

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

BFC FINANCIAL CORP

CIK: **315858** | IRS No.: **592022148** | State of Incorporation: **FL** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-09811** | Film No.: **95536242**
SIC: **6035** Savings institution, federally chartered

Business Address
*1320 S DIXIE HWY FOURTH
FLOOR
CORAL GABLES FL 33146
3056658100*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
=====

Quarterly Report Under Section 13 or 15(d) of
The Securities Exchange Act Of 1934

For the Quarter ended
March 31, 1995

Commission File Number
0-9811

BFC FINANCIAL CORPORATION
=====

Florida

59-2022148

(State or other jurisdiction of
incorporation or organization)

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

1750 E. Sunrise Boulevard
Fort Lauderdale, Florida

33304

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (305) 760-5200

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
----- -----

Indicate the number of shares outstanding of the issuer's classes of common
stock as of May 10, 1995.

Class -----	Shares Outstanding -----
Common stock, par value \$0.01 per share	2,305,682
Special Class A Common stock, par value \$0.01 par value	None outstanding

BFC Financial Corporation and Subsidiaries
Consolidated Statements of Financial Condition

March 31, 1995 and December 31, 1994
(in thousands, except share data)
(Unaudited)

ASSETS

	1995 -----	1994 -----
Cash and cash equivalents	\$ 382	711
Securities available for sale	5,650	5,869
Investment in BankAtlantic Bancorp, Inc. ("BBC")	46,178	43,768
Mortgage notes and related receivables, net	4,877	4,904
Real estate acquired in debenture exchanges, net	11,062	11,169
Real estate investments	9,959	9,912
Escrow for redeemed debenture liability	10,511	12,223
Other assets	2,592	2,735
	-----	-----
Total assets	\$ 91,211 =====	91,291 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Exchange debentures, net	6,623	6,616
Mortgage payables and other borrowings	26,541	26,618
Deferred interest on the exchange debentures	3,839	3,494
Redeemed debenture liability	16,693	18,395
Other liabilities	9,585	9,636
	-----	-----
Total liabilities	63,281	64,759
Commitments and contingencies		

Stockholders' equity:

Preferred stock of \$.01 par value; authorized 10,000,000 shares; none issued	-	-
Special class A common stock of \$.01 par value; authorized 20,000,000 shares; none issued	-	-
Common stock of \$.01 par value; authorized 20,000,000 shares; issued 2,351,021 in 1995 and 1994	17	17
Additional paid-in capital	21,025	21,025
Retained earnings	6,641	5,677
Less: treasury stock (45,339 shares for 1995 and 1994)	(280)	(280)
	-----	-----
Total stockholders' equity before BBC net unrealized appreciation on mortgage- backed securities available for sale-net of deferred income taxes	27,403	26,439
BBC net unrealized appreciation on mortgage-backed securities available for sale-net of deferred income taxes	527	93
	-----	-----
Total stockholders' equity	27,930	26,532
	-----	-----
Total liabilities and stockholders' equity	\$ 91,211	91,291
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

BFC Financial Corporation and Subsidiaries
Consolidated Statements of Operations

For the three months ended March 31, 1995 and 1994
(in thousands, except per share data)
(Unaudited)

	Three months ended March 31,	
	----- 1995	----- 1994
	-----	-----
REVENUES:		
Interest on mortgage notes and related receivables	\$ 111	182
Interest and dividends on other investment securities	177	206
Earnings on real estate operations, net	52	575
Other income, net	118	45
	-----	-----
TOTAL REVENUES	458	1,008

COSTS AND EXPENSES:		
Interest on exchange debentures	451	1,790
Interest on mortgages payable	635	689
Employee compensation and benefits	254	273
Occupancy and equipment	13	14
General and administrative, net	308	202
	-----	-----
TOTAL COST AND EXPENSES	1,661	2,968
	-----	-----
(Loss) before equity in earnings of BBC	(1,203)	(1,960)
Equity in earnings of BBC	2,167	1,988
	-----	-----
NET INCOME	\$ 964	28
	=====	=====
INCOME PER SHARE	\$ 0.47	0.01
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,056	2,056
	=====	=====

