

Reven Housing REIT, Inc.  
Form 8-K/A  
February 28, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 8-K/A**

**(Amendment No. 2)**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): December 19, 2018**

**REVEN HOUSING REIT, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland** **000-54165** **84-1306078**  
(State or Other Jurisdiction of Incorporation) (Commission File Number) (I.R.S. Employer Identification Number)

**875 Prospect Street, Suite 304**

**La Jolla, CA 92037**

(Address of principal executive offices)

**(858) 459-4000**

(Registrant's telephone number, including area code)

**Not applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions.

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12))

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Explanatory Note**

On December 19, 2018, Reven Housing REIT, Inc. (the “Company”), through a wholly-owned subsidiary, closed on the acquisition of a portfolio of 89 single family homes located in the Oklahoma City, Oklahoma metropolitan area, pursuant to a Single Family Homes Real Estate Purchase and Sale Agreement with TB Rentals, LLC (“Seller”). The Seller is not a related party and the acquisition was not an affiliated transaction.

The contract purchase price for the 89 single family homes was approximately \$6,900,000. The Company funded 100% of the purchase price with cash.

On December 21, 2018, the Company filed a Current Report on Form 8-K/A (the “Initial Report”) with regard to the acquisition of the 89 homes in the Oklahoma 89 Homes portfolio. This amendment is being filed for the sole purpose of filing the independent auditors report, financial statements and pro forma financial information with respect to the Oklahoma 89 Homes required by Item 9.01 of Form 8-K, and should be read in conjunction with the Initial Report.

**Item 9.01 Financial Statements and Exhibits.**

(a) *Financial Statements of Real Estate Property Acquired.* The following financial statements are submitted with this Current Report on Form 8-K/A and are filed herewith:

**Oklahoma 89 Homes**

Report of Independent Auditors

Statements of Revenues Over Certain Operating Expenses for the nine months ended September 30, 2018 (unaudited) and the year ended December 31, 2017

Notes to Statements of Revenues Over Certain Operating Expenses

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(b) *Unaudited Pro Forma Financial Information*. The following financial information is submitted with this Current Report on Form 8-K/A and is filed herewith:

**Reven Housing REIT, Inc.**

Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2018

Notes to Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2018

Unaudited Pro Forma Statement of Operations for the Nine Months Ended September 30, 2018

Notes to Unaudited Pro Forma Statement of Operations for the Nine Months Ended September 30, 2018

Unaudited Pro Forma Statement of Operations for the Year Ended December 31, 2017

Notes to Unaudited Pro Forma Statement of Operations for the year ended December 31, 2017

**SIGNATURES**

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

**REVEN HOUSING REIT, INC.**

Dated: February 27, 2019 /s/ Thad L. Meyer  
Thad L. Meyer,  
Chief Financial Officer

## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors and Stockholders of

Reven Housing REIT, Inc.

We have audited the accompanying statement of revenues over certain operating expenses of Oklahoma 89 Homes for the year ended December 31, 2017, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of the statement of revenues over certain operating expenses in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of revenues over certain operating expenses that is free of material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the statement of revenues over certain operating expenses based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues over certain operating expenses is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of revenues over certain operating expenses. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of revenues over certain operating expenses, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statement of revenues over certain operating expenses in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of revenues over certain operating expenses.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the statement of revenues over certain operating expenses referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 2 of the Oklahoma 89 Homes for the year ended December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

As described in Note 2, the statement of revenues over certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, and is not intended to be a complete presentation of the revenues and expenses of Oklahoma 89 Homes. Our opinion is not modified with respect to this matter.

