

Edgar Filing: Owens Realty Mortgage, Inc. - Form 10-Q

Owens Realty Mortgage, Inc.  
Form 10-Q  
August 08, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2017

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 000-54957

OWENS REALTY MORTGAGE, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 46-0778087  
(State or Other Jurisdiction (I.R.S. Employer Identification No.)  
of Incorporation or Organization)

2221 Olympic Boulevard  
Walnut Creek, California 94595  
(Address of Principal Executive Offices) (Zip Code)

(925) 935-3840  
Registrant's Telephone Number, Including Area Code

NOT APPLICABLE

(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 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 such shorter period that the registrant was required to submit and post such files). Yes  No





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Part I. FINANCIAL INFORMATIONItem 1. Financial StatementsOWENS REALTY MORTGAGE, INC.  
Consolidated Balance Sheets  
(UNAUDITED)

	June 30, 2017	December 31, 2016
<u>ASSETS</u>		
Cash and cash equivalents	\$4,671,746	\$434,243
Restricted cash	6,500,000	6,500,000
Loans, net of allowance for loan losses of \$2,621,455 in 2017 and \$2,706,822 in 2016	157,030,366	126,975,489
Interest and other receivables	2,375,808	2,164,335
Other assets, net of accumulated depreciation and amortization of \$281,007 in 2017 and \$251,729 in 2016	817,038	803,676
Deferred financing costs, net of accumulated amortization of \$184,805 in 2017 and \$107,744 in 2016	107,294	171,855
Deferred tax assets, net	6,434,850	7,248,977
Investment in limited liability company	2,140,565	2,140,482
Real estate held for sale	49,029,885	75,843,635
Real estate held for investment, net of accumulated depreciation of \$3,652,206 in 2017 and \$3,151,427 in 2016	35,246,489	37,279,763
Total assets	\$264,354,041	\$259,562,455
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES:</u>		
Dividends payable	\$1,024,748	\$1,402,496
Due to Manager	428,652	360,627
Accounts payable and accrued liabilities	5,205,068	3,699,859
Deferred gains on sales of real estate	209,662	209,662
Lines of credit payable	—	4,976,000
Notes and loans payable on real estate	30,854,955	33,385,934
Total liabilities	37,723,085	44,034,578
Commitments and Contingencies (Note 13)		
<u>EQUITY:</u>		
Stockholders' equity:		
Preferred stock, \$.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2017 and December 31, 2016	—	—
Common stock, \$.01 par value per share, 50,000,000 shares authorized, 11,198,119 shares issued, 10,247,477 shares outstanding at June 30, 2017 and December 31, 2016	111,981	111,981
Additional paid-in capital	182,437,522	182,437,522
Treasury stock, at cost – 950,642 shares at June 30, 2017 and December 31, 2016	(12,852,058 )	(12,852,058 )
Retained earnings	56,933,511	45,830,432
Total stockholders' equity	226,630,956	215,527,877
Total liabilities and equity	\$264,354,041	\$259,562,455

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

OWENS REALTY MORTGAGE, INC.  
Consolidated Statements of Income  
(UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<b>Revenues:</b>				
Interest income on loans	\$2,641,363	\$2,196,012	\$5,188,405	\$4,239,020
Rental and other income from real estate properties	1,179,835	2,451,416	2,126,206	4,591,401
Income from investment in limited liability company	46,092	44,686	90,084	87,310
Total revenues	3,867,290	4,692,114	7,404,695	8,917,731
<b>Expenses:</b>				
Management fees to Manager	1,006,680	825,149	1,954,194	1,590,664
Servicing fees to Manager	91,516	75,014	177,654	144,606
General and administrative expense	545,872	349,927	1,029,686	903,345
Rental and other expenses on real estate properties	1,436,001	2,048,929	2,639,320	3,839,307
Depreciation and amortization	303,782	309,271	613,742	652,920
Interest expense	362,174	1,005,703	648,975	1,688,755
Provision for loan losses	137,244	274,920	175,280	385,995
Impairment losses on real estate properties	281,626	2,110,150	281,626	2,110,150
Total expenses	4,164,895	6,999,063	7,520,477	11,315,742
Operating loss	(297,605 )	(2,306,949 )	(115,782 )	(2,398,011 )
Gain on sales of real estate, net	13,877,715	—	13,877,534	4,838,815
Net income (loss) before income taxes	13,580,110	(2,306,949 )	13,761,752	2,440,804
Income tax (expense) benefit	(824,163 )	7,368,835	(814,127 )	7,368,835
Net income	12,755,947	5,061,886	12,947,625	9,809,639
Less: Net loss attributable to non-controlling interests	—	56,847	—	43,355
Net income attributable to common stockholders	\$ 12,755,947	\$ 5,118,733	\$ 12,947,625	\$ 9,852,994
<b>Per common share data:</b>				
Basic and diluted earnings per common share	\$ 1.24	\$ 0.50	\$ 1.26	\$ 0.96
Basic and diluted weighted average number of common shares outstanding	10,247,477	10,247,477	10,247,477	10,247,477
Dividends declared per share of common stock	\$ 0.10	\$ 0.08	\$ 0.18	\$ 0.16

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

OWENS REALTY MORTGAGE, INC.  
 Consolidated Statements of Stockholders' Equity  
 Six Months Ended June 30, 2017 and 2016  
 (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Total Stockholders' Equity	Non- controlling Interests	Total
	Shares	Amount		Shares	Amount				
Balances, December 31, 2015	11,198,119	\$ 111,981	\$ 182,437,522	(950,642)	\$(12,852,058)	\$ 25,282,553	\$ 194,979,998	\$ 4,528,849	\$
Net income	—	—	—	—	—	9,852,994	9,852,994	(43,355)	) 9
Dividends declared	—	—	—	—	—	(1,639,596)	(1,639,596)	—	) 0
Contribution from non-controlling interest	—	—	—	—	—	—	—	44,208	4
Distributions to non-controlling interests	—	—	—	—	—	—	—	(242,020)	) 0
Balances, June 30, 2016	11,198,119	\$ 111,981	\$ 182,437,522	(950,642)	\$				