

PREFERRED APARTMENT COMMUNITIES INC
Form 10-Q
May 11, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from _____ to _____

Commission File No. 001-34995

Preferred Apartment Communities, Inc.

(Exact name of registrant as specified in its charter)

Maryland 27-1712193
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

3625 Cumberland Boulevard, Suite 400, Atlanta, GA 30339

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (770) 818-4100

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec. 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, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The number of shares outstanding of the registrant's Common Stock, as of May 7, 2012 was 5,178,313.

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Preferred Apartment Communities, Inc.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Real estate		
Land	\$ 13,052,000	\$ 13,052,000
Building and improvements	60,273,282	60,268,867
Furniture, fixtures, and equipment	8,610,633	8,392,446
Construction in progress	3,023	67,877
Gross real estate	81,938,938	81,781,190
Less: accumulated depreciation	(3,674,555)	(2,698,305)
Net real estate	78,264,383	79,082,885
Real estate loan	6,000,000	6,000,000
Total real estate and real estate loan, net	84,264,383	85,082,885
Cash and cash equivalents		
Restricted cash	5,237,372	4,548,020
Note receivable	615,198	567,346
Tenant receivables, net of allowance of \$22,291 and \$15,924	650,000	-
Deferred loan costs, net of amortization of \$85,973 and \$64,480	26,001	23,811
Deferred offering costs	530,167	551,660
Other assets	1,724,457	1,388,421
	442,539	303,397
Total assets	\$93,490,117	\$92,465,540
Liabilities and equity		
Liabilities		
Mortgage notes payable	\$55,637,000	\$55,637,000
Accounts payable and accrued expenses	928,606	1,158,530
Accrued interest payable	175,247	176,084
Dividends payable	673,899	646,916
Security deposits and prepaid rents	274,855	163,663
Deferred income	76,600	65,446
Total liabilities	57,766,207	57,847,639
Commitments and contingencies (Note 14)		
Equity		
Stockholder's equity		
Series A Redeemable Preferred Stock, \$0.01 par value per share;		

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150,000 shares authorized; 2,155 and 0 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	22	-
Common Stock, \$0.01 par value per share; 400,066,666 shares authorized; 5,152,313 and 5,149,325 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	51,523	51,493
Additional paid in capital	45,410,624	43,828,030
Accumulated deficit	(9,738,260)	(9,261,623)
Total stockholders' equity	35,723,909	34,617,900
Non-controlling interest	1	1
Total equity	35,723,910	34,617,901
Total liabilities and equity	\$93,490,117	\$92,465,540

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

Preferred Apartment Communities, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended	
	March 31, 2012	March 31, 2011
Revenues:		
Rental revenues	\$2,231,722	\$-
Other property revenues	264,181	-
Interest income on loan and note receivable	138,998	-
Total revenues	2,634,901	-
Operating expenses:		
Property operating and maintenance	564,754	-
Property management fees	100,013	-
Real estate taxes	182,240	-
General and administrative	44,327	-
Depreciation and amortization	977,402	-
Acquisition costs	912	219,716
Organizational costs	-	87,300
Insurance	43,945	-
Professional fees	83,182	44,511
Other	36,383	3,797
Total operating expenses	2,033,158	355,324
Operating income (loss)	601,743	(355,324)
Management fees	180,555	-
Insurance	41,377	62,000
Interest expense	538,075	15,909
Equity compensation to directors and executives	319,580	-
Other income	(1,207)	-
Net loss	(476,637)	(433,233)
Less consolidated net loss attributable to non-controlling interests	-	-
Net loss attributable to the Company	(476,637)	(433,233)
Dividends to preferred stockholders	(718)	-
Net loss attributable to common stockholders	\$(477,355)	\$(433,233)

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Net loss per share of Common Stock, basic and diluted	\$ (0.09)	\$ (11.82)
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Weighted average number of shares of Common Stock outstanding, basic and diluted	5,151,164	36,666
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The accompanying notes are an integral part of these consolidated financial statements.

Preferred Apartment Communities, Inc.
Consolidated Statements of Equity and Accumulated Deficit
For the three months ended March 31, 2012 and March 31, 2011
(Unaudited)

	Series A Redeemable Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Non Controlling Interest	Total Equity (Deficit)
Balance at December 31, 2011	\$ -	\$ 51,493	\$ 43,828,030	\$(9,261,623)	\$ 34,617,900	\$ 1	\$ 34,617,901
Issuance of stock compensation	-	30	319,550	-	319,580	-	319,580
Issuance of Units	22	-	2,154,978	-	2,155,000	-	2,155,000
Syndication and offering costs	-	-	(218,035)	-	(218,035)	-	(218,035)
Net loss	-	-	-	(476,637)	(476,637)	-	(476,637)
Dividends to preferred stockholders	-	-	(718)	-	(718)	-	(718)
Dividends to common stockholders	-	-	(673,181)	-	(673,181)	-	(673,181)
Balance at March 31, 2012	\$ 22	\$ 51,523	\$ 45,410,624	\$(9,738,260)	\$ 35,723,909	\$ 1	\$ 35,723,910
Balance at December 31, 2010	\$ -	\$ 366	\$ 109,632	\$(766,199)	\$(656,201)	\$ 1	\$(656,200)
Issuance of warrant to purchase Common Stock	-	-	-	-	-	-	-