See accompanying notes to unaudited consolidated financial statements

BFC Financial Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the three months ended March 31, 1995
(in thousands)
(Unaudited)

	Common Stock	Addi- tional Paid-in Capital	Retained earnings	Trea- sury Stock	Other	Total
	-----	-----	-----	-----	-----	-----
Balance at						

December 31, 1994 \$	17	21,025	5,677	(280)	93	26,532
Change in BBC net unrealized appreciation on mortgage-backed securities available for sale-net of deferred income taxes	-	-	-	-	434	434
Net income	-	-	964	-	-	964
Balance at March 31, 1995 \$	17	21,025	6,641	(280)	527	27,930

See accompanying notes to unaudited consolidated financial statements

BFC Financial Corporation and Subsidiaries
Consolidated Statements of Cash Flow
For the three months ended March 31, 1995 and 1994
(In thousands)
(Unaudited)

	March 31,	
	----- 1995	----- 1994
	-----	-----
OPERATING ACTIVITIES:		
Net income	\$ 964	28
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of BBC	(2,167)	(1,988)
Depreciation	189	442
Accretion on exchange debentures and mortgage payables	7	28
Tax effect of real estate acquired in debenture exchange	-	(27)
Amortization of discount on loans receivable	(7)	(18)
Increase in deferred interest on the exchange debentures	345	1,756
Increase (decrease) in other liabilities	(51)	87
Accrued interest income on escrow accounts	(87)	-
Interest accrued regarding redeemed		

debt liability	98	-
Decrease (increase) in other assets	134	(115)
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (575)	193
	-----	-----
INVESTING ACTIVITIES:		
Common stock dividends received from BBC	191	187
Increase in securities available for sale	(4,801)	(7,954)
Decrease in securities available for sale	5,020	20,373
Increase in the escrow to fund redeemed debt liability	-	(12,500)
Principal reduction on loans receivable	34	65
Additions to office properties and equipment	-	(12)
Increase in real estate investments	(47)	-
Improvements to real estate acquired in debt exchanges	(74)	(196)
	-----	-----
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	\$ 323	(37)
	-----	-----
FINANCING ACTIVITIES:		
Repayment of borrowings	\$ (77)	(212)
	-----	-----
NET CASH (USED) BY FINANCING ACTIVITIES	(77)	(212)
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS	(329)	(56)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	711	349
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF QUARTER	\$ 382	293
	=====	=====

See notes to unaudited consolidated financial statements.

BFC Financial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
March 31, 1995

1. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by BFC Financial Corporation (the "Company" or "BFC") in accordance with the accounting policies described in its 1994 Annual Report and should be read in conjunction with the notes to the consolidated financial statements which appear in that report. The Company became a savings bank holding company in 1987 by acquiring shares of the common stock of BankAtlantic, A Federal Savings Bank ("BankAtlantic"). On July 13, 1994, BankAtlantic, consummated a reorganization into a holding company structure and BankAtlantic Bancorp, Inc. ("BBC") acquired all of the capital stock of BankAtlantic thereby becoming a unitary savings bank holding company. The reorganization resulted in BankAtlantic becoming a wholly-owned subsidiary of BBC and BFC becoming a shareholder of BBC on the same proportionate basis as was the Company's ownership in BankAtlantic. The consolidated financial statements reflect the activities of BFC Financial Corporation and its wholly owned subsidiaries ("BFC"). The Company's investment in BBC is carried on the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the accompanying financial statements contain such adjustments as are necessary to present fairly the Company's unaudited consolidated financial condition at March 31, 1995, the unaudited consolidated results of operations for the three months ended March 31, 1995 and 1994 the unaudited consolidated cash flows for the three months ended March 31, 1995 and 1994. Such adjustments consisted only of normal recurring items. The unaudited consolidated financial statements and related notes are presented as permitted by Form 10-Q and consequently, do not include certain information and notes necessary for a complete presentation of financial condition, results of operations and cash flows as required by generally accepted accounting principles for financial statements. The 1994 consolidated financial statements have been reclassified to conform to the 1995 presentation.

