

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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FILER

CAROLINA INVESTMENT PARTNERS LIMITED PARTNERSHIP

CIK: **789457** | IRS No.: **561494619** | State of Incorporation: **NC** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-15571** | Film No.: **1697496**
SIC: **6500** Real estate

Business Address
4112 BLUE RIDGE RD STE 200
RALEIGH NC 27612
9197811700

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2001.

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 0-15571

CAROLINA INVESTMENT PARTNERS, LIMITED PARTNERSHIP
(Exact name or registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation or organization)

56-1494619
(I.R.S. Employer
Identification Number)

4000 Blue Ridge Road, Suite 100
Raleigh, North Carolina 27612
(Address of principal executive office)
(Zip Code)

(919) 781-1700
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

The Exhibit Index is located on Page 12.

PART I - FINANCIAL INFORMATION

Item 1. Financial Information

a) Income Statement

STATEMENTS OF INCOME (Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Interest and other income	\$ 874	\$ 1,573	\$ 2,245	\$ 3,963
	-----	-----	-----	-----
Total Income	874	1,573	2,245	3,963
General and Administrative expenses	10,964	13,957	21,864	27,209
	-----	-----	-----	-----
NET LOSS	\$ (10,090)	\$ (12,384)	\$ (19,619)	\$ (23,246)
	=====	=====	=====	=====
Allocation of net loss to:				
General Partner:				
From other operations	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----	-----
Total to General Partner	-0-	-0-	-0-	-0-
	-----	-----	-----	-----
Limited Partners:				
From other operations	(10,090)	(12,384)	(19,619)	(23,246)
	-----	-----	-----	-----
	(10,090)	(12,384)	(19,619)	(23,246)
	-----	-----	-----	-----
TOTAL ALLOCATION	\$ (10,090)	\$ (12,384)	\$ (19,619)	\$ (23,246)
	=====	=====	=====	=====
Net loss per limited partnership unit (based on 5,900 weighted average limited partnership units outstanding):				
From other operations	\$ (1.71)	\$ (2.10)	\$ (3.33)	\$ (3.94)
	-----	-----	-----	-----
TOTAL PER UNIT	\$ (1.71)	\$ (2.10)	\$ (3.33)	\$ (3.94)
	=====	=====	=====	=====

</TABLE>

See notes to unaudited financial statements.

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b) Balance Sheets

BALANCE SHEETS

<TABLE>

<CAPTION>

	June 30, 2001 (Unaudited)	December 31, 2000 (Unaudited)
<S>	<C>	<C>
ASSETS		
Cash	\$ 66,751	\$ 47,456
Short-term investments	177,708	225,763
	-----	-----
CASH AND CASH EQUIVALENTS	244,459	273,219

Land held for investment--Note B	3,594,592	3,594,592
Other assets	5,568	3,940
	-----	-----
TOTAL ASSETS	\$3,844,619	\$3,871,751
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Trade accounts payable and other accrued liabilities	\$ 8,916	\$ 10,273
Distribution not claimed by limited partners	115,108	115,108
Accounts payable-related party		6,157
	-----	-----
TOTAL LIABILITIES	\$ 124,024	\$ 131,538
	-----	-----
PARTNERS' EQUITY		
General partner's equity	\$ -0-	\$ -0-
Limited partners' equity; 5,900 units authorized, issued, and outstanding	3,720,595	3,740,213
	-----	-----
TOTAL PARTNERS' EQUITY	\$3,720,595	\$3,740,213
	-----	-----
TOTAL LIABILITIES AND PARTNERS' EQUITY	\$3,844,619	\$3,871,751
	=====	=====

</TABLE>

See notes to unaudited financial statements.

