

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

COLONIAL COMMERCIAL CORP

CIK: **21828** | IRS No.: **112037182** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-06663** | Film No.: **95536222**
SIC: **6141** Personal credit institutions

Mailing Address
3601 HEMPSTEAD TPK
STE 121 I
LEVITTOWN NY 11756-1315

Business Address
3601 HEMPSTEAD TURNPIKE
STE 121 I
LEVITTOWN NY 11756-1315
5167968400

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-QSB
 QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
 OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1995

Commission File No. 1-6663

COLONIAL COMMERCIAL CORP.

(Exact Name of Registrant as Specified in its Charter)

New York

11-2037182

(State or Other Jurisdiction of
 Incorporation or Organization)

(I.R.S. Employer Identification Number)

3601 Hempstead Turnpike, Levittown, New York

11756-1315

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code:

516-796-8400

Indicate by check mark whether 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 Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate the number of shares outstanding of Registrant's Common Stock and Convertible Preferred Stock as of March 31, 1995.

Common Stock, par value \$.01 per share	- 6,685,910 shares
Convertible Preferred Stock, par value \$.01 per share	- 8,800,475 shares

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

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COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 1995 and December 31, 1994

<TABLE>
<CAPTION>

ASSETS	1995	1994
	(Unaudited)	(Audited)
<S>	<C>	<C>
Cash and cash equivalents	\$ 374,976	805,262
Marketable investment securities (market value of \$2,400,000 in 1995 and \$2,600,000 in 1994)	2,400,000	2,600,000
Lease receivables held for sale (net of		

unearned income of \$9,573 in 1995 and \$9,573 in 1994)	49,745	56,322
Mortgage loans receivable	2,834	3,356
Notes receivable (net of allowance for doubtful accounts of \$45,696 in 1995 and 1994)	1,682,786	1,682,786
Prepaid expenses and other assets	40,950	62,698
Property and equipment, net of accumulated depreciation	5,846	6,519
Investment in Monroc, Inc.	1,650,000	1,650,000
Land held for sale	522,329	522,329
	_____	_____
Total Assets	\$ 6,729,466	7,389,272
	_____	_____
	_____	_____

</TABLE>

See accompanying notes to consolidated financial statements.

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COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 1995 and December 31, 1994

<TABLE>

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	1995	1994
	(Unaudited)	(Audited)
<S>	<C>	<C>
Liabilities:		
Accounts payable and accrued liabilities	\$ 490,470	495,488
Notes payable	1,410,655	1,929,996
	<hr/>	<hr/>
Total Liabilities	1,901,125	2,425,484
	<hr/>	<hr/>
Stockholders' Equity:		
Convertible preferred stock, par value \$.01. Authorized 12,444,300 shares; issued and outstanding 8,800,475 in 1995 and 8,834,842 in 1994 - liquidation value \$8,800,475 in 1995 and \$8,834,842 in 1994 (\$1.00 per share)	88,005	88,348
Common stock, par value \$.01. Authorized 40,000,000 shares; issued and outstanding 6,685,910 in 1995 and 6,651,543 shares in 1993	66,859	66,516
Additional paid-in capital	9,023,669	9,023,669
Accumulated deficit	(4,350,192)	(4,214,745)
	<hr/>	<hr/>
Total Stockholders' Equity	4,828,341	4,963,788
	<hr/>	<hr/>
Commitments and contingencies		
	\$ 6,729,466	7,389,272
	<hr/>	<hr/>
	<hr/>	<hr/>

</TABLE>

See accompanying notes to consolidated financial statements.

COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Operations

Three Months Ended March 31, 1995 and 1994
(Unaudited)

<TABLE>

<CAPTION>

	1995	1994
	<C> <u> </u>	<C> <u> </u>
Revenues:		
Lease financing income	\$ 2,947	3,431
Interest on mortgage loans and other receivables	29,260	39,166
Interest on cash and cash equivalent balances	40,528	15,547
Other	3,008	7,430
	<u>75,743</u>	<u>65,574</u>
Expenses:		
General and administrative	211,190	229,809
	<u> </u>	<u> </u>
Operating loss	(135,447)	(164,235)
Gain on sale of land	-	589,922
	<u> </u>	<u> </u>
Net Income (loss)	(135,447)	425,687
	<u> </u>	<u> </u>
Earnings (loss) per common and common equivalent shares	\$ (.01)	.03
	<u> </u>	<u> </u>
Common and common equivalent shares outstanding	15,486,385	15,486,385
	<u> </u>	<u> </u>

</TABLE>

See accompanying notes to consolidated financial statements.

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COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 1995 and 1994
(Unaudited)

<TABLE>

<CAPTION>

	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1993	\$ 90,442	64,422	9,023,669	(4,507,860)	4,670,673
Net Income	-	-	-	293,115	293,115
Conversion of Convertible Preferred Stock	(2,094)	2,094	-	-	-
Balance at December 31, 1994	88,348	66,516	9,023,669	(4,214,745)	4,963,788
Net (Loss)	-	-	-	(135,447)	(135,447)
Conversion of Convertible Preferred Stock	(343)	343	-	-	-

Balance at March 31, 1995	\$ 88,005	66,859	9,023,669	(4,350,192)	4,828,341
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

</TABLE>

See accompanying notes to consolidated financial statements.

