

FIRST EQUITY PROPERTIES INC

Form 10-K/A

May 25, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Mark One)

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

For the fiscal year ended December 31, 2004

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 0-11777

FIRST EQUITY PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Nevada

95-6799846

(State of other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1800 Valley View Lane, Suite 300

75234

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 214 750-5800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

None

Securities registered pursuant to section 12(g) of the Act:
Common Stock, par value \$0.01 per share

(Title of class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed with reference to the price at which the common equity was last sold, or the average bid and ask price of such common equity, as of the last business day of the Registrant's most recently-completed second fiscal quarter (June 30, 2004) is not determinable since no trading market existed on that date or presently exists for the shares of common stock. Of the total shares outstanding at March 18, 2005, 264,807 shares were held at that date by persons who may be deemed to be not affiliated with the Registrant.

DOCUMENTS INCORPORATED BY REFERENCE

None

**AMENDMENT NO. 1 TO
ANNUAL REPORT ON FORM 10-K FOR
FIRST EQUITY PROPERTIES, INC.**

The undersigned Registrant hereby amends the following items, exhibits or other portions of its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 as set forth below and as reflected in the substituted pages attached hereto which replace the same numbered pages in the original filing:

New pages F-12 and F-13 have been added continuing Note M Quarterly Data (unaudited), which is hereby added to the Report.

Page F-1 The Accountant s Report has been amended to include the Accountant s conforming signature.

Page 18, Exhibit 31 has been amended to include Ken L. Joines conforming signature.

Page 19, Exhibit 32 has been amended to include Ken L. Joines conforming signature.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has caused this Amendment to be signed on its behalf by the undersigned, thereunto duly-authorized.

Date: May 23, 2005

FIRST EQUITY PROPERTIES, INC.

By: /s/ Ken L. Joines
Ken L. Joines, Vice President and
Treasurer (Acting Principal Executive
Officer, Chief Financial and
Accounting Officer)

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Dated: March 29, 2005.

/s/ Ken L. Joines
Ken L. Joines, Vice President and
Treasurer
(Acting Principal Executive Officer and
Chief Financial and Accounting Officer)

OFFICERS SECTION 1350 CERTIFICATIONS

The undersigned officer of First Equity Properties, Inc., a Nevada corporation (the Company), hereby certifies that (i) the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (ii) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fairly presents, in all material respects, the financial condition and results of operations of the Company, at and for the periods indicated.

Dated: March 29, 2005.

/s/ Ken L. Joines
Ken L. Joines, Vice President and
Treasurer
(Acting Principal Executive Officer and
Chief Financial and Accounting Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
First Equity Properties, Inc. and Subsidiaries

We have audited the accompanying balance sheets of First Equity Properties, Inc. and subsidiaries as of December 31, 2004 and 2003 and the related statements of operations, changes in shareholders' equity and cash flows for the years ended December 31, 2004, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Equity Properties, Inc. and subsidiaries as of December 31, 2004 and 2003 and the results of their operations and their cash flows for the years ended December 31, 2004, 2003 and 2002, in conformity with U.S. generally accepted accounting principles.

FARMER, FUQUA & HUFF, P.C.

/s/ FARMER, FUQUA & HUFF, P.C.

March 29, 2005
Plano, Texas

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FIRST EQUITY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS Continued
December 31, 2004, 2003 and 2002

NOTE M QUARTERLY DATA (UNAUDITED)

The table below reflects the Partnership's selected quarterly information for the years ended December 31, 2004 and 2003.

| | Year ended December 31, 2004 | | | |
|---|------------------------------|-------------------|------------------|-------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | \$ 14,587 | \$ 45,045 | \$ 60,683 | \$ 60,685 |
| Operating expenses | 5,673 | 13,887 | 26,720 | 14,570 |
| Net income from continuing operations | 8,914 | 31,158 | 33,963 | 46,115 |
| Discontinued operations | 45,715 | | | |
| Impairment loss | (37,931,116) | | | |
| Net income (loss) attributable to Common shares | (37,876,487) | 31,158 | 33,963 | 46,115 |
| Earnings (loss) per share: | | | | |
| Net earnings from continuing operations | .01 | .03 | .03 | .04 |
| Discontinued operations | (35.82) | | | |
| Net income (loss) applicable to Common shares | (35.81) | .03 | .03 | .04 |

Quarterly results for the first quarter of 2004 presented differ from those previously reported in FEPI's originally filed Form 10-Qs due to the recalculation of EPS to reflect the effect of a one-for-ten reverse stock split that took place at the beginning of the third quarter 2004. The following chart represents FEPI's 2004 quarterly data as originally reported:

| | Year ended December 31, 2004 | | | |
|---|------------------------------|-------------------|------------------|-------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | \$ 14,587 | \$ 45,045 | \$ 60,683 | \$ 60,685 |
| Operating expenses | 5,673 | 13,887 | 26,720 | 14,570 |
| Net income from continuing operations | 8,914 | 31,158 | 33,963 | 46,115 |
| Discontinued operations | 45,715 | | | |
| Impairment loss | (37,931,116) | | | |
| Net income (loss) attributable to Common shares | (37,876,487) | 31,158 | 33,963 | 46,115 |
| Earnings (loss) per share: | | | | |
| Net earnings from continuing operations | | .03 | .03 | .04 |

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| | | | | |
|---|--------|-----|-----|-----|
| Discontinued operations | (3.58) | | | |
| Net income (loss) applicable to Common shares | (3.58) | .03 | .03 | .04 |

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FIRST EQUITY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS Continued
December 31, 2004, 2003 and 2002

NOTE M QUARTERLY DATA (UNAUDITED) continued

| | Year ended December 31, 2003 | | | |
|---|------------------------------|-------------------|------------------|-------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | \$ 9,459 | \$ 14,587 | \$ 14,748 | \$ 14,747 |
| Operating expenses | 1,521 | 26,635 | 2,402 | 1,521 |
| Net income from continuing operations | 7,938 | (12,048) | 12,346 | 13,226 |
| Discontinued operations | 47,555 | 47,256 | 72,162 | 40,281 |
| Net income (loss) attributable to Common shares | 55,493 | 35,208 | 84,508 | 53,507 |
| Earnings (loss) per share: | | | | |
| Net earnings from continuing operations | | (.01) | .01 | .01 |
| Discontinued operations | .05 | .04 | .07 | .04 |
| Net income (loss) applicable to Common shares | .05 | .03 | .08 | .05 |

Quarterly results presented differ from those previously reported in FEPI's originally filed Form 10-Qs due to the reclassification of the operations of properties sold or held for sale to discontinued operations in accordance with SFAS 144 and to the recalculation of EPS to reflect the effect of a one-for-ten reverse stock split that took place at the beginning of the third quarter 2004. The following chart represents FEPI's 2003 quarterly numbers as originally reported:

| | Year ended December 31, 2003 | | | |
|---|------------------------------|-------------------|------------------|-------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Revenue | \$ 57,014 | \$ 61,843 | \$ 86,910 | \$ 55,028 |
| Operating expenses | 1,521 | 26,635 | 2,402 | 1,521 |
| Net income from continuing operations | 55,493 | 35,208 | 84,508 | 53,507 |
| Net income (loss) attributable to Common shares | 55,493 | 35,208 | 84,508 | 53,507 |
| Earnings (loss) per share: | | | | |
| Net income (loss) applicable to Common shares | | | .01 | |