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c) Statements of Changes in Partners' Capital

STATEMENTS OF CHANGES IN PARTNERS' EQUITY (Unaudited)

<TABLE>

<CAPTION>

	Limited Partnership Units -----	General Partner's Equity -----	Limited Partners' Equity -----	Total -----
<S>	<C>	<C>	<C>	<C>
Balance at January 1, 2001	5,900	\$ -0-	\$3,740,214	\$3,740,214
Net loss for the six months ended June 30, 2001	-----	-0-	(19,619)	(19,619)
BALANCE AT JUNE 30, 2001	5,900 =====	\$ -0- =====	\$3,720,595 =====	\$3,720,595 =====
Balance at January 1, 2000	5,900	\$ -0-	\$3,787,930	\$3,787,930
Net loss for the				

six months ended June 30, 2000		-0-	(23,246)	(23,246)
	-----	-----	-----	-----
BALANCE AT JUNE 30, 2000	5,900	\$ -0-	\$3,764,684	\$3,764,684
	=====	=====	=====	=====

</TABLE>

See notes to unaudited financial statements.

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d) Statements of Changes in Financial Position

STATEMENTS OF CASH FLOW (Unaudited)

<TABLE>

<CAPTION>

	Six Months Ended June 30	
	2001	2000
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (19,619)	\$ (23,246)
Changes in assets and liabilities:		
(Increase) decrease in other assets	(1,628)	-0-
Increase (decrease) in trade accounts payable and distributions not claimed by limited partners	(7,513)	(27,669)
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(28,760)	(50,915)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,760)	(50,915)
Cash and cash equivalents at beginning Of period	273,219	347,989
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 244,459	\$ 297,074
	=====	=====

</TABLE>

Supplemental disclosures of cash flow information
Cash paid for interest during the six months ended
June 30 was \$0 in 2001 and \$0 in 2000.

See notes to unaudited financial statements.

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e) Notes to Financial Statements

NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES AND PARTNERSHIP MATTERS

Carolina Investment Partners, Limited Partnership (the "Registrant"), was organized in 1985 to invest in real property which it will sell or lease undeveloped or develop into office or commercial projects. Walsmith Associates Two, a North Carolina general partnership, is the general partner (the "General Partner").

Basis of Presentation:

The accompanying June 30, 2001 financial statements of the Registrant are unaudited. In the opinion of the General Partner, all adjustments (consisting of normal accruals) considered necessary for a fair presentation have been included. Operating results for the period presented are not necessarily indicative of the results that may be expected for the entire year.

NOTE B - LAND HELD FOR INVESTMENT AND RELATED COMMITMENTS AND TRANSACTIONS

In July 1986, the Registrant purchased for \$1,223,175 an undeveloped 16.3-acre parcel of land in Cary, North Carolina, known as the Wellington Parcel, from Wellington Park Associates ("WPA"), an affiliate of the General Partner. The land was carried at the lower of (i) contract cost plus capitalized purchase and closing costs or (ii) net realizable value. The contract under which the Registrant purchased the parcel provides that WPA will share with the Registrant in any profits resulting from the sale of the Wellington Parcel.

In June 1986, the Registrant purchased for approximately \$3,080,200 an undeveloped 26.7-acre parcel of land in Cary, North Carolina, known as the Martin Parcel, from an affiliate of the General Partner. The land is carried at the lower of (i) contract cost plus capitalized purchase and closing costs or (ii) net realizable value.

In 1996, 1997 and 1998 the Registrant sold the Wellington Parcel to a third party under the terms of an Agreement for the Purchase and Sale of Real Estate, as amended ("the Agreement"), between the Registrant, Wellington Center Associates LLC (successor to Churchill & Banks, Ltd.) ("WCA"), and ADA Corporation of North Carolina ("ADA"), an affiliate of the Registrant's General Partner. The total sales price for the property sold, a portion of which was owned by ADA, was \$3,927,636. This sales price was allocated among the Registrant and ADA based upon acreage sold by each, with \$3,730,963 to the Registrant and \$196,673 to ADA. As of April 9, 1998, all of the Wellington Parcel was sold.

Item 2. Management's Discussion and Analysis of Financial Condition and Results

of Operations.