2. INVESTMENT IN BANKATLANTIC BANCORP, INC.

A reconciliation of the carrying value in BBC to BBC stockholders' equity at March 31, 1995 and December 31, 1994 is as follows:

	March 31, 1995	December 31, 1994
	-----	-----
BBC stockholders' equity	\$ 110,187	105,520
Preferred stock of BBC	(7,030)	(7,030)
	-----	-----
BBC common stockholders' equity	103,157	98,490
Ownership percentage	48.00%	48.00%
	-----	-----
Purchase accounting adjustments	49,515	47,275
	(3,337)	(3,507)

Investment in BBC	\$ 46,178	43,768
	=====	=====

BFC also owns 5,600 shares of BBC 12.25% Series A Preferred Stock, 529 shares of BBC 10.00% Series B Preferred Stock and 7,245 shares of BBC 8.00% Preferred Stock. The aggregate purchase price relating to the acquisition of these shares was approximately \$143,000 and is included in securities available for sale, net in the accompanying statements of financial condition.

3. SECURITIES AVAILABLE FOR SALE

Included in securities available for sale at March 31, 1995 was approximately \$5,416,000 and \$234,000 of U.S. Treasury Bills and other investments, respectively. Included in securities available for sale at December 31, 1994 was approximately \$5,639,000 and \$230,000 of U.S. Treasury Bills and other investments, respectively. Market value at March 31, 1995 and December 31, 1994 approximates book value. Approximately \$4.8 million is pledged as collateral to secure a Letter of Credit issued in connection with the Short vs. Eden United, Inc. litigation.

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

Other non-cash financing and investing activities for the three months ended March 31, 1995 and 1994 are as follows (in thousands):

	March 31,	
	-----	-----
	1995	1994
	-----	-----
The reclassification of redeemable common stock to additional paid-in capital due to the cancellation of a shareholder agreement	\$ -	5,776
The increase in stockholders' equity resulting from the Company's proportionate share of BBC's net unrealized appreciation on mortgage-backed securities available for sale, less related deferred income taxes	434	-
Transfers from escrow accounts to reflect payments on the redeemed debenture liability	1,848	-
Interest paid on borrowings	632	680
	=====	=====

BFC Financial Corporation and Subsidiaries

Management's Discussion and Analysis of Results
of Operations and Financial Condition

General

BFC Financial Corporation (the "Company" or "BFC") is a savings bank holding company owning approximately 48% of BankAtlantic Bancorp, Inc. ("BBC"). BBC was formed in April 1994 under the laws of the state of Florida and is the holding company for BankAtlantic, A Federal Savings Bank ("BankAtlantic"). On July 13, 1994, BankAtlantic consummated a reorganization into a holding company structure and became a unitary savings bank holding company. The reorganization resulted in BFC becoming a shareholder of BBC on the same proportionate basis as it was in BankAtlantic before the reorganization.

Results of Operations

For the quarter ended March 31, 1995 the Company reported net income of approximately \$964,000 or \$.47 per share as compared to net income of approximately \$28,000 or \$.01 per share for the comparable period in 1994. The Company reported revenues of approximately \$458,000 and \$1.0 million for the three months ended March 31, 1995 and 1994, respectively. The decrease in revenues for the 1995 period as compared to the 1994 period was primarily due to decreases in interest on mortgage notes and related receivables, interest and dividends on other investment securities and earnings on real estate operations. Such decrease in revenues was partially offset by an increase in other income, net.

Interest on mortgage notes and related receivables decreased for the three months ended March 31, 1995 as compared to the same period in 1994 due to the elimination of five wrap mortgage note receivables from affiliated limited partnerships during the quarter ended December 31, 1994.

Interest and dividends on other investment securities decreased for the three months ended March 31, 1995 as compared to the comparable period in 1994 primarily due to a decrease in investable funds.

Earnings on real estate operations, net decreased for the three months ended March 31, 1995 as compared to the same period in 1994 primarily due to the sale and disposition of properties in 1994 and the accrual of real estate taxes for real estate investments acquired during 1994.

