INCOME OPPORTUNITY REALTY INVESTORS INC /TX/
Form 10-Q
August 14, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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 001-14784

INCOME OPPORTUNITY REALTY INVESTORS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada	75-2615944
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1800 Valley View Lane, Suite 300, Dallas, Texas 75234

(Address of principal executive offices)

(Zip Code)

(469) 522-4200

(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. xYes ¨ 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

* The registrant has not yet been phased into the interactive data requirements

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 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 x (Do not check if 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 xNo

Indicate the number of shares outstanding of each of the issuer s classes of Common Stock, as of the latest practicable date.

Common Stock, $.01 par value	4,168,214
(Class)	(Outstanding at August 5, 2009)

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INCOME OPPORTUNITY REALTY INVESTORS, INC.

BALANCE SHEETS

(unaudited)

	June 30, 2009	December 31, 2008
	(dollars in thousands, except share and par value amounts)	
Assets		
Real estate, at cost	$ 39,319	$ 39,255
Less accumulated depreciation	(2,435)	(2,313)
Total real estate	36,884	36,942
Notes and interest receivable (including $39,071 in 2009 and $41,432 in 2008 from affiliated and related parties)	39,071	41,432
Less allowance for doubtful accounts	(1,825)	(1,826)
Total notes and interest receivable	37,246	39,606
Cash and cash equivalents	83	52
Investments in unconsolidated subsidiaries and investees	74	74
Affiliate receivable	34,948	38,203
Other assets	3,655	676
Total assets	$ 112,890	$ 115,553
Liabilities and Shareholders Equity		
Liabilities:		
Notes and interest payable	$ 42,056	$ 42,319
Accounts payable and other liabilities (including $3 in 2009 and 2008 from affiliated and related parties)	814	2,460
	42,870	44,779
Commitments and contingencies:		
Shareholders equity:		
Common Stock, $.01 par value, authorized 10,000,000 shares; issued 4,173,675 shares in 2009 and 2008	42	42
Treasury Stock at cost	(39)	(39)
Paid-in capital	61,955	61,955
Retained earnings	8,062	8,816

Total shareholders equity	70,020	70,774
Total liabilities and equity	$ 112,890	$ 115,553

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC

STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
	(dollars in thousands, except share and per share amounts)			
Revenues:				
Rental and other property revenues (including $112 and $88 for the three months ended, $228 and $175 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	$ 328	$ 304	$ 715	$ 629
Expenses:				
Property operating expenses (including $6 and $18 for the three months ended, $13 and $58 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	60	125	265	900
Depreciation and amortization	63	60	123	123
General and administrative	118	169	167	414
Advisory fee to affiliate	222	222	447	449
Total operating expenses	463	576	1,002	1,886
Operating loss	(135)	(272)	(287)	(1,257)
Other income (expense):				
Interest income (including $317 and $836 for the three months ended $751 and $1,534 for the six months ended 2009 and 2008 respectively from affiliates and related parties)	317	836	751	1,534
Other income (expense)	63	230	58	230
Mortgage and loan interest	(559)	(981)	(1,286)	(1,863)
Earnings from unconsolidated subsidiaries and investees	-	(432)	-	(432)

Net income fee to affiliate		-		182		-		182
Total other expenses		(179)		(165)		(477)		(349)
Loss before gain on land sales, non-controlling interest, and taxes		(314)		(437)		(764)		(1,606)
Loss from continuing operations before tax		(314)		(437)		(764)		(1,606)
Income tax benefit (expense)		(72)		121		10		7,505
Net income (loss) from continuing operations		(386)		(316)		(754)		5,899
Discontinued operations:								
Loss from discontinued operations		-		(113)		-		(8,346)
Gain on sale of real estate from discontinued operations		-		422		-		29,789
Income tax expense from discontinued operations		-		(121)		-		(7,505)
Net income (loss)		(386)		(128)		(754)		19,837
Preferred dividend requirement		-		-		-		-
Net income (loss) applicable to common shares	$	(386)	$	(128)	$	(754)	$	19,837
Earnings per share - basic								
Income (loss) from continuing operations	$	(0.09)	$	(0.08)	$	(0.18)	$	1.42
Discontinued operations		-		0.05		-		3.35
Net income (loss) applicable to common shares	$	(0.09)	$	(0.03)	$	(0.18)	$	4.77
Earnings per share - diluted								
Income (loss) from continuing operations	$	(0.09)	$	(0.08)	$	(0.18)	$	1.42
Discontinued operations		-		0.05		-		3.35
Net income (loss) applicable to common shares	$	(0.09)	$	(0.03)	$	(0.18)	$	4.77
Weighted average common share used in computing earnings per share		4,168,214		4,162,574		4,168,214		4,162,574
Weighted average common share used in computing diluted earnings per share		4,168,214		4,162,574		4,168,214		4,162,574

