

MDC HOLDINGS INC
Form 10-Q
May 03, 2018

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-8951

M.D.C. HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

84-0622967

(State or other jurisdiction of incorporation or organization) (I.R.S. employer identification no.)

4350 South Monaco Street, Suite 500 80237
Denver, Colorado (Zip code)
(Address of principal executive offices)

(303) 773-1100

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of May 1, 2018, 56,223,613 shares of M.D.C. Holdings, Inc. common stock were outstanding.

Table of Contents

M.D.C. HOLDINGS, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2018

INDEX

	Page No.
<u>Part I. Financial Information:</u>	
Item 1. <u>Unaudited Consolidated Financial Statements:</u>	
<u>Consolidated Balance Sheets at March 31, 2018 and December 31, 2017</u>	1
<u>Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2018 and 2017</u>	2
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017</u>	3
<u>Notes to Unaudited Consolidated Financial Statements</u>	4
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	38
Item 4. <u>Controls and Procedures</u>	39
<u>Part II. Other Information:</u>	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	40
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
Item 5. <u>Other Information</u>	41
Item 6. <u>Exhibits</u>	42
<u>Signature</u>	42

(i)

Table of Contents**PART I****ITEM 1. Unaudited Consolidated Financial Statements****M.D.C. HOLDINGS, INC.****Consolidated Balance Sheets.**

	March 31, 2018	December 31, 2017
	(Dollars in thousands, except per share amounts) (Unaudited)	
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$352,868	\$472,957
Marketable securities	49,817	49,634
Restricted cash	6,198	8,812
Trade and other receivables	52,909	53,362
Inventories:		
Housing completed or under construction	1,009,197	936,685
Land and land under development	964,660	893,051
Total inventories	1,973,857	1,829,736
Property and equipment, net	53,368	26,439
Deferred tax asset, net	40,484	41,480
Prepaid and other assets	38,015	75,666
Total homebuilding assets	2,567,516	2,558,086
Financial Services:		
Cash and cash equivalents	48,514	32,471
Marketable securities	40,912	42,004
Mortgage loans held-for-sale, net	113,158	138,114
Other assets	17,062	9,617
Total financial services assets	219,646	222,206
Total Assets	\$2,787,162	\$2,780,292
LIABILITIES AND EQUITY		
Homebuilding:		

Edgar Filing: MDC HOLDINGS INC - Form 10-Q

Accounts payable	\$53,347	\$39,655
Accrued liabilities	155,245	166,312
Revolving credit facility	15,000	15,000
Senior notes, net	986,932	986,597
Total homebuilding liabilities	1,210,524	1,207,564
Financial Services:		
Accounts payable and accrued liabilities	54,019	53,101
Mortgage repurchase facility	90,126	112,340
Total financial services liabilities	144,145	165,441
Total Liabilities	1,354,669	1,373,005
Stockholders' Equity		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.01 par value; 250,000,000 shares authorized; 56,219,643 and 56,123,228 issued and outstanding at March 31, 2018 and December 31, 2017, respectively	562	561
Additional paid-in-capital	1,146,102	1,144,570
Retained earnings	285,829	258,164
Accumulated other comprehensive income	-	3,992
Total Stockholders' Equity	1,432,493	1,407,287
Total Liabilities and Stockholders' Equity	\$2,787,162	\$2,780,292

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements.

Table of Contents

M.D.C. HOLDINGS, INC.

Consolidated Statements of Operations and Comprehensive Income

	Three Months Ended	
	March 31,	
	2018	2017
	(Dollars in	
	thousands, except	
	per	
	share amounts)	
	(Unaudited)	
Homebuilding:		
Home sale revenues	\$607,688	\$563,479
Land sale revenues	-	247
Total home and land sale revenues		