The Registrant's operations resulted in net loss of \$(10,090) during the quarter ended June 30, 2001 compared to a net loss of \$(12,384) during the same period of 2000 and a net loss of \$(19,619) during the six months ended June 30, 2001 compared to a net loss of \$(23,246) during the same period of 2000. The primary differences between 2001 and 2000 were:

Three Months Ended June 30:

- . Expenses attributed to outside services for the three months ended June

30, 2001 were approximately \$2,050 less than the three months ended June 30, 2000.

Six Months Ended June 30:

- . In the first six months of 2000, there was interest income from the money market account of \$3,788 compared to interest income of \$1,945 from the money market account in the first six months of 2001. This decrease in interest income was due to a lower average account balance in the money market during the first half of 2001 compared to the first six months of 2000.
- . Expenses attributed to outside services for the first six months of 2001 were approximately \$6,114 less than the first six months of 2000.

Changes in the Registrant's financial condition as of June 30, 2001, in comparison to December 31, 2000, are primarily due to:

- . Transfers made from short-term investments to cash accounts in order to reduce accounts payable and accrued liabilities and to pay current expenses.

As of August 10, 2001, the Registrant has \$244,459 in cash and short-term investments, which is sufficient to meet its needs during the next year.

The Registrant maintains its excess funds in a money market account and certificates of deposit at Centura Bank. The General Partner believes these accounts are an appropriate investment of the Registrant's funds. Until its properties are sold, placed into development and/or refinanced, the Registrant anticipates deficits from operations and administrative expenses.

Cautionary Statement Identifying Important Factors That Could Cause the Registrant's Actual Results to Differ From Those Projected in Forward Looking Statements.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, readers of this document, and any document incorporated by reference herein, are advised that this document and documents incorporated by reference into this document contain both statements of historical facts and forward looking statements. Forward looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those

indicated by the forward looking statements. Examples of forward looking statements include, but are not limited to (i) projections of revenues, income or loss, earnings or loss per share, capital expenditures, dividends, capital structure and other financial items, (ii) statements of the plans and objectives of the Registrant or its management, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulatory authorities, (iii) statements of future economic performance, and (iv) statements of assumptions underlying other statements and statements about the Registrant or its business.

This document and any documents incorporated by reference herein also identify important factors which could cause actual results to differ materially from those indicated by the forward looking statements. These risks and uncertainties include uncertainties about whether real estate sales under contract will close, the ability of the Registrant to sell its other real estate assets, the price of real estate sales, environmental and

similar liabilities, future operating expenses and the adequacy of capital resources to meet future operating expenses, which are described herein and/or in documents incorporated by reference herein.

The cautionary statements made pursuant to the Private Litigation Securities Reform Act of 1995 above and elsewhere by the Registrant should not be construed as exhaustive or as any admission regarding the adequacy of disclosures made by the Registrant prior to the effective date of such Act. Forward looking statements are beyond the ability of the Registrant to control and in many cases the Registrant cannot predict what factors would cause actual results to differ materially from those indicated by the forward looking statements.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

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Part II

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit No. 3.1 Amended Agreement of Limited Partnership of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report filed on Form 10-K for the year ended December 31, 1986).
- Exhibit No. 10.1 Purchase Agreement between Registrant and Walsmith Associates regarding the Martin Parcel (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report filed on Form 10-K for the year ended December 31, 1986).
- Exhibit No. 10.2 Offer to Purchase and Contract for the Sale and Purchase of Real Estate, dated as of January 24, 1986, between Wellington Park Associates and the Registrant (incorporated by reference to Exhibit 6A to the Registrant's Quarterly Report filed on Form 10-Q for the period ended June 30, 1989).
- Exhibit No. 10.3 Agreement between the North Carolina Department of Transportation and Walsmith Associates (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986).
- Exhibit No. 10.4 Assignment and Assumption Agreement between the Registrant and Walsmith Associates (incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986).
- Exhibit No. 10.5 Amendment to Offer to Purchase and Contract for the Sale and Purchase of Real Estate, dated as of February 1, 1990, between Wellington Park Associates and the Registrant (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report filed on Form 10-K for the period

ended December 31, 1989).

Exhibit No. 10.6 Agreement for the Purchase and Sale of Real Estate, dated as of April 20, 1995, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated

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by reference to Exhibit C to the Registrant's Current Report filed on Form 8-K, dated April 20, 1995).