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

STATEMENT OF SHAREHOLDERS EQUITY

For the Six Months Ended June 30, 2009

(unaudited)

(dollars in thousands)

		Common Stock		Treasury	Paid-in	Retained
	Total	**Shares**	**Amount**	**Stock**	**Capital**	**Earnings**
Balance, December 31, 2008	$ 70,774	4,173,675	$ 42	$ (39)	$ 61,955	$ 8,816
Net loss	(754)	-	-	-	-	(754)
Balance, June 30, 2009	$ 70,020	4,173,675	$ 42	$ (39)	$ 61,955	$ 8,062

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

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INCOME OPPORTUNITY REALTY INVESTORS, INC.

STATEMENTS OF CASH FLOWS

(unaudited)

	For the Six Months Ended June 30, 2009	2008
	(dollars in thousands)	
Cash Flow From Operating Activities:		
Net income (loss) applicable to common shares	$ (754)	$ 19,837
Adjustments to reconcile net loss applicable to common shares to net cash used in operating activities:		
Depreciation and amortization	123	172
Loss on non-controlling interest	-	(677)
Gain on sale of income producing properties	-	(29,789)
(Increase) decrease in assets:		
Accrued interest receivable	2,964	(559)
Other assets	(2,944)	2,084
Increase (decrease) in liabilities:		
Accrued interest payable	-	108
Other liabilities	(1,648)	1,812
Net cash used in operating activities	(2,259)	(7,012)
Cash Flow From Investing Activities:		
Proceeds from sales of income producing properties	-	46,399
Proceeds from notes receivable	(603)	-
Real estate improvements	(64)	-
Investment in unconsolidated real estate entities	-	433
Intercompany change	3,219	(14,478)
Net cash provided in investing activities	2,552	32,354
Cash Flow From Financing Activities:		
Payments on maturing notes payable	(262)	(25,215)
Stock buyback	-	(2)
Net cash used in financing activities	(262)	(25,217)
Net increase in cash and cash equivalents	31	125
Cash and cash equivalents, beginning of period	52	267
Cash and cash equivalents, end of period	$ 83	$ 392
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 1,286	$ 2,120
Cash paid for income taxes	$ 68	$ 16
Schedule of noncash investing and financing activities:		

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Income Opportunity Realty Investors, Inc. (IOT , We , Us , Our or the Company) a Nevada corporation, is the successor to a California busine trust organized on December 14, 1984. The Company invests in equity interests in real estate through acquisitions, leases and partnerships and in mortgage loans.

The Company is headquartered in Dallas, Texas and its Common Stock trades on the American Stock Exchange under the symbol IOT. Syntek West, Inc. (SWI), an affiliated entity, owns approximately 60.4% of the Company s outstanding stock. SWI serves as the Company s external advisor. We are an externally advised and managed real estate company. We have no employees.

Properties

At June 30, 2009, the Company owned or had or owned interests in an office building, a shopping center, 18 acres of land which includes a warehouse currently being used as storage and 211 acres of undeveloped land.

The accompanying interim financial statements are unaudited; however, the financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair statement of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for other interim periods or for the full fiscal year. The yearend consolidated balance sheet data was derived from audited financial statements, but does not include all disclosure required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the Company s financial statements and notes thereto contained in the Company s Annual Report in the Company s Form 10-K for its fiscal year ended December 31, 2008.

Dollar amounts in tables are in thousands, except per share amounts.

Certain prior period amounts have been reclassified to conform to current period presentation and to reflect discontinued operations.

Newly issued accounting standards

On January 1, 2009, we adopted SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51, (SFAS No. 160). SFAS No. 160 amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This standard defines a non-controlling interest, previously called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS No. 160 requires, among other items, that a non-controlling interest be included in the consolidated statement of financial position within equity separate from the parent s equity; consolidated net income to be reported at amounts inclusive of both the parent s and non-controlling interest s shares and, separately, the amounts of consolidated net income attributable to the parent and non-controlling interest all on the consolidated statement of operations; and if a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary be measured at fair value and a gain or loss be recognized in net income based on such fair value. The presentation and disclosure requirements of SFAS No. 160 were applied retrospectively. The adoption of SFAS No. 160 had no impact on the Financial Statements.

