

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

**PIONEER WESTERN PROPERTIES INCOME FUND LTD
PARTNERSHIP**

CIK: **799320** | IRS No.: **592703685** | State of Incorporation: **FL** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-08230** | Film No.: **96664370**
SIC: **6500** Real estate

Mailing Address
3001 EXECUTIVE DRIVE,
SUITE 260
CLEARWATER FL 34622

Business Address
3001 EXECUTIVE DR STE 260
CLEARWATER FL 34622
813-573-1201

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended SEPTEMBER 30, 1996

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 33-8230

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

FLORIDA

59-2703685

(State or other jurisdiction of (IRS Employer Identification #)
incorporation or organization)

3001 EXECUTIVE DRIVE, SUITE 260, CLEARWATER, FL 34622
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (813) 573-1201

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---------------------|---|
| NONE | NONE |

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of class)

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 X NO

There is no market for the registrant's securities and, therefore, aggregate market value of the holdings of

non-affiliates cannot be determined.

| Title of Each Class | Number of Units At September 30, 1996 |
|------------------------------|--|
| UNITS OF LIMITED PARTNERSHIP | 22,309 |
| INTEREST: \$250.00 PER UNIT | |

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

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PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

BALANCE SHEETS

| | September 30, 1996 (unaudited) | December 31, 1995 |
|---|--------------------------------------|----------------------|
| Assets | | |
| Investments in real estate: | | |
| Land | \$ 680,000 | \$ 680,000 |
| Buildings and furnishings, net of accumulated depreciation of \$1,516,930 and \$1,382,155 | 4,257,206 | 4,355,153 |
| | 4,937,206 | 5,035,153 |
| Cash and cash equivalents | 163,257 | 251,812 |
| Investment securities (held- to-maturity) | 166,615 | 199,386 |
| Insurance receivable | 125,000 | 125,000 |
| Other assets | 145,019 | 44,308 |
| | \$5,537,097 | \$5,655,659 |
| Liabilities and Partners' Capital | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 128,290 | \$ 88,879 |
| Accrued litigation reserve | 125,000 | 125,000 |
| Tenant security deposits | 35,544 | 35,670 |
| Mortgages on real estate | 1,191,769 | 1,277,164 |
| Total liabilities | 1,480,603 | 1,526,713 |
| Partners' Capital: | | |
| General partner | 25,375 | 22,998 |
| Limited partners | 4,031,119 | 4,105,948 |
| Total partners' capital | 4,056,494 | 4,128,946 |
| | \$5,537,097 | \$5,655,659 |

See Notes to Financial Statements.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

STATEMENTS OF INCOME

| | Nine Months Ended September 30, | |
|--|---------------------------------|-------------|
| | 1996 | 1995 |
| | (unaudited) | (unaudited) |
| Revenues: | | |
| Rental income | \$789,598 | \$806,623 |
| Interest | 13,233 | 14,149 |
| | 802,831 | 820,772 |
| Expenses: | | |
| Operating | 450,868 | 437,600 |
| General and administrative | 29,371 | 26,681 |
| Depreciation | 134,775 | 125,172 |
| Interest | 82,893 | 95,568 |
| | 697,907 | 685,021 |
| Income before extraordinary item | 104,924 | 135,751 |
| Extraordinary item - loss from early extinguishment of debt | (27,376) | - |
| Net income | \$ 77,548 | \$135,751 |
| Net income allocable to: | | |
| General partner | \$ 3,877 | \$ 6,788 |
| Limited partners | \$ 73,671 | \$128,963 |
| Earnings (loss) per limited partnership unit (based on an average 22,309 limited partnership units each period): | | |

| | | |
|-------------------------------------|-----------|---------|
| Income before extraordinary item | \$ 4.47 | \$ 5.78 |
| Extraordinary item | \$ (1.17) | \$ - |
| Net income | \$ 3.30 | \$ 5.78 |

See Notes to Financial Statements.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

STATEMENTS OF INCOME

| | Three Months Ended September 30, 1996 (unaudited) | 1995 (unaudited) |
|--|---|---------------------|
| Revenues: | | |
| Rental income | \$257,236 | \$266,952 |
| Interest | 2,496 | 6,789 |
| | 259,732 | 273,741 |
| Expenses: | | |
| Operating | 167,053 | 150,117 |
| General and administrative | 7,864 | 7,652 |
| Depreciation | 44,925 | 40,650 |
| Interest expense | 21,724 | 31,437 |
| | 241,724 | 229,856 |
| Net income | \$ 18,008 | \$ 43,885 |
| Net income allocable to: | | |
| General partner | \$ 900 | \$ 2,194 |
| Limited partners | \$ 17,108 | \$ 41,691 |
| Earnings per limited partnership unit (based on an average 22,309 limited partnership units each period): | | |
| Net income | \$.77 | \$ 1.87 |

