

CONSOLIDATED TOMOKA LAND CO

Form 10-Q

November 09, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended September 30, 2007

**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 0-5556

CONSOLIDATED-TOMOKA LAND CO.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

59-0483700

(I.R.S. Employer Identification No.)

1530 Cornerstone Blvd., Suite 100

Daytona Beach, Florida 32117

(Address of principal executive offices) (Zip Code)

(386) 274-2202

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See

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definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined by 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.

Class of Common Stock Outstanding

November 5, 2007

\$1.00 par value 5,725,806

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CONSOLIDATED-TOMOKA LAND CO.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	SEPTEMBER 30, 2007	DECEMBER 31, 2006
ASSETS		
Cash	\$ 3,233,154	\$ 738,264
Restricted Cash	1,524,347	1,185,962
Investment Securities	9,521,974	11,780,205
Notes Receivable	700,000	700,000
Land and Development Costs	16,012,716	15,058,340
Intangible Assets	4,814,186	5,103,649
Other Assets	4,949,229	5,569,605
	40,755,606	40,136,025
Property, Plant, and Equipment:		
Land, Timber and Subsurface Interests	6,267,707	3,012,623
Golf Buildings, Improvements, and Equipment	11,613,112	11,442,492
Income Properties Land, Buildings, and Improvements	104,820,647	104,819,695
Other Building, Equipment, and Land Improvements	2,819,381	2,584,467
Total Property, Plant, and Equipment	125,520,847	121,859,277
Less, Accumulated Depreciation and Amortization	(9,762,392)	(8,221,138)
Net - Property, Plant, and Equipment	115,758,455	113,638,139
TOTAL ASSETS	\$ 156,514,061	\$ 153,774,164
LIABILITIES		
Accounts Payable	\$ 201,235	\$ 167,378
Accrued Liabilities	8,744,896	7,749,121
Accrued Stock Based Compensation	3,597,598	5,743,773
Income Taxes Payable	419,748	--
Deferred Profit	--	563,467
Deferred Income Taxes	30,127,978	29,491,587
Notes Payable	6,872,781	7,061,531
TOTAL LIABILITIES	49,964,236	50,776,857
SHAREHOLDERS' EQUITY		
Common Stock	5,725,806	5,693,007
Additional Paid in Capital	5,130,574	2,630,748
Retained Earnings	96,686,473	95,650,170
Accumulated Other Comprehensive Loss	(993,028)	(976,618)
TOTAL SHAREHOLDERS' EQUITY	106,549,825	102,997,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 156,514,061	\$ 153,774,164

See Accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED-TOMOKA LAND CO.
CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited) Three Months Ended		(Unaudited) Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Income				
Real Estate Operations:				
Real Estate Sales				
Sales and Other Income	\$ 2,994,820	\$ 5,095,658	\$ 8,860,680	\$ 14,620,160
Costs and Other Expenses	(627,262)	(1,494,549)	(4,833,438)	(2,997,659)
	2,367,558	3,601,109	4,027,242	11,622,501
Income Properties				
Leasing Revenues & Other Income	2,207,308	2,183,626	6,537,982	5,997,775
Costs and Other Expenses	(520,110)	(407,697)	(1,373,192)	(1,069,569)
	1,687,198	1,775,929	5,164,790	4,928,206
Golf Operations				
Sales and Other Income	930,164	1,027,067	3,907,346	3,909,816
Costs and Other Expenses	(1,577,723)	(1,568,987)	(5,236,862)	(4,946,804)
	(647,559)	(541,920)	(1,329,516)	(1,036,988)
Total Real Estate Operations	3,407,197	4,835,118	7,862,516	15,513,719
Profit on Sales of Other				
Real Estate Interests	816,235	212,550	1,400,979	668,420
Interest and Other Income	149,627	38,831	450,420	484,516
Operating Income	4,373,059	5,086,499	9,713,915	16,666,655
General and Administrative Expenses	(1,044,337)	(1,911,250)	(5,525,328)	(4,541,745)
Income from Continuing Operations				
Before Income Taxes	3,328,722	3,175,249	4,188,587	12,124,910
Income Taxes	(1,226,158)	(791,231)	(1,553,895)	(3,897,309)
Income Before Discontinued Operations and Cumulative Effect of				
Change in Accounting Principle	2,102,564	2,384,018	2,634,692	8,227,601
Income from Discontinued Operations				
Net of Income Tax	--	--	--	240,476
Cumulative Effect of Change in				
Accounting Principle	--	--	--	(216,093)
Net Income	\$ 2,102,564	\$ 2,384,018	\$ 2,634,692	\$ 8,251,984

Per Share Information:

Basic and Diluted Income (Loss) Per Share

Income Before Discontinued Operations

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and Cummulative Effect of					
Change in Accounting Principle	\$	0.37	\$	0.42	\$ 0.46 \$ 1.45
Income from Discontinued Operations					
Net of Income Tax		--		--	0.04
Cummulative Effect of Change in					
Accounting Principle		--		--	(0.04)
Net Income	\$	0.37	\$	0.42	\$ 0.46 \$ 1.45
Dividends	\$	0.10	\$	0.09	\$ 0.28 \$ 0.25