In April 2009, the FASB issued FSP FAS No. 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies (FSP FAS No. 141(R)-1). This pronouncement amends SFAS No. 141-R to clarify the initial and subsequent recognition, subsequent accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP SFAS No. 141(R)-1 requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, as determined in accordance with SFAS No. 157, if the acquisition-date fair value can be reasonably estimated. If the acquisition-date fair value of an asset or liability cannot be reasonably estimated, the asset or liability would be measured at the amount that would be recognized in accordance with FASB Statement No. 5, Accounting for Contingencies (SFAS No. 5), and FASB Interpretation No. 14, Reasonable Estimation of the Amount of a Loss. FSP SFAS No. 141(R)-1 became effective for the Registrants as of January 1, 2009. As the provisions of FSP FAS 141(R)-1 are applied prospectively to business combinations with an acquisition date on or after the guidance became effective, the impact on our financials cannot be determined until the transactions occur.

In April 2009, the FASB issued FSP FAS No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP FAS No. 157-4), which provides additional guidance for applying the provisions of SFAS No. 157. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions. This FSP requires an evaluation of whether there has been a significant decrease in the volume and level of activity for the asset or

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liability in relation to normal market activity for the asset or liability. If there has, transactions or quoted prices may not be indicative of fair value and a significant adjustment may need to be made to those prices to estimate fair value. Additionally, an entity must consider whether the observed transaction was orderly (that is, not distressed or forced). If the transaction was orderly, the obtained price can be considered a relevant observable input for determining fair value. If the transaction is not orderly, other valuation techniques must be used when estimating fair value. FSP FAS No. 157-4 must be applied prospectively for interim periods ending after June 15, 2009. We are currently assessing the impact that FSP FAS No. 157-4 may have on our financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and Accounting Principles Board (APB) 28-1, Interim Disclosures about Fair Value of Financial Instruments, which amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, (SFAS No. 107) and APB Opinion No. 28, Interim Financial Reporting, respectively, to require disclosures about fair value of financial instruments in interim financial statements, in addition to the annual financial statements as already required by SFAS No. 107. FSP FAS No. 107-1 and APB No. 28-1 will be required for interim periods ending after June 15, 2009. As FSP FAS No. 107-1 and APB No. 28-1 provides only disclosure requirements; the application of this standard will not have a material impact on our financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FSP FAS No. 115-2 and FAS No. 124-2), which amends SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities and SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations . This standard establishes a different other-than-temporary impairment indicator for debt securities than previously prescribed. If it is more likely than not that an impaired security will be sold before the recovery of its cost basis, either due to the investor s intent to sell or because it will be required to sell the security, the entire impairment is recognized in earnings. Otherwise, only the portion of the impaired debt security related to estimated credit losses is recognized in earnings, while the remainder of the impairment is recorded in other comprehensive income and recognized over the remaining life of the debt security. In addition, the standard expands the presentation and disclosure requirements for other-than-temporary-impairments for both debt and equity securities. FSP FAS No. 115-2 and FAS No. 124-2 must be applied prospectively for interim periods ending after June 15, 2009. We are currently assessing the impact that FSP FAS No. 115-2 and FAS No. 124-2 may have on our financial statements.

NOTE 2. REAL ESTATE ACTIVITY

We neither sold nor acquired properties during the six months ended June 30, 2009. Our properties consist of an office building, a shopping center, 18 acres of land which includes a warehouse currently being used as storage and 211 acres of undeveloped land.

NOTE 3. DISCONTINUED OPERATIONS

The Company applies the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lesser of (1) book value or (2) fair value less cost to sell. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions.

