

AMERICAN REALTY INVESTORS INC
Form 10-Q
May 20, 2013

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, 2013

or

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

For the transition period from _____ to _____

Commission File Number 001-15663

AMERICAN REALTY INVESTORS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

75-2847135
(I.R.S. Employer
Identification No.)

1603 Lyndon B. Johnson Freeway, Suite 800, Dallas, Texas 75234
(Address of principal executive offices)
(Zip Code)

(469) 522-4200
(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

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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 or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting 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

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Common Stock, \$.01 par value (Class)	11,525,389 (Outstanding at May 5, 2013)
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN REALTY INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2013	December 31, 2012
(dollars in thousands, except share and par value amounts)		
Assets		
Real estate, at cost	\$ 1,002,403	\$ 1,031,632
Real estate held for sale at cost, net of depreciation (\$10,842 for 2013 and \$4,393 for 2012)	19,510	17,040
Real estate subject to sales contracts at cost, net of depreciation (\$16,212 and \$15,948 in 2013 and 2012)	39,466	42,286
Less accumulated depreciation	(154,611)	(160,525)
Total real estate	906,768	930,433
Notes and interest receivable		
Performing (including \$112,582 and \$114,275 in 2013 and 2012 from related parties)	119,203	120,998
Non-performing	4,199	4,175
Less allowance for estimated losses (including \$18,962 in 2013 and 2012 from related parties)	(21,705)	(21,704)
Total notes and interest receivable	101,697	103,469
Cash and cash equivalents	8,262	17,141
Investments in unconsolidated investees	10,089	8,168
Other assets	63,603	76,134
Total assets	\$ 1,090,419	\$ 1,135,345
Liabilities and Shareholders' Equity		
Liabilities:		
Notes and interest payable	\$ 751,249	\$ 769,201
Notes related to assets held for sale	18,183	18,915
Notes related to subject to sales contracts	53,838	55,976
Stock-secured notes payable and margin debt	25,354	25,765
Related party payables	1,894	10,922
Deferred gain (including \$71,303 in 2013 and 2012 from sales to related parties)	73,148	73,148
Accounts payable and other liabilities (including \$16,443 and \$15,746 in 2013 and 2012 to related parties)	82,355	96,314
	1,006,021	1,050,241
Shareholders' equity:		
Preferred stock, Series A: \$2.00 par value, authorized 15,000,000 shares, issued and outstanding	4,908	4,908

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3,353,954 shares in 2013 and 2012 (liquidation preference
\$10 per share), including 900,000 shares
in 2013 and 2012 held by subsidiaries

Common stock, \$.01 par value, authorized 100,000,000
shares; issued 11,941,174 shares and

outstanding 11,525,389 shares in 2013 and 2012

Treasury stock at cost; 415,785 shares in 2013 and 2012
and 229,214 shares held by TCI (consolidated)

as of 2013 and 2012

Paid-in capital

Retained earnings

Accumulated other comprehensive income

Total American Realty Investors, Inc. shareholders' equity

Non-controlling interest

Total equity

Total liabilities and equity

115

(6,395)

105,005

(52,697)

(786)

50,150

34,248

84,398

\$ 1,090,419

115

(6,395)

105,700

(53,071)

(786)

50,471

34,633

85,104

\$ 1,135,345

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

AMERICAN REALTY INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended March 31,	
	2013	2012
	(dollars in thousands, except share and per share amounts)	
Revenues:		
Rental and other property revenues (including \$165 and \$167 for the three months ended 2013 and 2012 respectively from related parties)	\$28,122	\$28,044
Expenses:		
Property operating expenses (including \$269 and \$306 for the three months ended 2013 and 2012 respectively from related parties)	13,913	13,668
Depreciation and amortization	5,043	5,152
General and administrative (including \$947 and \$922 for the three months ended 2013 and 2012 respectively from related parties)	2,227	2,879
Provision on impairment of notes receivable and real estate assets	-	-
Advisory fee to related party	2,554	