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COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Three Months Ended March 31, 1995 and 1994
(Unaudited)

<TABLE>

<CAPTION>

	1995	1994
	<C> <u> </u>	<C> <u> </u>
<S> Cash flows from operating activities:		
Payments to vendors and employees	\$ (220,182)	(229,805)
Financing revenue received under leases	2,944	3,431
Interest received	102,763	54,713
Other receipts	3,008	7,430
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(111,467)	(164,231)
Cash flows from investing activities:		
Investment in marketable investment securities	200,000	(20,442)
Payments received on notes receivable	-	169,526
Proceeds from sale of land	-	1,638,178
Principal collected on other mortgage loans	522	2,765
	<u> </u>	<u> </u>

Net cash provided (used) by investing activities	200,522	1,790,027
	_____	_____
Cash flows from financing activities:		
Payments on note payable	(519,341)	(545,563)
	_____	_____
Net cash used by financing activities	(519,341)	(545,563)
	_____	_____
Increase (decrease) in cash and cash equivalents	(430,286)	1,080,233
	_____	_____
Cash and cash equivalents - beginning of period	805,262	540,689
Cash and cash equivalents - end of period	\$ 374,976	1,620,922
	_____	_____
	_____	_____
Reconciliation of net earnings (loss) to net cash provided (used) by operating activities:		
Net earnings (loss)	\$ (135,447)	425,687
Adjustments to reconcile net earnings (loss) to cash used by operating activities:		
Gain on sale of land	-	(589,922)
Depreciation	673	674
Changes in assets and liabilities:		
Decrease (increase) in net lease receivables held for sale	6,577	4,266
Decrease (increase) in prepaid expenses and other assets	21,748	82,486
Increase (decrease) in accounts payable and accrued liabilities	(5,018)	(87,422)
	_____	_____
Net cash used in operating activities	\$ (111,467)	(164,231)
	_____	_____
	_____	_____

</TABLE>

See accompanying notes to consolidated financial statements.

(Unaudited)

- (1) For comparative purposes, certain amounts in the 1994 consolidated financial statements have been reclassified to conform to the 1995 presentation.
- (2) Earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of shares and equivalent shares outstanding for the period. For the purpose of calculating earnings (loss) per share, the convertible preferred stock has been treated as common stock, even though the effect of their inclusion is antidilutive. Stock options are not included in the computation because they dilute earnings (loss) per share less than three percent.
- (3) The Company and its subsidiaries file a consolidated Federal income tax return. For the three months ended March 31, 1995 and 1994, no income tax provisions were required.

The Company has Federal book and tax net operating loss carry-forwards available for future periods of approximately \$45,000,000 which expire from 1995 through 2008 as follows:

Year	
———	
1995 - 2000	\$ 20,000,000
2001 - 2008	25,000,000

In the above calculation, approximately \$45,000,000 of net operating loss carryforwards were reduced to \$22,000,000 as a result of certain limitations, and they may be further limited to utilization against the future earnings of the subsidiary which sustained the loss.

- (4) In the opinion of the Registrant, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1995 and December 31, 1994, and the results of operations and cash flows for the three months ended March 31, 1995 and 1994. The results of operations for the interim periods are not necessarily indicative of the results which may be expected for the full year.

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

Results of Operations - Three Months Ended
March 31, 1995 and 1994

Registrant reported net loss of \$135,447 for the three months of 1995 compared to net income of \$425,687 in the first three months of 1994. There were no land sales in 1995 as compared to proceeds from the sale of land held for sale of \$1,638,178 and a gain on sale of \$589,922 in the first three months of 1994. The Registrant expects cash flow and revenues from land sales in 1995 and 1996.

Total revenues increased \$9,839 principally due to increased interest income, as compared to the 1994 period.

Total expenses decreased \$18,619 principally due to reduction of personnel and administrative expenses.

The Registrant offers receivable management and consulting services to lenders and continues to seek the acquisition of, or a merger with, a privately held company whose business generates a recurring stream of income. Reported earnings in the near term will be affected by the timing and the size of any new acquisitions and the timing of additional land sales.

Results of Operations - Three Months Ended
March 31, 1994 and 1993

Registrant reported net income of \$425,687 for the first quarter of 1994 compared to net income of \$26,025 in the first quarter 1993. Proceeds from the sales of land held for sale were \$1,638,178 and the gain on sale was \$589,922 in the first quarter of 1994. Proceeds from the sale of land held for sale were \$390,000 and the gain on sale was \$60,337 in the third quarter of 1993.

Total revenues decreased \$229,030 and expenses decreased \$99,107 principally due to a decrease in portfolio servicing income an interest on receivables and cash investments. Expenses decreased principally due to reduction of personnel and administrative expenses.

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COLONIAL COMMERCIAL CORP. AND SUBSIDIARIES

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

(Continued)

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1995, the Registrant had \$2,774,946 in cash, cash equivalents and marketable investment securities compared to \$3,020,922 at March 31, 1994.

The Registrant believes that its cash, cash equivalents, and investments are adequate for its present operations and that credit is available should it be required. The Company's capital resources consist primarily of cash and cash equivalents, notes receivable, land held for sale and its investment in Monroc, Inc. The Company believes the carrying value of its assets is less than their market value.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

NONE

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - Exhibit 27. Financial Data Schedule

(b) Reports on Form 8-K - During the three months ended March 31, 1995, the Registrant did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLONIAL COMMERCIAL CORP.

Dated: May 5, 1995

/s/Bernard Korn

Bernard Korn, Chairman
of the Board & President

/s/ James W. Stewart

James W. Stewart, Executive
Vice President, Treasurer

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This schedule contains summary information extracted from the Form 10-Q and is qualified in its entirety by reference to such financial statements.

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