated December 31, 2001
- 10.68++ Annex to the Stock Purchase Agreement for Series A Preferred Stock dated September 29, 2000
- 10.69++ Annex to the Stock Purchase Agreement for Series B Preferred Stock dated December 31, 2001
- 10.72// Agreement and Transfer of Limited Partnership Interest between the Company and the Selling Partners of TCTB Partners, Ltd. dated October 31, 2002

## Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

- 10.73// Amended Promissory Note between the Company and A. Scott Dufford dated October 31, 2002, with schedule describing all outstanding Amended Promissory Notes between the Company and the Selling Partners of TCTB Partners, Ltd, which are identical other than differences stated in the schedule.
- 10.74// Credit Agreement between TCTB Partners, Ltd. and Wells Fargo Bank Texas, N.A. dated June 5, 2002, the exhibits of which are not included due to their size.
- 10.75// Lease Agreement between TCTB Partners, Ltd. and Bank of America, N.A. dated September 30, 2003.
- 10.76// Lease Agreement between TCTB Partners, Ltd. and Pioneer Natural Resources USA, Inc. dated April 4, 2000.
- 10.77// Lease Agreement between TCTB Partners, Ltd. and Wells Fargo Bank Texas, N.A. dated June 27, 2000
- 10.78// Lease Termination between the Company and Matan Properties dated July 30, 2002.
- 10.79# Agreement to Suspend Dividends and Consent of the Holders of Series A Preferred Stock of Amen Properties, Inc. dated May 30, 2003.
- 10.80# Agreement to Suspend Dividends and Consent of Holders of Series B Convertible Preferred Stock of Amen Properties, Inc. dated May 30, 2003.
- 11 Statement of computation of earnings per share
- 21.1 Subsidiaries of the Company
- 23.1 Consent of Johnson, Miller & Co.
- 31.1 Certification of Chief Executive Officer.
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 USCss.1350.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 USCss.1350.

+ Incorporated by reference to the Company's Registration Statement on Form SB-2 declared effective by the Securities and Exchange Commission on September 24, 1997, SEC File No. 333-25937

\* Incorporated by reference to the Company's Registration Statement Post Effective Amendment No. 1 to Form SB-2 declared effective by the Securities and Exchange Commission on July 2, 1998, SEC File No. 333-25937

## Filed as an Appendix to the Company's Proxy Statement on Schedule 14-A filed with the Securities and Exchange Commission on March 30, 2000.

\*\* Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2000.

~ Incorporated by reference to the Company's Registration Statement on Form S-3 declared effective by the Securities and Exchange Commission on December 1, 2000, SEC File No. 333-49126



Edgar Filing: AMEN PROPERTIES INC - Form 10KSB

27

++ Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 29, 2002, amended July 25, 2002 and August 14, 2002.

~~ Incorporated by reference to the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on April 5, 2002, SEC file No. 333-85636

\*\*\* Incorporated by reference to the Company's Quarterly Report on Form 10-QSB filed with the Securities and Exchange Commission on November 14, 2002.

+++ Filed as an Appendix to the Company's Proxy Statement on Schedule 14-A filed with the Securities and Exchange Commission on January 13, 2003.

// Incorporated by reference to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2003.

# Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 4, 2003.

28