/s/ Squar Milner LLP

Irvine, California

February 27, 2019

OKLAHOMA 89 HOMES

STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

	Nine Months Ended September 30, 2018 (unaudited)	Year Ended December 31, 2017
Rental income	\$ 675,791	\$808,393
Operating expenses:		
Property operating and maintenance	160,796	164,014
Real estate taxes	53,009	70,789
Total operating expenses	\$ 213,805	\$234,803
Revenues over certain operating expenses	\$ 461,986	\$573,590

*See the accompanying notes to statements of revenues over certain operating expenses.*



## OKLAHOMA 89 HOMES

### NOTES TO STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

For the Nine Months Ended September 30, 2018 (unaudited)

and the Year Ended December 31, 2017

#### 1. DESCRIPTION OF REAL ESTATE PROPERTY

Reven Housing REIT, Inc. (the “Company”), through a wholly-owned subsidiary, acquired 89 properties located in the Oklahoma City metropolitan area, pursuant to that Single Family Homes Real Estate Purchase and Sale Agreement dated November 1, 2018 with TB Rentals, LLC (the “Oklahoma 89 Seller”) on December 19, 2018. The Oklahoma 89 Seller is not a related party and the acquisition is not a transaction between affiliates.

The contract purchase price for the 89 acquired properties is approximately \$6,900,000.

The Company is a Maryland corporation formed to invest in and manage a diverse portfolio of single-family homes located throughout the United States.

#### 2. BASIS OF PRESENTATION

The accompanying statements of revenues over certain operating expenses have been prepared to comply with the rules and regulations of the Securities and Exchange Commission (“SEC”).

Oklahoma 89 Homes is not a legal entity and the accompanying statements of revenues over certain operating expenses are not representative of the actual operations for the periods presented, as certain revenues and expenses have been excluded on the basis that they may not be comparable to the revenues and expenses the Company expects to incur in the future operations of Oklahoma 89 Homes. Excluded items include interest, depreciation and

amortization, and general and administrative costs not directly comparable to the future operations of Oklahoma 89 Homes.

The accompanying unaudited statement of revenues over certain operating expenses for the nine months ended September 30, 2018 has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information as contained within the Financial Accounting Standards Board Accounting Standards Codification and the rules and regulations of the SEC, including the instructions to Form 8-K and Article 3-14 of Regulation S-X. Accordingly, the unaudited statement of revenues over certain operating expenses does not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of management, the statement of revenues over certain operating expenses for the unaudited interim period presented includes all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such period. Operating results for the nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

An audited statement of revenues over certain operating expenses for the year ended December 31, 2017 is being presented for the most recent fiscal year available instead of the two most recent years based on the following factors: (i) Oklahoma 89 Homes was acquired from an unrelated party and (ii) based on due diligence of Oklahoma 89 Homes by the Company, management is not aware of any material factors relating to Oklahoma 89 Homes that would cause this financial information not to be indicative of future operating results.

## OKLAHOMA 89 HOMES

### NOTES TO STATEMENTS OF REVENUES OVER CERTAIN OPERATING EXPENSES

For the Nine Months Ended September 30, 2018 (unaudited)

and the Year Ended December 31, 2017

#### 3.SIGNIFICANT ACCOUNTING POLICIES

##### Revenue Recognition

Oklahoma 89 Homes leases single family homes under operating leases generally with terms of one year or less. Rental revenue, net of concessions, is recognized on a straight-line basis over the terms of the leases.

##### Use of Estimates

The preparation of financial statements, as described in Note 2 and in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting periods. Actual results could materially differ from those estimates.

#### 4.COMMITMENTS AND CONTINGENCIES

##### Legal Matters

From time to time, Oklahoma 89 Homes may become party to legal proceedings that arise in the ordinary course of its business. The Company is not aware of any legal proceedings of which the outcome is probable or reasonably possible

to have a material adverse effect on its financial condition or results of operations of Oklahoma 89 Homes for the periods presented.

## 5.SUBSEQUENT EVENTS

The Company evaluates subsequent events up until the date the statements of revenues over certain operating expenses are issued.

REVEN HOUSING REIT, INC.

## SUMMARY OF UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following unaudited pro forma financial statements and accompanying notes should be read in conjunction with the consolidated balance sheets of Reven Housing REIT, Inc. (“Reven Housing REIT” or the “Company”) as of December 31, 2017 and September 30, 2018 (unaudited), the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2017 and for the nine months ended September 30, 2018 (unaudited), and the notes thereto. The consolidated financial statements of the Company as of and for the year ended December 31, 2017 and the consolidated financial statements as of and for the nine months ended September 30, 2018 (unaudited) have been included in the Company’s prior filings with the SEC. In addition, this unaudited pro forma information should be read in conjunction with the statements of revenues over certain operating expenses and the notes thereto of Oklahoma 89 Homes, which are included herein.

