

Edgar Filing: American Community Newspapers Inc. - Form 10-Q

American Community Newspapers Inc.
Form 10-Q
August 14, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2007

Transition report under Section 13 or 15(d) of the Exchange Act
For the transition period from _____ to _____

Commission File Number 001-32549

American Community Newspapers Inc.
(Exact Name of Issuer as Specified in Its Charter)

Delaware
(State or other Jurisdiction of
Incorporation or Organization)
14875 Landmark Blvd., Suite 110, Addison, Texas 75254
(Address of Principal Executive Office)

20-2521288
(I.R.S. Employer
Identification No.)

972-628-4080
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 Company is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer Accelerated filer Non-accelerated filer

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 August 14, 2007, 14,623,445 shares of common stock, par value \$.0001 per share, were issued and outstanding.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
American Community Newspapers Inc.

We have reviewed the accompanying condensed balance sheet of American Community Newspapers Inc. (formerly Courtside Acquisition Corp.) (a corporation in the development stage) as of June 30, 2007, the related condensed statements of operations for the three-month and six-month periods ended June 30, 2007 and 2006, and the cumulative period from March 18, 2005 (inception) to June 30, 2007, the related condensed statements of stockholders' equity for the six-month period ended June 30, 2007 and the cumulative period from March 18, 2005 (inception) to June 30, 2007, and the related condensed statements of cash flows for the six-month period ended June 30, 2007 and 2006 and the cumulative period from March 18, 2005 (inception) to June 30, 2007. These financial statements are the responsibility of the company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the condensed financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed financial statements referred to above for them to be in conformity with United States generally accepted accounting principles.

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On July 2, 2007, American Community Newspapers Inc. consummated the acquisition of the business and substantially all of the assets of American Community Newspapers LLC as described in Note 4.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the balance sheet of American Community Newspapers Inc. as of December 31, 2006 and the related statements of operations, stockholders' equity and cash flows for the year then ended (the statements of operation and cash flows are not presented herein); and in our report dated February 28, 2007, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2006 is fairly stated, in all material aspects, in relation to the balance sheet from which it has been derived.

/s/ Goldstein Golub Kessler LLP

GOLDSTEIN GOLUB KESSLER LLP
New York, New York

August 10, 2007

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American Community Newspapers Inc.
(a corporation in the development stage)
Condensed Balance Sheets

	June 30, 2007 (unaudited)	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 794	\$ 1,192,704
Cash equivalents held in Trust Fund (Note 1)	78,310,094	77,036,463
Deferred Federal Income Tax	—	—
Prepaid expenses	12,375	37,566
Current Assets	78,323,263	78,266,733
Deferred acquisition costs and deposit (Notes 1 and 4)	2,047,434	87,500
Total assets	\$ 80,370,697	\$ 78,354,233
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,290,676	\$ 278,348
Deferred dividends	908,764	654,165
Taxes payable	106,084	248,828
Notes payable (Note 4)	376,000	—
Total liabilities	2,681,524	1,181,341
	14,745,424	14,745,424

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Common stock, subject to possible conversion, 2,758,620 shares at conversion value (Notes 1 and 4)

Commitments (Note 4)

Stockholders' equity (Notes 1, 2, and 4)

Preferred stock, \$.0001 par value, Authorized 1,000,000 shares; none issued

Common stock, \$.0001 par value, Authorized 50,000,000 shares

Issued and outstanding 16,800,000 shares (which includes 2,758,620 subject to possible conversion)

	1,680	1,680
Additional paid-in capital	60,969,078	60,969,078
Earnings accumulated in the development stage	1,972,991	1,456,710
Total stockholders' equity	62,943,749	62,427,468
Total liabilities and stockholders' equity	\$ 80,370,697	\$ 78,354,233

The accompanying notes should be read in conjunction with these unaudited condensed financial statements.

