

AMERICAN REALTY INVESTORS INC
Form 10-Q
May 15, 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 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

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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 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, 2012)
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2012	December 31, 2011
	(dollars in thousands, except share and par value amounts)	
Assets		
Real estate, at cost	\$ 1,081,349	\$ 1,120,122
Real estate held for sale at cost, net of depreciation (\$3,168 and \$1,752, for 2012 and 2011)	28,663	15,015
Real estate subject to sales contracts at cost, net of depreciation (\$10,000 and \$9,790 in 2012 and 2011)	45,956	49,982
Less accumulated depreciation	(160,628)	(158,489)
Total real estate	995,340	1,026,630
Notes and interest receivable		
Performing (including \$100,713 and \$104,969 in 2012 and 2011 from affiliates and related parties)	114,810	110,136
Non-performing (including \$3,279 and \$0 in 2012 and 2011 from affiliates and related parties)	9,160	4,787
Less allowance for estimated losses (including \$18,962 and \$8,962 in 2012 and 2011 from affiliates and related parties)	(23,383)	(13,383)
Total notes and interest receivable	100,587	101,540
Cash and cash equivalents	8,161	20,312
Investments in unconsolidated subsidiaries and investees	7,848	10,746
Other assets (including \$22 and \$11 in 2012 and 2011 from affiliates and related parties)	69,718	76,243
Total assets	\$ 1,181,654	\$ 1,235,471
Liabilities and Shareholders' Equity		
Liabilities:		
Notes and interest payable	\$ 833,969	\$ 855,619
Notes related to assets held-for-sale	20,089	13,830
Notes related to subject to sales contracts	40,615	44,516
Stock-secured notes payable and margin debt	26,486	26,898
Affiliate payables	638	10,294
Deferred gain (including \$77,227 and \$71,964 in 2012 and 2011 from sales to related parties)	79,072	78,750
Accounts payable and other liabilities (including \$1,861 and \$1,822 in 2012 and 2011 to affiliates and related parties)	94,663	110,307
	1,095,532	1,140,214
Shareholders' equity:		

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Preferred stock, \$2.00 par value, authorized 15,000,000 shares, issued and outstanding Series A, 3,353,954 shares in 2012 and 2011 (liquidation preference \$10 per share), including 900,000 shares in 2012 and 2011 held by subsidiaries	4,908	4,908
Common stock, \$.01 par value, authorized 100,000,000 shares; issued 11,941,174 shares and outstanding 11,525,389 shares in 2012 and in 2011	115	115
Treasury stock at cost; 415,785 shares in 2012 and 2011 and 234,314 and 236,587 shares held by TCI as of 2012 and 2011.	(6,395)	(6,395)
Paid-in capital	106,127	105,388
Retained earnings	(54,361)	(47,486)
Accumulated other comprehensive income	(786)	(786)
Total American Realty Investors, Inc. shareholders' equity	49,608	55,744
Non-controlling interest	36,514	39,513
Total equity	86,122	95,257
Total liabilities and equity	\$ 1,181,654	\$ 1,235,471

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,	
	2012	2011
	(dollars in thousands, except share and per share amounts)	
Revenues:		
Rental and other property revenues (including \$167 and \$0 for the three months ended 2012 and 2011 respectively from affiliates and related parties)	\$30,318	\$27,918
Expenses:		
Property operating expenses(including \$307 and \$297 for the three months ended 2012 and 2011 respectively from affiliates and related parties)	16,208	15,919
Depreciation and amortization	5,503	5,282
General and administrative(including \$922 and \$1,187 for the three months ended 2012 and 2011 respectively from affiliates and related parties)	3,181	3,242
Provision on impairment of notes receivable and real estate assets	-	5,178