See Notes to Financial Statements.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE PERIOD FROM DECEMBER 31, 1994 TO September 30, 1996

| | Limited Partners | General Partner | Combined |
|--|---------------------|--------------------|-------------|
| Balance at December 31, 1994 | \$4,157,355 | \$ 17,283 | \$4,174,638 |
| Distributions (\$8.88 per avg limited partnership unit) | (198,001) | (2,000) | (200,001) |
| Net income | 146,594 | 7,715 | 154,309 |
| Balance at December 31, 1995 | \$4,105,948 | \$ 22,998 | \$4,128,946 |
| Distributions (\$6.66 per avg limited partnership unit) | (148,500) | (1,500) | (150,000) |
| Net income | 73,671 | 3,877 | 77,548 |
| Balance at September 30, 1996 | \$4,031,119 | \$ 25,375 | \$4,056,494 |

See Notes to Financial Statements.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

| | Nine Months Ended September 30, | |
|---|---------------------------------|-------------|
| | 1996 | 1995 |
| | (unaudited) | (unaudited) |
| Operating activities: | | |
| Net income | \$ 77,548 | \$ 135,751 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Extraordinary item | 27,376 | - |
| Depreciation | 134,775 | 125,172 |
| Changes in assets and liabilities: | | |
| Insurance receivable | - | 250,000 |
| Other assets | (45,276) | (17,237) |
| Accounts payable and accrued expenses | 39,411 | 67,054 |
| Tenant security deposits | (126) | 9,485 |
| Accrued litigation reserve | - | (250,000) |
| Total adjustments | 156,160 | 184,474 |
| Net cash provided by operating activities | 233,708 | 320,225 |

| | | |
|---------------------------------------|-----------|-----------|
| Investing activities: | | |
| Capital additions | (36,828) | (35,103) |
| Purchase of debt securities | (166,615) | (198,465) |
| Maturity of debt securities | 199,386 | - |
| Net cash used in investing activities | (4,057) | (233,568) |

(continued on next page)

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS -- continued

| | Nine Months Ended September 30, | |
|--|---------------------------------|-------------|
| | 1996 | 1995 |
| | (unaudited) | (unaudited) |
| Financing activities: | | |
| Proceeds from mortgage refinancing, net of loan fees | 1,144,565 | - |
| Premiums on early extinguishment of debt | (27,376) | - |
| Principal payments on mortgages | (1,285,395) | (53,903) |
| Distributions to partners | (150,000) | (150,000) |
| Net cash used in financing activities | (318,206) | (203,903) |
| Net decrease in cash and cash equivalents | (88,555) | (117,246) |
| Cash and cash equivalents: | | |
| Beginning of period | 251,812 | 428,085 |
| End of period | \$ 163,257 | \$ 310,839 |

Supplemental disclosures
of cash flow information:

| | | |
|---|-----------|-----------|
| Cash paid during the period for interest | \$ 82,893 | \$ 95,984 |
|---|-----------|-----------|

See Notes to Financial Statements.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Partnership Organization and Operations

Pioneer Western Properties Income Fund Limited Partnership (the Partnership), a Florida limited partnership, was formed in August, 1986. On December 30, 1986, the Securities and Exchange Commission declared the Partnership's registration statement, which contemplated the sale of \$10 million in limited partner interests, to be effective. In April, 1987 the Partnership reached the minimum of 6,000 units sold and commenced its operations. The offering period ended in October, 1988 with 22,309 units sold and proceeds of \$5,567,250.

The purpose of the Partnership is to purchase and operate existing income producing multi-family residential properties in the Southeastern United States through the year ended December 31, 2036, unless terminated earlier in accordance with provisions of the partnership agreement. On March 19, 1991, Enstar Financial Services, Inc. sold 100% of the outstanding stock of Pioneer Western Properties Corporation (PWPC), the Partnership's Corporate General Partner, to Edgemark Group, Inc. The Corporate General Partner retained its existing management and is headquartered in the Clearwater, Florida area.

Note 2 - Basis of Presentation

The accompanying financial statements are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the fiscal year ended December 31, 1995. These financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Allocations and Distributions

Profits and losses of the Partnership, other than those attributable to capital items or the disposition of substantially all of the Partnership's property, are allocated 95% to the limited partners and 5% to the general partner. Profits and losses of the partnership attributable to capital items or the disposition of substantially all of the Partnership's property are to be distributed as follows: (1) to previously allocated tax loss from sale; (2) to limited partners in an amount equal to the excess of cash available for distribution received by them over the taxable income from operations allocated to them; (3) to the limited partners in an amount equal to the excess of the 8% cumulative priority return to which they are entitled over the cash available for distribution received by them; (4) to the general partner in an amount equal to the excess of the cash available for distribution received by them over the taxable income from operations allocated to them; (5) 80% to the limited partners and 20% to the general partner.

Cash available for distribution will be paid 99% to the limited

partners and 1% to the general partner until the limited partners have received their 8% annual priority return, and 95% to the limited partners and 5% to the general partner, thereafter.