The following unaudited pro forma consolidated balance sheet of the Company as of September 30, 2018 has been prepared to give effect to the acquisition of Oklahoma 89 Homes as if the acquisition occurred on September 30, 2018.

The following unaudited pro forma statements of operations of the Company for the nine months ended September 30, 2018 and for the year ended

December 31, 2017 have been prepared to give effect to the acquisition of Oklahoma 89 Homes as if the acquisition occurred on January 1, 2017.

These unaudited pro forma financial statements are prepared for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisition of Oklahoma 89 Homes been consummated as of the dates indicated. In addition, the pro forma consolidated balance sheet includes pro forma preliminary estimates of the fair value of the assets and liabilities acquired in connection with the acquisition. These preliminary estimates may be adjusted in the future upon finalization of the purchase accounting.

## REVEN HOUSING REIT, INC.

## UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of September 30, 2018

	Actual September 30, 2018(a)  (unaudited)	Pro Forma Adjustments Oklahoma 89 Acquisition (b)	Pro Forma September 30, 2018(a)  (Unaudited)
<b>ASSETS</b>			
Investments in single-family residential properties:			
Land	\$ 11,328,161	\$ 1,065,000	\$ 12,393,161
Buildings and improvements	52,677,702	5,835,000	58,512,702
	64,005,863	6,900,000	70,905,863
Accumulated depreciation	(6,061,956 )	-	(6,061,956 )
Investments in single-family residential properties, net	57,943,907	6,900,000	64,843,907
Cash, cash equivalents, and restricted cash	24,025,885	(6,855,860 )	17,170,025
Rent and other receivables	614,329	-	614,329
Lease origination costs, net	388,084	41,830	429,914
Other assets, net	652,220	(71,000 )	581,220
Total Assets	\$ 83,624,425	\$ 14,970	\$ 83,639,395
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Accounts payable and accrued liabilities	\$ 1,405,822	\$-	1,405,822
Resident security deposits	757,683	14,970	772,653
Notes payable, net	50,082,837	-	50,082,837
Total Liabilities	52,246,342	14,970	52,261,312
Stockholders' Equity			
Common stock, 10,945,074 shares issued and outstanding	10,945	-	10,945
Additional paid-in capital	42,543,805	-	42,543,805

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Accumulated deficit	(11,176,667)	-	(11,176,667)
Total Stockholders' Equity	31,378,083	-	31,378,083
Total Liabilities and Stockholders' Equity	\$83,624,425	\$14,970	\$83,639,395

*See the accompanying notes to unaudited pro forma consolidated balance sheet.*

REVEN HOUSING REIT, INC.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of September 30, 2018

a) Unaudited historical financial information was derived from Reven Housing REIT's quarterly report on Form 10-Q as of September 30, 2018.

b) Represents the acquisition of Oklahoma 89 Homes. The purchase price of Oklahoma 89 Homes was approximately \$6,900,000. The purchase price was primarily funded with cash on hand as of September 30, 2018. Reven Housing REIT recorded the cost of tangible assets and identifiable intangibles (consisting of lease origination costs) acquired based on their estimated fair values.