Income from discontinued operations includes seven properties that were sold in 2008. There were no properties sold or classified as held for sale as of June 30, 2009. The discontinued operations for the three and six months ended 2008 includes the gain on sale of the properties previously sold. The following table summarizes income from discontinued operations (dollars in thousands).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Revenue				
Rental	$ -	$ 166	$ -	$ 982
Property operations	-	240	-	945
	-	(74)	-	37
Expenses				
Interest	-	(7)	-	(2,558)
General and administration	-	(12)	-	(867)
Depreciation	-	(20)	-	(49)
	-	(39)	-	(3,474)

Net loss from discontinued operations before gains on sale of real estate, taxes, fees and minority interest		-		(113)		-		(3,437)
Gain on sale of discontinued operations		-		422		-		29,789
Net income or sales fee to affiliate		-		-		-		(4,909)
Income from discontinued operations, net of minority interest before tax		-		309		-		21,443
Tax expense		-		(121)		-		(7,505)
Income from discontinued operations, net of minority interest	$	-	$	188	$	-	$	13,938

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The Company s application of SFAS No. 144 results in the presentation of the net operating results of these qualifying properties sold or held for sale as of June 30, 2008 as income from discontinued operations. The application of SFAS No. 144 does not have an impact on net income available to common shareholders. SFAS No. 144 only impacts the presentation of these properties within the Consolidated Statements of Operation.

NOTE 4. NOTES AND INTEREST RECEIVABLE AFFILIATED

The notes receivable consists of twelve notes aggregating $39.1 million, including accrued interest. The notes accrue interest ranging from Prime + 2% to 12.00% with maturity dates ranging from August 2009 to December 2013. The notes are primarily excess cash flow notes. The allowance on the notes was a purchase allowance that was netted against the notes when acquired (dollars in thousands).

Borrower	Maturity	Principal Balance	Interest Rate
Housing for Seniors of Humble, LLC	12/27/09	$ 2,000	11.50%
Housing for Seniors of Humble, LLC	12/27/09	6,363	11.50%
Unified Housing Foundation, Inc. (Marquis at VR)	12/10/13	2,805	12.00%
Unified Housing Foundation, Inc. (Echo Station)	12/26/13	1,872	12.00%
Unified Housing Foundation, Inc. (Cliffs of El Dorado)	09/15/10	2,990	10.00%
Unified Housing Foundation, Inc. (Parkside Crossing)	12/29/13	1,416	12.00%
Unified Housing Foundation, Inc. (Tivoli)	12/31/13	1,825	12.00%
Unified Housing Foundation, Inc. (Timbers of Terrell)	12/18/13	2,172	12.00%
Unified Housing Foundation, Inc. (Sendero Ridge)	12/31/13	5,228	12.00%
Unified Housing Foundation, Inc. (Limestone Ranch)	12/29/13	2,320	12.00%
Unified Housing Foundation, Inc. (Limestone Canyon)	12/19/13	3,080	12.00%
Centura Land Mortgage (due from Transcontinental Realty Investors, Inc. - a related party)	08/10/09	7,000	Prime + 2.00%
Less: purchase allowance		(1,825)	
		$ 37,246	

NOTE 5. NOTES AND INTEREST PAYABLE

The following table lists the mortgage notes payable as of June 30, 2009 (dollars in thousands):

Project	Maturity	Principal Balance
2010 Valley View	05/22/12	$ 2,040
Centura Land	08/22/08	7,000 *
Eagle Crest	11/01/11	2,398
Parkway Center	06/01/36	2,624
Travelers Land	08/10/09	27,994 **
		$ 42,056

* The bank was taken over by FDIC, new bank is establishing term.

**This mortgage note represents the allocation of a note with an aggregate outstanding balance of $36.5 million as of June 30, 2009. The remaining balance of this note of $8.5 million is held on the books of Transcontinental Realty Investors, Inc., (TCI) an affiliated entity. As a joint grantor of the mortgage loan, we have joint and several liability of the obligations and liabilities of the loan in its entirety, which include but are not limited to payment of all unpaid and accrued interest and principal for the entire outstanding loan balance.

NOTE 6. ADVISORY AGREEMENT

The Company has an Advisory Agreement with Syntek West, Inc. (SWI). SWI is responsible for the Company s day-to-day operations. SWI must formulate and submit to IOT s Board of Directors for approval an annual budget and business plan containing a twelve-month forecast of operations and cash flow with a general plan for asset sales and purchases, borrowing activity and other investments. SWI reports to the Board quarterly on IOT s performance against the business plan. The Advisory Agreement further places SWI in a fiduciary relationship to IOT s stockholders and contains a broad standard governing SWI s liability for any losses incurred by IOT.

SWI receives, as compensation for its management and advice, monthly advisory fees based on 0.0625% of IOT s assets annually as well as specific fees for assisting IOT in obtaining financing and completing acquisitions. If IOT s operating expenses exceed limits specified in the Advisory Agreement, SWI is obligated to refund a portion of the advisory fees.