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American Community Newspapers Inc.
(a corporation in the development stage)
Unaudited Condensed Statements of Operations

	Three Months Ended		Six Months Ended		Cumulative Amounts for Period from March 18, 2005
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	(inception) to June 30, 2007
Expenses:					
Formation and operating costs	\$ 196,295	\$ 71,041	\$ 263,110	\$ 144,769	\$ 895,206
State capital taxes	15,000	7,723	30,000	30,223	136,348
	211,295	78,764	293,110	174,992	1,031,554
Interest and dividend income	502,109	509,685	1,023,391	940,360	3,731,145
Income for the period before income taxes	290,814	430,921	730,281	765,368	2,699,591
Income taxes	105,000	106,000	214,000	197,000	726,600
Net Income for the period	\$ 185,814	\$ 324,921	\$ 516,281	\$ 568,368	\$1,972,991
Net income per share basic and diluted	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.03	
Weighted average shares outstanding	16,800,000	16,800,000	16,800,000	16,800,000	

The accompanying notes should be read in conjunction with these unaudited condensed financial statements.

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American Community Newspapers Inc.
(a corporation in the development stage)
Unaudited Condensed Statement of Stockholders' Equity

	Common Stock		Additional	Earnings	Total
	Shares	Amount	Paid-In Capital	Accumulated in the development stage	
Sale of 3,000,000 shares of common stock at \$.0083 per share to initial stockholders committed for on March 18, 2005	3,000,000	\$ 300	\$ 24,700	\$ —	\$ 25,000
Sale of 12,000,000 units, net of underwriters' discount and offering expenses on July 7, 2005 (includes 2,398,800 shares subject to possible conversion)	12,000,000	1,200	65,645,882	—	65,647,082
Proceeds subject to possible conversion of 2,398,800 shares	—	—	(12,737,628)	—	(12,737,628)
Proceeds from issuance of option	—	—	100	—	100
Sale of 1,800,000 units, net of underwriters' discount on July 11, 2005 (includes 359,820 shares subject to possible conversion)	1,800,000	180	10,043,820	—	10,044,000
Proceeds subject to possible conversion of 359,820 shares	—	—	(2,007,796)	—	(2,007,796)
Net income for the period	—	—	—	411,112	411,112
Balance, December 31, 2005	16,800,000	1,680	60,969,078	411,112	61,381,870
Net income for the year ended December 31, 2006	—	—	—	1,045,598	1,045,598
Balance, December 31, 2006	16,800,000	1,680	60,969,078	1,456,710	62,427,468
Net income for the six months ended June 30, 2007	—	—	—	516,281	516,281
Balance, June 30, 2007	16,800,000	\$ 1,680	\$ 60,969,078	\$ 1,972,991	\$ 62,943,749

The accompanying notes should be read in conjunction with these unaudited condensed financial statements.

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American Community Newspapers Inc.
(a corporation in the developmental stage)
Unaudited Condensed Statements of Cash Flows

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	Six Months Ended		Cumulative Amounts For Period from March 18, 2005 (inception) to June 30, 2007
	June 30, 2007	June 30, 2006	
Cash Flows from Operating Activities			
Net income	\$ 516,281	\$ 568,368	\$ 1,972,991
Adjustments to reconcile net income used in operating activities:			
(Increase) in value of Trust Fund	(1,273,631)	(1,135,919)	(4,546,094)
(Increase) Decrease in prepaid expenses	25,191	(11,953)	(12,375)
Increase (Decrease) in accounts payable and accrued expenses	(65,586)	(45)	169,012
Increase (Decrease) in taxes payable	(142,744)	78,368	106,084
Increase in deferred dividends	254,599	227,070	908,764
Net cash (used) in operating activities	(685,890)	(274,111)	(1,401,618)
Cash Flows from Investing Activities			
Payment of deferred acquisition costs and deposit	(882,020)	—	(925,770)
Cash deposited in Trust Fund	—	—	(73,764,000)
Net cash (used) in investing activities	(882,020)	—	(74,689,770)
Cash Flows from Financing Activities			
Gross proceeds of public offering	—	—	82,800,000
Proceeds from sale of shares of common stock	—	—	25,000
Proceeds from issuance of option	—	—	100
Proceeds from notes payable, stockholders	376,000	—	476,000
Payment of notes payable, stockholder	—	—	(100,000)
Payment of offering costs	—	—	(7,108,918)
Net cash provided by financing activities	376,000	—	76,092,182
Net increase (decrease) in cash and cash equivalents	(1,191,910)	(274,111)	794
Cash and cash equivalents at beginning of the period			