Other income, net increased for the three months ended March 31, 1995 as compared to the same period in 1994 primarily due to the receipt of proceeds from litigation regarding an investment that the Company wrote off in 1991.

The decrease in cost and expenses of approximately \$1.3 million for the three months ended March 31, 1995 as compared to the same period in 1994 was primarily due to decreases in interest on exchange debentures and interest on mortgage payables. This decrease was offset in part by an increase in general and administrative, net.

Interest on exchange debentures decreased for the three months ended March 31, 1995 as compared to the same period in 1994 as a result of the cancellation of debentures in connection with the 1994 settlements of litigation pertaining to the 1991 and 1989 Exchange transactions.

The decrease in interest on mortgage payables for the three months ended March 31, 1995 as compared to the comparable period in 1994 was due to the elimination of mortgage debt principally related to the sale and foreclosure of properties acquired in the 1989 Exchange and 1991 Exchange. This decrease was offset in part by an increase in interest expense on additional borrowings in 1994.

The increase in general and administrative, net for the three months ended March 31, 1995 as compared to the same period in 1994 was primarily due to legal expenses and leasing expenses related to a property owned by the Company.

BBC's net income applicable to common shareholders for the three months ended March 31, 1995 and 1994 was \$4.4 million and \$4.3 million, respectively. The Company's equity in BBC's net income for the three months ended March 31, 1995 and 1994 was \$2.2 million and \$2.0 million, respectively.

Financial Condition

BFC's total assets at March 31, 1995 and at December 31, 1994 were \$91.2 and \$91.3 million, respectively. The majority of the difference at March 31, 1995 as compared to December 31, 1994 was due to decreases in securities available for sale of approximately \$219,000 and an escrow for redeemed debenture liability of approximately \$1.7 million. These decreases were offset by an increase in investment in BBC of approximately \$2.4 million.

Investment in BBC increased by \$2.4 million due to the equity in earnings of BBC for the three months ended March 31, 1995, reduced by the common stock dividends declared in 1995.

At March 31, 1995 redeemed debenture liability and the related escrow decreased by approximately \$1.7 million due to payments made in accordance with the Exchange litigation settlements.

Liquidity and Capital Resources

Numerous lawsuits were filed against the Company in connection with both the 1989 and 1991 Exchange offers. Settlement of these lawsuits occurred during 1994. A description of these settlements is contained in the Company's 1994 Annual Report.

As a result of the exchange litigation settlements, the Company's obligation to pay interest on debentures is limited to only those debentures held by persons that acquired debentures in an arms length transaction prior to the date on which settlements were reached ("Holders in Due Course"), or debentures held by persons that opted out of the litigation. The Company's ability to meet its obligations and to pay interest on the debentures issued in the 1989 Exchange and the 1991 Exchange as discussed above is substantially dependent on the earnings and regulatory capital position of BBC. However, pursuant to the terms of the debentures issued in the 1989 Exchange and the 1991 Exchange, the Company may elect to defer interest payments on its subordinated debentures if management of the Company determines in its discretion that the payment of interest would impair the operations of the Company. Additionally, until the Company can ascertain which debentures are held by Holders in Due Course, interest will continue to be deferred.

In connection with certain litigation related to the purchase and sale of an apartment complex in Indiana (See item 3. "Litigation", Short vs. Eden United, Inc., et.al. in the Company's 1994 Annual Report), on February 25, 1994, the court on remand awarded plaintiff a judgment totaling approximately \$4.5 million, including interest. The Company is appealing the trial court's order and has posted an appeal bond. The bond is collateralized by approximately \$4.8 million of securities available for sale. In prior years, the Company had accrued a \$4.5 million provision for this litigation.

In addition to the litigation discussed above, an appellate court entered an order reversing a lower court decision in favor of the Company and its affiliates which related to the sale of units in two partnerships which participated in the 1991 Exchange. (See Item 3. "Litigation", Martha Hess, et.al. vs. Gordon, Boula, et.al. in the Company's 1994 Annual Report.) The company has accrued \$4.0 million with respect to this matter. There is no requirement for a bond in connection with the appeal.