The Company and SWI entered into a Cash Management Agreement to further define the administration of the Company s day-to-day investment operations, relationship contacts, flow of funds and deposit and borrowing of funds. Under the Cash Management Agreement, all funds of the Company are delivered to SWI which has a deposit liability to the Company and is responsible for investment of all excess funds, which earn interest at the *Wall Street Journal* Prime rate plus one percent per annum, set quarterly on the first day of each calendar quarter. Borrowings for the benefit of the Company bear the same interest rate. The Cash Management Agreement and the Advisory Agreement are automatically renewed each year unless terminated by SWI and IOT. SWI also receives a net income fee calculated as 7.50% of IOT s net income.

Effective July 1, 2009, the agreement with Syntek has been terminated. IOT has engaged Prime Income Asset Management, LLC (Prime) as Advisor under the substantially same terms as under the SWI Agreement.

Revenues, fees, interest on cash advances and cost reimbursements to SWI (dollars in thousands):

	For the Six Months Ended June 30,	
	2009	2008
Advisory fee	$ 447	449
Net sales fee	-	3,100
Net income fee	-	1,627
Income on cash advances from IORI	(835)	(1,346)
	$ (388)	$ 3,830

NOTE 7. RECEIVABLE FROM AND PAYABLE TO AFFILIATES

From time to time, IOT and its affiliates and related parties have made unsecured advances to each other which include transactions involving the purchase, sale, and financing of property. In addition, we have a cash management agreement with our advisor. The agreement provides for excess cash to be invested in and managed by our advisor SWI, an affiliated entity. The table below reflects the various transactions between IOT, SWI, and Transcontinental Realty Investors, Inc. (dollars in thousands).

	SWI	TCI	Total
Balance, December 31, 2008	$ 35,704	$ 2,499	$ 38,203
Cash receipts	(796)	-	(796)
Cash payments	131	-	131
Other additions	1,531	200	1,731
Other repayments	(4,198)	(123)	(4,321)
Balance, June 30, 2009	$ 32,372	$ 2,576	$ 34,948

NOTE 8. OPERATING SEGMENTS

The Company s segments are based on the Company s method of internal reporting which classifies its operations by property type. The Company s segments are commercial, apartments, land and other. Significant differences between and among the accounting policies of the operating segments as compared to the Consolidated Financial Statements principally involve the calculation and allocation of administrative expenses. Management evaluates the performance of each of the operating segments and allocates resources to them based on their operating income and cash flow. There are no intersegment revenues and expenses and IOT conducted all of its business within the United States. Presented below is operating segment information for the three and six months ended June 30, 2009 and 2008 (dollars in thousands):

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For the Three Months Ended June 30, 2009	**Commercial Properties**	**Apartments**	**Land**	**Other**	**Total**
Operating revenue	$ 328	$ -	$ -	$ -	$ 328
Operating expenses	44	-	21	(5)	60
Depreciation and amortization	63	-	-	-	63
Mortgage and loan interest	145	-	414	-	559
Interest income	-	-	-	317	317
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ 76	$ -	$ (435)	$ 322	$ (37)
Capital expenditures	-	-	-	-	-
Assets	9,191	-	27,693	-	36,884
Property Sales					
Sales price	$ -	$ -	$ -	$ -	$ -
Cost of sale	-	-	-	-	-
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ -	$ -	$ -	$ -

	Commercial Properties	**Apartments**	**Land**	**Other**	**Total**
For the Three Months Ended June 30, 2008					
Operating revenue	$ 304	$ -	$ -	$ -	$ 304
Operating expenses	155	-	1	(31)	125
Depreciation and amortization	60	-	-	-	60
Mortgage and loan interest	142	-	821	18	981
Interest income	-	-	-	836	836
Gain on land sales	-	-	-	-	-
Segment operating income (loss)	$ (53)	$ -	$ (822)	$ 849	$ (26)
Capital expenditures	-	-	-	-	-
Assets	13,742	-	23,399	-	37,141
Property Sales					
Sales price	$ -	$ -	$ -	$ -	$ -
Cost of sale	-	(422)	-	-	(422)
Deferred current gain	-	-	-	-	-
Recognized prior deferred gain	-	-	-	-	-
Gain on sale	$ -	$ 422	$ -	$ -	$ 422

The