See Accompanying Notes to Consolidated Financial Statements

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CONSOLIDATED-TOMOKA LAND CO.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
(Unaudited)

	Common Stock	Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity	Co
Balance, December 31, 2006	\$ 5,693,007	\$ 2,630,748	\$ 95,650,170	(976,618)	\$ 102,997,307	
Net Income			2,634,692		2,634,692	
Other Comprehensive Loss: Cash Flow Hedging Derivative, Net of Tax				(16,410)	(16,410)	
Comprehensive Income						\$
Exercise of Liability Classified Stock Options	32,799	2,499,826			2,532,625	
Cash Dividends (\$.28 per share)			(1,598,389)		(1,598,389)	
Balance, September 30, 2007	\$ 5,725,806	\$ 5,130,574	\$ 96,686,473	(993,028)	\$ 106,549,825	

See Accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED-TOMOKA LAND CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)	
	Nine Months Ended	
	September 30, 2007	September 30, 2006
Cash Flow from Operating Activities		
Net Income	\$ 2,634,692	\$ 8,251,984
Adjustments to Reconcile Net Income to Net Cash		
Provided By Operating Activities:		
Depreciation and Amortization	1,848,214	1,662,368
Loss (Gain) on Sale of Property, Plant, and Equipment	110,790	(436,971)
Deferred Income Taxes	636,391	3,353,834
Non Cash Compensation	1,661,438	1,348,525
Deferred Profit	(563,467)	--
(Increase) Decrease in Assets:		
Land and Development Costs	(954,376)	(3,744,466)
Refundable Income Taxes	37,664	--
Other Assets	582,714	293,022
Increase (Decrease) in Liabilities:		
Accounts Payable	33,857	502,140
Accrued Liabilities and Accrued Stock Based Compensation	979,365	379,620
Deferred Profit	--	(3,648,986)
Income Taxes Payable	419,748	(4,772,188)
Net Cash Provided By Operating Activities	7,427,030	3,188,882
Cash Flow From Investing Activities:		
Acquisition of Property, Plant, and Equipment	(3,789,860)	(15,627,639)
Acquisition of Intangible Assets	--	(858,808)
Increase in Restricted Cash for Acquisitions		
Through the Like-Kind Exchange Process	(338,385)	5,736,528
Net (Increase) Decrease in Investment Securities	2,258,231	7,430,271
Proceeds from Disposition of Property, Plant, and Equipment	--	1,630,205
Net Cash Used In Investing Activities	(1,870,014)	(1,689,443)
Cash Flow from Financing Activities:		
Proceeds from Notes Payable	1,776,000	5,540,000
Payments on Notes Payable	(1,964,750)	(4,816,914)
Cash Proceeds from Exercise of Stock Options	16,762	19,515
Cash Used to Settle Stock Appreciation Rights	(1,291,749)	(771,333)
Dividends Paid	(1,598,389)	(1,421,071)
Net Cash Used in Financing Activities	(3,062,126)	(1,449,803)
Net Increase in Cash	2,494,890	49,636

Cash, Beginning of Year	738,264	1,127,143
Cash, End of Period	\$ 3,233,154	\$ 1,176,779

See Accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1. PRINCIPLES OF INTERIM STATEMENTS

The unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission.

Certain information and note disclosures, which are normally included in annual financial statements prepared in accordance with U.S. generally accepted

accounting principles, have been omitted pursuant to those rules and regulations. The consolidated financial statements reflect all adjustments which are,

in the opinion of management, necessary to present fairly the Company's financial position and the results of operations for the interim periods. The

consolidated format is designed to be read in conjunction with the last annual report. For further information, refer to the consolidated financial statements

and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

Inter-company balances and transactions have

been eliminated in consolidation.

NOTE 2. DISCONTINUED OPERATIONS

In accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," the Company has classified the revenues and income/(loss) of a vacant income- property, a former automobile dealer site, located in Daytona Beach, Florida, and sold on May 26, 2006, as discontinued operations. Financial statements for 2006 have been reclassified to reflect the discontinued operation.

Summary financial information for the operation is as follows:

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2007	2006	2007	2006
Revenues	--	--	--	--
Loss	--	--	--	\$ (45,475)
Income Tax Benefit	--	--	--	17,542
Gain on Sale (Net of Income Tax of \$168,562)	--	--	--	268,409
Net Income	--	--	--	\$ 240,476

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Basic earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share are based on the assumption of the conversion of stock options at the beginning of each period using the treasury stock method at average cost for the periods.

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	Three Months		Nine Months	
	Ended		Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Income Available to Common Shareholders:				
Income Before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	\$ 2,102,564	\$ 2,384,018	\$ 2,634,692	\$ 8,227,601
Discontinued Operations (Net of Income Tax)	--	--	--	240,476
Cumulative Effect of Change in Accounting Principle (Net of Income Tax)	--	--	--	(216,093)
Net Income	\$ 2,102,564	\$ 2,384,018	\$ 2,634,692	\$ 8,251,984
Weighted Average Shares Outstanding	5,720,219	5,691,192	5,713,450	5,681,060
Common Shares Applicable to Stock Options Using the Treasury Stock Method	--	7,452	14,738	11,526
Total Shares Applicable to Diluted Earnings Per Share	5,720,219			