Much of the funds required currently for the litigation described above have already been provided. Other funds required, in addition to those currently available, may come from operations, borrowings against BBC stock, BBC dividends, return of excess funds placed in escrow for litigation settlements, return of the bond delivered in connection with the Short lawsuit, or sale and/or refinancing of real estate and mortgages owned.

An OTS regulation, effective August 1, 1990, limits all capital distributions made by savings institutions, including cash dividends, by permitting only institutions that meet specified capital levels to make capital distributions without prior OTS approval. The regulation established a three-tiered system, with the greatest flexibility afforded to well-capitalized institutions. An institution that meets all of its fully phased-in capital requirements and is not in need of more than normal supervision would be a "Tier 1 Institution". An institution that meets its minimum regulatory capital requirements but does not meet its fully phased-in capital requirements would be a "Tier 2 Institution". An institution that does not meet all of its minimum regulatory capital requirements would be "Tier 3 Institution". A Tier 1 Institution may, after

prior notice but without the approval of the OTS, make capital distributions during a calendar year up to 100% of net income earned to date during the current calendar year plus 50% of its capital surplus ("surplus" being the amount of capital over its fully phased-in capital requirement). Any additional capital distributions would require prior regulatory approval. A Tier 2 Institution may, after prior notice but without the approval of the OTS, make capital distributions of between 50% and 75% of its net income over the most recent four-quarter period (less any dividends previously paid during such four-quarter period) depending on how close the institution is to its fully phased-in risk-based capital requirement. A Tier 3 Institution would not be authorized to make any capital distributions without the prior approval of the OTS. Notwithstanding the provision described above, the OTS also reserves the right to object to the payment of a dividend on safety and soundness grounds. Prior to 1993, BankAtlantic had not paid any regular dividend on its common stock. In August 1993, BankAtlantic declared and paid a quarterly cash dividend to its common stockholders and has paid a regular quarterly dividend since that time. Subject to the results BankAtlantic's operations and regulatory capital requirements, BBC has indicated that it will seek to declare regular quarterly cash dividends of \$0.06125 per share on its common stock. A 15% common stock dividend was declared in May 1993. Currently, the source of funds for payment of dividends by BBC is the dividends by BankAtlantic. In February 1995, BBC borrowed \$4 million from an unaffiliated lender and in the future BBC may incur additional debt which may have an impact on its ability to pay dividends to the Company.

Cash Flows

- - - - -

A summary of the Company's consolidated cash flows is as follows (in thousands):

	Three months ended March 31,	

Net cash provided (used) by:	1995	1994
	-----	-----
Operating activities	\$ (575)	193
Investing activities	323	(37)
Financing activities	(77)	(212)
	-----	-----
Decrease in cash	\$ (329)	(56)
	=====	=====

The changes in cash flow used or provided in operating activities are affected by the changes in operations, which are discussed elsewhere herein, and by certain other adjustments. These adjustments include additions to operating cash flows for non-operating charges such as depreciation. Cash flow from operating activities is also adjusted to reflect the use or the providing of cash for increases and decreases, respectively, in operating assets, decreases or increases, respectively of operating liabilities, and increases in exchange debentures deferred interest. Accordingly, the changes in cash flow from

operating activities in the periods indicated above has been impacted not only by the changes in operations during the periods but also by these other adjustments.

The primary sources of funds to the Company, for the three months ended March 31, 1995 were revenues from property operations, collections on mortgage receivables, sale of securities available for sale and dividends from BBC. These funds were primarily utilized for operating expenses at the properties, capital improvements at the properties, mortgage payables on the properties and general and administrative expenses.

PART II - OTHER INFORMATION

Item 1 through 5.

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibit 27 - Financial Data Schedule

b) No report on Form 8-K was filed during the quarter ended March 31, 1995.

SIGNATURES

Pursuant to the requirements 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.

BFC Financial Corporation

Date: May 10, 1995

By: /s/ Glen R. Gilbert

Glen R. Gilbert, Senior Vice President

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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