Investments in Real Estate

Apartment buildings and furnishings are stated at cost less accumulated depreciation. The buildings and improvements are depreciated on a straight line method over 40 years; furnishings are depreciated on straight line and declining balance methods over 10 years; and property improvements are depreciated on a straight line method over 20 years.

Cash Equivalents

The Partnership considers all short-term highly liquid instruments with an original maturity of three months or less when purchased to be cash equivalents.

Income Taxes

No provision has been made for income taxes since the tax effect of the Partnership's activities accrues to the partners.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

Note 3 - Debt

In April 1996, the Partnership completed a refinancing of the mortgage debt on Creek Ridge Apartments which had a substantial principle payment maturing on November 1, 1997. The net proceeds were as follows (in thousands):

| | |
|---|---------|
| Amount of new debt | \$1,200 |
| Payoff "old" mortgage including premiums and accrued interest | (761) |
| Loan fees and escrow | (79) |
| | \$ 360 |

The net proceeds of approximately \$360,000 plus other available funds were used to payoff the mortgage debt on Foxwood Apartments. The amount of the mortgage debt on Foxwood Apartments that was extinguished early was approximately \$497,000 plus approximately \$19,000 in premiums and \$3,000 of accrued interest. The new mortgage debt on Creek Ridge Apartments is payable in

monthly installments of principal and interest (8%) through May 1, 2016 (20 years); is collateralized by real property; and is subject to prepayment penalties.

Note 4 - Commitments and Contingencies

In November 1994, the Partnership received an unfavorable ruling related to litigation surrounding a fire at Creek Ridge Apartments. As of September 30, 1996, the remaining settlement amount totaled \$50,000 and has been accrued. The Partnership has also accrued an additional \$75,000 for separate pending litigation of the same nature. These amounts will be covered by the Partnership's insurance and, accordingly, an insurance receivable for these amounts has been recorded at September 30, 1996.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP (A Florida Limited Partnership)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Analysis of Financial Condition

The Partnership's business is to make investments in existing income producing multi-family residential properties in the southeastern United States. The Partnership's objectives are to preserve and protect the Partnership's invested capital, to provide partially tax-deferred distributions of cash from operations on a quarterly basis and to achieve capital appreciation.

As of September 30, 1996, 89% of the Partnership's total assets were invested in the Partnership's real estate portfolio which consisted of Creek Ridge Apartments and Pleasant Terrace Apartments located in Knoxville, Tennessee, and Foxwood Apartments located in Augusta, Georgia.

Results of Operations

The Partnership produced gross rental income of \$257,236 during the three months ended September 30, 1996 compared to gross rental income of \$266,952 during the same period of 1995. Related operating and general and administrative expenses were \$174,917 and \$157,769 for the three months ended September 30, 1996 and 1995, respectively. Net rental income decreased approximately 25% to \$82,319 for the three months ended September 30, 1996 from

\$109,183 for the same period in 1995 as a result of decreased occupancy and increased repairs and maintenance costs.

Depreciation and amortization increased to \$44,925 for the three months ended September 30, 1996 from \$40,650 for the same period in 1995. Interest expense decreased to \$21,882 for the three months ended September 30, 1996 from \$31,437 for the same period in 1995 as a result of the refinancing in April 1996.

The Partnership's properties maintained stable occupancy during the first six months ended June 30, 1996 at a rate of 89%, but occupancy decreased slightly for the three months ended September 30, 1996.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS -- CONTINUED

Income before extraordinary item and cash flows provided by operations for the nine months ended September 30, 1996 were \$104,924 and \$233,708, respectively, compared with a net income of \$135,751 and operating cash flow of \$320,225 during the same period in 1995.

Results for the nine months ended September 30, 1996 included an extraordinary loss in the amount of \$27,376 related to a mortgage debt refinancing and early extinguishment of other existing mortgage debt.

Liquidity and Capital Resources

The refinancing completed in April 1996 provided the Partnership with approximately 72% of the funds necessary to early extinguish other existing mortgage debt. The combined monthly installments of the old mortgages were \$16,654, as compared to monthly installments of \$10,037 under the new mortgage debt.

Excess Partnership capital funds were invested at money market and United States Treasury Bill rates and are considered adequate by management to fund the Partnership's activities including capital improvements scheduled for the Partnership's properties.

PART II OTHER INFORMATION

No other information need be reported.

PIONEER WESTERN PROPERTIES INCOME FUND LIMITED PARTNERSHIP
(A Florida Limited Partnership)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pioneer Western Properties Income Fund
Limited Partnership,
a Florida limited partnership (Registrant)

By: Pioneer Western Properties Corporation
("PWPC"), its Corporate General Partner

November 14, 1996 By: Rand E. McNeal
Rand E. McNeal, President and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

November 14, 1996 By: Craig D. Caldwell
Craig D. Caldwell, Director of PWPC

November 14, 1996 By: Rand E. McNeal
Rand E. McNeal, Principal Executive
Officer

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