## REVEN HOUSING REIT, INC.

## UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2018

	Actual Nine months ended September 30, 2018 (Unaudited) (a)	Pro Forma Adjustments Oklahoma 89 Acquisition	Pro Forma Nine months ended September 30, 2018 (Unaudited)
Revenue:			
Rental income	\$6,623,163	\$ 675,791	(b) \$7,298,954
Operating expenses:			
Property operating and maintenance	2,081,009	160,796	(c) 2,241,805
Real estate taxes	1,104,657	53,009	(c) 1,157,666
Depreciation and amortization	1,631,824	190,000	(d) 1,821,824
General and administrative	1,702,990	-	1,702,990
Noncash share-based compensation	39,375	-	39,375
Total expenses	6,559,855	403,805	6,963,660
Operating income (loss)	63,308	271,986	335,294
Other income (expenses)			
Casualty gain, net	76,133	-	76,133
Loss on early extinguishment of debt	(642,845 )	-	(642,845 )
Previously deferred stock issuance costs	(674,144 )	-	(674,144 )
Other	22,989	-	22,989
Interest expense	(1,277,105 )	-	(1,277,105 )
Total other expenses, net	(2,494,972 )	-	(2,494,972 )
Net loss	\$(2,431,664 )	\$ 271,986	\$(2,159,678 )
Net loss per share, basic and diluted	\$(0.23 )		\$(0.20 )
	10,769,062		10,769,062

Weighted average number of common  
shares outstanding

*See the accompanying notes to unaudited pro forma statement of operations*

REVEN HOUSING REIT, INC.

NOTES TO UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2018

a) Historical financial information was derived from Reven Housing REIT's quarterly report on Form 10-Q for the nine months ended September 30, 2018.

Represents net rental income for Oklahoma 89 Homes from tenants (not reflected in the historical statement of operations of Reven Housing REIT) for the nine months ended September 30, 2018, based on historical operations of the previous owner.

Represents operating expenses and real estate taxes of Oklahoma 89 Homes (not reflected in the historical statement of operations of Reven Housing REIT) for the nine months ended September 30, 2018, based on historical operations of the previous owner.

Represents adjustments to depreciation and amortization expense for Oklahoma 89 Homes (not reflected in the historical statement of operations of Reven Housing REIT) for the nine months ended September 30, 2018.  
d) Depreciation expense is calculated using the straight-line method over the estimated useful life of 27.5 years for the buildings. Amortization expense on lease intangible costs is recognized using the straight-line method over the life of the lease.

## REVEN HOUSING REIT, INC.

## UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the Year Ended December 31, 2017

	Actual Year ended December 31, 2017 (Audited) (a)	Pro Forma Adjustments Oklahoma 89 Acquisition	Pro Forma Year ended December 31, 2017 (Unaudited)
Revenue:			
Rental income	\$7,817,709	\$ 808,393	(b) \$8,626,102
Operating expenses:			
Property operating and maintenance	2,242,219	164,014	(c) 2,406,233
Real estate taxes	1,312,188	70,789	(c) 1,382,977
Depreciation and amortization	1,990,486	254,000	(d) 2,244,486
General and administrative	2,239,682	-	2,239,682
Noncash share-based compensation	174,375	-	174,375
Total expenses	7,958,950	488,803	8,447,753
Operating income (loss)	(141,241 )	319,590	178,349
Other expenses			
Other	(366,068 )	-	(366,068 )
Interest expense	(1,325,994 )	-	(1,325,994 )
Total other expenses, net	(1,692,062 )	-	(1,692,062 )
Net loss	\$(1,833,303 )	\$ 319,590	\$(1,513,713 )
Net loss per share, basic and diluted	\$(0.17 )		\$(0.14 )
Weighted average number of common shares outstanding	10,734,025		10,734,025

*See the accompanying notes to unaudited pro forma statement of operations*



REVEN HOUSING REIT, INC.

NOTES TO UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the Year Ended December 31, 2017

a) Historical financial information derived from Reven Housing REIT's annual report on Form 10-K for the year ended December 31, 2017.

Represents net rental income for the Oklahoma 89 Homes from tenants (not reflected in the historical statement of operations of Reven Housing REIT) for the year ended December 31, 2017, based on historical operations of the previous owner.

Represents operating expenses and real estate taxes of the Oklahoma 89 Homes (not reflected in the historical statement of operations of Reven Housing REIT) for the year ended December 31, 2017, based on historical operations of the previous owner.

Represents adjustments to depreciation and amortization expense for Oklahoma 89 Homes (not reflected in the historical statement of operations of Reven Housing REIT) for the year ended December 31, 2017. Depreciation expense is calculated using the straight-line method over the estimated useful life of 27.5 years for the buildings. Amortization expense on lease intangible costs is recognized using the straight-line method over the life of the lease.