

MDC HOLDINGS INC  
Form 10-Q  
May 10, 2011

**UNITED STATES**  
**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 March 31, 2011**

**OR**

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

**Commission File No. 1-8951**

**M.D.C. HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction

of incorporation or organization)

**4350 South Monaco Street, Suite 500**

**84-0622967**  
(I.R.S. employer

identification no.)

**80237**

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**Denver, Colorado**

(Address of principal executive offices)

(Zip code)

**(303) 773-1100**

(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, non-accelerated filer, or a smaller reporting company. See definition 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

As of April 30, 2011 47,296,720 shares of M.D.C. Holdings, Inc. common stock were outstanding.

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**M.D.C. HOLDINGS, INC. AND SUBSIDIARIES**

**FORM 10-Q**

**FOR THE QUARTER ENDED MARCH 31, 2011**

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**ITEM 1. Unaudited Consolidated Financial Statements****M.D.C. HOLDINGS, INC.****Consolidated Balance Sheets****(In thousands, except share and per share amounts)****(Unaudited)**

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 589,043	\$ 572,225
Marketable securities	866,072	968,729
Restricted cash	419	420
<b>Receivables</b>		
Home sales receivables	10,051	8,530
Income taxes receivable	13,442	2,048
Other receivables	8,388	9,432
Mortgage loans held-for-sale, net	37,697	65,114
<b>Inventories, net</b>		
Housing completed or under construction	345,554	372,422
Land and land under development	488,887	415,237
Property and equipment, net	39,711	40,826
Deferred tax asset, net of valuation allowance of \$239,012 and \$231,379 at March 31, 2011 and December 31, 2010, respectively	-	-
Related party assets	7,393	7,393
Prepaid expenses and other assets, net	47,882	85,393
<b>Total Assets</b>	<b>\$ 2,454,539</b>	<b>\$ 2,547,769</b>
<b>Liabilities</b>		
Accounts payable	\$ 23,173	\$ 35,018
Accrued liabilities	210,053	260,729
Related party liabilities	107	90
Mortgage repurchase facility	6,736	25,434
Senior notes, net	1,243,062	1,242,815
<b>Total Liabilities</b>	<b>1,483,131</b>	<b>1,564,086</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders Equity</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.01 par value; 250,000,000 shares authorized; 47,351,000 and 47,295,000 issued and outstanding, respectively, at March 31, 2011 and 47,198,000 and 47,142,000 issued and outstanding, respectively, at December 31, 2010	474	472
Additional paid-in-capital	836,360	820,237
Retained earnings	127,046	158,749
Accumulated other comprehensive income	8,187	4,884
Treasury stock, at cost; 56,000 shares at March 31, 2011 and December 31, 2010	(659)	(659)
<b>Total Stockholders Equity</b>	<b>971,408</b>	<b>983,683</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 2,454,539</b>	<b>\$ 2,547,769</b>

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements.



**M.D.C. HOLDINGS, INC.****Consolidated Statements of Operations****(In thousands, except per share amounts)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		
Home sales revenue	\$ 163,383	\$ 140,943
Land sales revenue	204	15
Other revenue	6,160	6,120
<b>Total Revenue</b>	<b>169,747</b>	<b>147,078</b>
<b>Costs and expenses</b>		
Home cost of sales	140,981	109,390
Land cost of sales	17	191
Asset impairments	279	-
Marketing expenses	9,833	7,060
Commission expenses	5,767	5,129
General and administrative expenses	36,752	40,203
Other operating (income) expenses	(1,550)	491
Related party expenses	4	9
<b>Total operating costs and expenses</b>	<b>192,083</b>	<b>162,473</b>
Loss from operations	(22,336)	(15,395)
Other income (expense)		
Interest income	7,326	4,428
Interest expense	(8,730)	(10,374)
Gain on sale of other assets	36	99
<b>Loss before income taxes</b>	<b>(23,704)</b>	<b>(21,242)</b>
Benefit from income taxes, net	3,825	369
<b>Net loss</b>	<b>\$ (19,879)</b>	<b>\$ (20,873)</b>
<b>Loss per share</b>		
Basic	\$ (0.43)	\$ (0.45)
Diluted	\$ (0.43)	\$ (0.45)
<b>Dividends declared per share</b>	<b>\$ 0.25</b>	<b>\$ 0.25</b>

The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements.

## M.D.C. HOLDINGS, INC.

## Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
<b>Operating Activities</b>		
Net loss	\$ (19,879)	\$ (20,873)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Stock-based compensation expense	3,121	4,056
Amortization of deferred marketing costs	2,139	1,667
Depreciation and amortization of long-lived assets	1,590	1,265
Write-offs of land option deposits and pre-acquisition costs	782	383
(Gain) loss on sale of assets, net	(187)	175
Other non-cash (income) expenses	962	466
Net changes in assets and liabilities:		
Restricted cash	1	(118)
Home sales and other receivables	(477)	(5,952)
Income taxes receivable	(305)	141,991
Mortgage loans held-for-sale	27,417	25,611
Housing completed or under construction	26,868	(139,282)
Land and land under development	(73,463)	(13,318)
Prepaid expenses and other assets	(1,295)	(7,350)
Accounts payable	(11,845)	27,768
Accrued liabilities and related party liabilities	(13,130)	(4,973)
Net cash (used in) provided by operating activities	(57,701)	11,516
<b>Investing Activities</b>		
Maturities of held-to-maturity debt securities	146,000	48,662
Sales of available-for-sale securities	84,030	5,294
Purchases of available-for-sale debt securities	(84,506)	(101,973)
Purchases of held-to-maturity debt securities	(40,000)	(453,323)
Purchase of property and equipment	(483)	(2,105)
Settlement of unsettled trades	-	1,678
Net cash provided by (used in) investing activities	105,041	(501,767)
<b>Financing Activities</b>		
Payment on mortgage repurchase facility	(25,434)	(29,119)
Advances on mortgage repurchase facility	6,736	4,718
Dividend payments	(11,824)	(11,784)
Proceeds from issuance of senior notes	-	242,288
Proceeds from exercise of stock options	-	35
Net cash (used in) provided by financing activities	(30,522)	206,138
Net increase (decrease) in cash and cash equivalents	16,818	(284,113)
Cash and cash equivalents		
Beginning of period	572,225	1,234,252

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End of period	\$ 589,043	\$ 950,139
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The accompanying Notes are an integral part of these Unaudited Consolidated Financial Statements.



**M.D.C. HOLDINGS, INC.**

**Notes to Unaudited Consolidated Financial Statements**

**1. Basis of Presentation**

The Unaudited Consolidated Financial Statements of M.D.C. Holdings, Inc. ( MDC or the Company, which refers to M.D.C. Holdings, Inc. and its subsidiaries) have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange