

PREFERRED APARTMENT COMMUNITIES INC  
Form 10-Q  
August 15, 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 June 30, 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

Edgar Filing: PREFERRED APARTMENT COMMUNITIES INC - Form 10-Q

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 August 5, 2011, was 5,173,399.

---

---

---

## INDEX

	Page No.
<b>PART I - FINANCIAL INFORMATION</b>	
<b>Item 1.</b>	<b>Financial Statements</b>
	Consolidated Balance Sheets – as of June 30, 2011 (unaudited) and December 31, 2010
	3
	Consolidated Statements of Operations (unaudited) – Three and Six Months Ended June 30, 2011
	4
	Consolidated Statement of Equity and Accumulated Deficit (unaudited) – Six Months Ended June 30, 2011
	5
	Consolidated Statement of Cash Flows (unaudited) – Six Months Ended June 30, 2011
	6
	Notes to Consolidated Financial Statements (unaudited)
	7
<b>Item 2.</b>	<b>Management’s Discussion and Analysis of Financial Condition and Results of Operations</b>
	20
<b>Item 3.</b>	<b>Quantitative and Qualitative Disclosures About Market Risk</b>
	31
<b>Item 4.</b>	<b>Controls and Procedures</b>
	31
<b>PART II - OTHER INFORMATION</b>	
<b>Item 1.</b>	<b>Legal Proceedings</b>
	32
<b>Item 1A</b>	<b>Risk Factors</b>
	32
<b>Item 2.</b>	<b>Unregistered Sales of Equity Securities and Use of Proceeds</b>
	32
<b>Item 3.</b>	<b>Defaults Upon Senior Securities</b>
	33
<b>Item 4.</b>	<b>(Removed and Reserved)</b>
	33
<b>Item 5.</b>	<b>Other Information</b>
	33
<b>Item 6.</b>	<b>Exhibits</b>
	33
<b>SIGNATURES</b>	<b>34</b>
<b>EXHIBIT INDEX</b>	<b>35</b>



## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

Preferred Apartment Communities, Inc.  
Consolidated Balance Sheets  
As of June 30, 2011 and December 31, 2010  
(unaudited)

	June 30, 2011	December 31, 2010
Assets		
Real estate		
Land	\$ 13,052,000	\$-
Building and improvements	60,007,968	-
Furniture, fixtures, and equipment	8,312,149	-
Gross real estate	81,372,117	-
Less: accumulated depreciation	(759,518 )	-
Net real estate	80,612,599	-
Real estate loan	6,000,000	-
Total real estate and real estate loan, net	86,612,599	-
Cash and cash equivalents	5,574,818	22,275
Restricted cash	636,746	-
Tenant receivables	30,774	-
Acquired intangible assets, net of amortization of \$2,041,823	3,495,244	-
Deferred loan costs, net of amortization of \$21,541	594,598	-
Deferred offering costs	15,770	620,237
Other assets	284,686	187,300
Total assets	\$97,245,235	\$829,812
Liabilities and equity		
Liabilities		
Mortgage notes payable	\$55,637,000	\$-
Accounts payable and accrued expenses	710,307	-
Note payable, related party	-	465,050
Revolving line of credit, related party	-	200,000
Non-revolving line of credit, related party	-	805,898
Accrued interest payable	168,056	15,064
Dividends payable	646,487	-
Security deposits and prepaid rents	148,180	-
Deferred real estate loan income	74,333	-
Total liabilities	57,384,363	1,486,012
Commitments and contingencies (Note 12)		
Equity (deficit)		
Stockholders' equity (deficit)	51,459	366

Edgar Filing: PREFERRED APARTMENT COMMUNITIES INC - Form 10-Q

Common Stock, \$0.01 par value per share; 400,066,666 shares authorized;  
 5,145,899 shares issued and outstanding at June 30, 2011; 36,666 shares issued and  
 outstanding at December 31, 2010

Additional paid in capital	51,027,974	109,632
Syndication and offering costs	(6,038,515 )	-
Accumulated deficit	(5,180,047 )	(766,199 )
Total stockholders' equity (deficit)	39,860,871	(656,201 )
Non-controlling interest	1	1
Total equity (deficit)	39,860,872	(656,200 )
Total liabilities and equity	\$97,245,235	\$829,812

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

Preferred Apartment Communities, Inc.  
Consolidated Statements of Operations  
For the three and six months ended June 30, 2011  
(unaudited)

	Three months ended June 30, 2011	Six months ended June 30, 2011
Revenues:		
Rental revenues	\$ 1,691,663	\$ 1,691,663
Other property revenues	185,275	185,275
Interest income on real estate loan	1,333	1,333
Total revenues		