

CAPITAL PROPERTIES INC /RI/  
Form 10-Q  
November 05, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 September 30, 2018

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 001-08499

CAPITAL PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Rhode Island                      05-0386287  
(State or other jurisdiction of      (IRS Employer  
incorporation or organization)      identification No.)

5 Steeple Street, Unit 303  
Providence, Rhode Island                      02903  
(Address of principal executive offices)      (Zip Code)

(401) 435-7171

(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 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer a smaller reporting company or an emerging growth company. See the definitions of the "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                           |
|-------------------------|---------------------------|
| Large Accelerated Filer | Accelerated Filer         |
| Non-Accelerated Filer   | Smaller reporting company |
|                         | Emerging Growth Company   |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.

As of September 30, 2018, the Company had 6,599,912 shares of Class A Common Stock outstanding.

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CAPITAL PROPERTIES, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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## PART I

## Item 1. Financial Statements

## CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

|  | September 30, | December 31,  |
|--|---------------|---------------|
|  | 2018          | 2017          |
| <b>ASSETS</b>  |               |               |
| Properties and equipment (net of accumulated depreciation)     | \$ 8,815,000  | \$ 8,953,000  |
| Cash and cash equivalents                                      | 4,072,000     | 5,202,000     |
| Investments  | 2,025,000     | -             |
| Funds on deposit with agent                                    | -             | 462,000       |
| Prepaid and other  | 319,000       | 434,000       |
| Deferred income taxes associated with discontinued operations  | 105,000       | 108,000       |
|  | \$ 15,336,000 | \$ 15,159,000 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                    |               |               |
| <b>Liabilities:</b>  |               |               |
| Dividends payable  | \$ -          | \$ 462,000    |
| Property taxes   | 224,000       | 224,000       |
| Other  | 506,000       | 536,000       |
| Income tax payable   | 53,000        | 35,000        |
| Deferred income taxes, net                                     | 739,000       | 803,000       |
| Liabilities associated with discontinued operations (Note 7)   | 418,000       | 489,000       |
|  | 1,940,000     | 2,549,000     |
| <b>Shareholders' equity:</b>                                   |               |               |
| Class A common stock, \$.01 par; authorized 10,000,000 shares; |               |               |
| issued and outstanding 6,599,912 shares                        | 66,000        | 66,000        |
| Capital in excess of par                                       | 782,000       | 782,000       |
| Retained earnings  | 12,548,000    | 11,762,000    |
|  | 13,396,000    | 12,610,000    |
|  | \$ 15,336,000 | \$ 15,159,000 |

See notes to consolidated financial statements.

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## CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(Unaudited)

|  | Three Months Ended    |              | Nine Months Ended     |              |
|--|-----------------------|--------------|-----------------------|--------------|
|  | September 30,<br>2018 | 2017         | September 30,<br>2018 | 2017         |
| <b>Revenue and other income:</b>   |                       |              |                       |              |
| Revenue, leasing   | \$1,315,000           | \$1,260,000  | \$3,965,000           | \$3,890,000  |
| Other income, interest   | 30,000                | -            | 72,000                | -            |
|  | 1,345,000             | 1,260,000    | 4,037,000             | 3,890,000    |
| <b>Expenses:</b>   |                       |              |                       |              |
| Operating  | 221,000               | 376,000      | 717,000               | 888,000      |
| General and administrative   | 343,000               | 407,000      | 1,205,000             | 1,557,000    |
| Interest on dividend notes   | -                     | -            | -                     | 112,000      |
|  | 564,000               | 783,000      | 1,922,000             | 2,557,000    |
| Income from continuing operations before income taxes                                  | 781,000               | 477,000      | 2,115,000             | 1,333,000    |
| <b>Income tax expense (benefit):</b>   |                       |              |                       |              |
| Current  | 221,000               | 215,000      | 606,000               | 689,000      |
| Deferred   | (16,000 )             | (37,000 )    | (64,000 )             | (225,000 )   |
|  | 205,000               | 178,000      | 542,000               | 464,000      |
| Income from continuing operations  | 576,000               | 299,000      | 1,573,000             | 869,000      |
| Loss from discontinued operations, net of taxes  | (14,000 )             | (38,000 )    | (65,000 )             | (331,000 )   |
| Gain on sale of discontinued operations, net of taxes                                  | -                     | -            | 664,000               | 5,210,000    |
| Net income   | 562,000               | 261,000      | 2,172,000             | 5,748,000    |
| Retained earnings, beginning   | 12,448,000            | 11,710,000   | 11,762,000            | 6,223,000    |
| Dividends on common stock (\$.07 per share)<br>based upon 6,599,912 shares outstanding | (462,000 )            | -            | (1,386,000 )          | -            |
| Retained earnings, ending  | \$12,548,000          | \$11,971,000 | \$12,548,000          | \$11,971,000 |
| <b>Basic income (loss) per common share based upon</b>                                 |                       |              |                       |              |
| 6,599,912 shares outstanding:  |                       |              |                       |              |
| Continuing operations  | \$0.09                | \$0.04       | \$0.24                | \$0.13       |
| Discontinued operations  | -                     | -            | (0.01 )               | (0.05 )      |
| Gain on sale of discontinued operations  | -                     | -            | 0.10                  | 0.79         |

