

BERKSHIRE INCOME REALTY INC
Form 10-Q
August 12, 2011
United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 June 30, 2011

or

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

Commission File number 001-31659
BERKSHIRE INCOME REALTY INC

Maryland
(State or other jurisdiction of incorporation or organization)

32-0024337
(I. R. S. Employer Identification No.)

One Beacon Street, Boston, Massachusetts
(Address of principal executive offices)

02108
(Zip Code)

(617) 523-7722
(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 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 1,406,196 shares of Class B common stock outstanding as of August 11, 2011.

BERKSHIRE INCOME REALTY INC

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Part I FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

BERKSHIRE INCOME REALTY INC
CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (unaudited)	December 31, 2010 (audited)
ASSETS		
Multifamily apartment communities, net of accumulated depreciation of \$215,736,915 and \$200,045,487, respectively	\$459,841,955	\$419,531,860
Cash and cash equivalents	10,314,878	12,893,665
Cash restricted for tenant security deposits	1,590,551	1,610,659
Replacement reserve escrow	4,148,996	3,990,924
Prepaid expenses and other assets	11,075,182	9,258,604
Investment in Multifamily Venture Limited Partnership and Multifamily Limited Liability Company	17,834,933	6,047,858
Acquired in-place leases and tenant relationships, net of accumulated amortization of \$380,950 and \$1,226,117, respectively	224,129	43,962
Deferred expenses, net of accumulated amortization of \$2,561,908 and \$2,270,646, respectively	4,541,410	3,488,897
Total assets	\$509,572,034	\$456,866,429
LIABILITIES AND DEFICIT		
Liabilities:		
Mortgage notes payable	\$511,082,014	\$476,386,979
Note payable, affiliate	32,100,000	—
Due to affiliates, net	2,229,862	1,820,827
Due to affiliate, incentive advisory fees	2,595,461	2,207,795
Dividend and distributions payable	837,607	837,607
Accrued expenses and other liabilities	10,501,681	11,092,336
Tenant security deposits	1,922,786	1,827,837
Total liabilities	561,269,411	494,173,381
Commitments and contingencies (Note 9)	—	—
Deficit:		
Noncontrolling interest in properties	442,053	(191,881)
Noncontrolling interest in Operating Partnership (Note 10)	(80,471,359) (65,806,083)
Series A 9% Cumulative Redeemable Preferred Stock, no par value, \$25 stated value, 5,000,000 shares authorized, 2,978,110 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively		70,210,830
Class A common stock, \$.01 par value, 5,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	—	—
Class B common stock, \$.01 par value, 5,000,000 shares authorized, 1,406,196 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	14,062	14,062
	—	—

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Excess stock, \$.01 par value, 15,000,000 shares authorized, 0 shares issued
and outstanding at June 30, 2011 and December 31, 2010, respectively

Accumulated deficit	(41,892,963)	(41,533,880)
Total deficit	(51,697,377)	(37,306,952)
Total liabilities and deficit	\$509,572,034		\$456,866,429	

The accompanying notes are an integral part of these financial statements.

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BERKSHIRE INCOME REALTY INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010 Adjusted*	2011	2010 Adjusted*
Revenue:				
Rental	\$20,440,643	\$18,732,479	\$40,288,924	\$37,366,200
Interest	2,067	2,797	4,759	7,880
Utility reimbursement	860,864	578,867	1,681,983	1,119,702
Other	1,014,641	1,017,242	1,951,308	1,991,295
Total revenue	22,318,215	20,331,385	43,926,974	40,485,077
Expenses:				
Operating	4,888,651	4,487,635	10,242,610	10,011,194
Maintenance	1,609,407	1,381,093	2,786,356	