

PREFERRED APARTMENT COMMUNITIES INC
Form 10-Q
May 16, 2011

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, 2011

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. 333-168407

Preferred Apartment Communities, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

27-1712193
(I.R.S. Employer
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

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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

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 13, 2011, was 5,171,899.

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PART I - FINANCIAL INFORMATION

Item 1.

Financial Statements.
Preferred Apartment Communities, Inc.
(A Development Stage Company)

Consolidated Balance Sheets
(unaudited)

	March 31, 2011	December 31, 2010
ASSETS		
Cash	\$2,538	\$ 22,275
Deposits and other assets	44,046	187,300
Due from related party	7,278	-
Deferred offering costs	3,264,520	620,237
Total assets	\$3,318,382	\$ 829,812
LIABILITIES and DEFICIT		
Liabilities:		
Accounts payable	\$2,064,718	\$ -
Accrued expenses	94,743	-
Note payable, to related party	465,050	465,050
Revolving line of credit, to related party	52,259	200,000
Non-revolving line of credit, to related party	1,240,000	805,898
Accrued interest	28,715	15,064
Total liabilities	3,945,485	1,486,012
Commitments and contingencies (Note 8)		
Deficit:		
Stockholder's deficit:		
Common Stock, \$0.01 par value per share; 400,066,666 shares authorized; 36,666 shares issued and outstanding	366	366
Additional paid-in capital	571,962	109,632
Accumulated deficit	(1,198,233)	(766,199)
Total stockholder's deficit	(625,905)	(656,201)
Noncontrolling interest	(1,198)	1
Total deficit	(627,103)	(656,200)
Total liabilities and deficit	\$3,318,382	\$ 829,812

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

Preferred Apartment Communities, Inc.
(A Development Stage Company)

Consolidated Statement of Operations

For the Three Months Ended March 31, 2011
(unaudited)

Income:	\$-
Expenses:	
Bank charges	(115)
Interest	(15,909)
Licenses, fees and taxes	(433)
Acquisition costs on properties	(219,716)
Professional fees	(44,511)
Insurance	(62,000)
Organizational costs	(87,300)
Other	(3,249)
Total expenses	(433,233)
Consolidated net loss	(433,233)
Less consolidated net loss attributable to noncontrolling interests	1,199
Net loss attributable to Company	\$(432,034)
Net loss per share of Common Stock	
Basic	\$(11.78)
Diluted	\$(11.78)
Weighted average number of shares of Common Stock outstanding	
Basic	36,666
Diluted	36,666

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

Preferred Apartment Communities, Inc.
(A Development Stage Company)

Consolidated Statement of Cash Flows

For the Three Months Ended March 31, 2011
(unaudited)

Operating activities	
Net loss	\$(433,233)
Reconciliation of net loss to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Increase in other assets	(6,746)
Increase in due from related party	(7,278)
Increase in accounts payable	310,920
Increase in accrued interest	13,651
Net cash used by operating activities	(122,686)
Investing activities:	
Refunded deposit	150,000
Net cash provided by investing activities	150,000
Financing activities:	