Exhibit No. 10.7 First Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of August 9, 1995, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit C to the Registrant's Current Report filed on Form 8-K, dated August 9, 1995).

Exhibit No. 10.8 Second Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of April 19, 1996, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 28.5 to the Registrant's Quarterly Report filed on Form 10-Q for the period ended March 31, 1996).

Exhibit No. 10.9 Third Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 10, 1996, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report filed on Form 8-K, dated September 25, 1996).

Exhibit No. 10.10 Fourth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 1996, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report filed on Form 8-K, dated September 25, 1996).

Exhibit No. 10.11 Fifth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 27, 1996, between Wellington Center Associates, LLC, ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report filed on Form 8-K, dated September 25, 1996).

Exhibit No. 10.12 Sixth Amendment to the Agreement for the

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Purchase and Sale of Real Estate, dated as of September 12, 1997, between Wellington Center Associates, LLC, ADA Corporation of North Carolina, and the Registrant (incorporated by

reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q, dated September 30, 1997).

Exhibit No. 10.13 Letter Agreement to amend the Agreement for the Purchase and Sale of Real Estate, dated December 12, 1997 between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report filed on Form 10-Q for the period ended March 31, 1999).

Exhibit No. 10.14 Eighth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated March 24, 1999 between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by Reference to Exhibit 10.14 to the Registrant's Quarterly Report filed on Form 10-Q for the period ended March 31, 1999).

(b) Reports on Form 8-K. None

SIGNATURES

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

CAROLINA INVESTMENT PARTNERS
LIMITED PARTNERSHIP (Registrant)

BY: WALSMITH ASSOCIATES TWO,
General Partner

By: /s/ Alton L. Smith III

Alton L. Smith III, General Partner

Date: August 10, 2001

INDEX
TO EXHIBITS

<TABLE> <CAPTION> Exhibit No.	Description	Page
-----	-----	-----
<S>	<C>	<C>
3.1	Amended Agreement of Limited Partnership of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report filed on Form 10-K for the year ended December 31, 1986).	
10.1	Purchase Agreement between	

Registrant and Walsmith Associates regarding the Martin Parcel (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report filed on Form 10-K for the year ended December 31, 1986).

10.2 Offer to Purchase and Contract for the Sale and Purchase of Real Estate, dated as of January 24, 1986, between Wellington Park Associates and the Registrant (incorporated by reference to Exhibit 6A to the Registrant's Quarterly Report filed on Form 10-Q for the period ended June 30, 1989).

10.3 Agreement between the North Carolina Department of Transportation and Walsmith Associates (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986).

10.4 Assignment and Assumption Agreement between the Registrant and Walsmith Associates (incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1986).

10.5 Amendment to Offer to Purchase

</TABLE>

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<TABLE>

<S>

<C>

and Contract for the Sale and Purchase of Real Estate, dated as of February 1, 1990, between Wellington Park Associates and the Registrant (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report filed on Form 10-K for the period ended December 31, 1989).

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10.9 Third Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 10, 1996, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit

</TABLE>

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<TABLE>

<S>

<C>

10.1 to the Registrant's Current Report filed on Form 8-K, dated September 25, 1996).

10.10 Fourth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 1996, between Churchill & Banks, Ltd., ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report filed on Form 8-K, dated September 25, 1996).

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10.12 Sixth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of September 12, 1997, between Wellington Center Associates, LLC, ADA Corporation of

North Carolina, and the Registrant (incorporated by reference to Exhibit 10.12 to the Registrant's Quarterly Report filed on Form 10-Q for the period ended September 30, 1997).

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</TABLE>

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<TABLE>
<S>

<C>
period ended March 31, 1999).

10.14 Eighth Amendment to the Agreement for the Purchase and Sale of Real Estate, dated as of March 24, 1999 between Wellington Center Associates, LLC, ADA Corporation of North Carolina, and the Registrant (incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report filed on Form 10-Q for the period ended March 31, 1999).

</TABLE>

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