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DELTONA CORP
Form 10-K
March 26, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ending December 31, 2001

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 1-4719

THE DELTONA CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

59-0997584
(I.R.S. Employer
Identification Number)

8014 SW 135th Street Road
Ocala, FL
(Address of principal executive offices)

34473
(Zip Code)

Registrant's telephone number, including area code (352) 307-8100

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

COMMON STOCK, \$1 PAR VALUE
(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 X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 amendments to this Form 10-K. []

State the aggregate market value of the voting stock held by non-affiliates of the Registrant: \$946,983(based upon the sales price at which shares were sold on March 14, 2002 (\$0.29 per share) multiplied by the 3,265,458 shares of stock owned by non-affiliates, excluding voting stock held by directors, executive officers and beneficial owners of more than 10% of the Registrant's voting stock; however, this does not constitute an admission that any such holder is an "affiliate" for any purpose.)

Indicate the number of shares outstanding of the Registrant's classes of

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common stock, as of the latest practicable date: 13,544,277 shares of common stock, \$1 par value, as of March 14, 2002, excluding 12,228 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

THE DELTONA CORPORATION

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ITEMS 1 AND 2

BUSINESS

General

The Company was founded in 1962 and is principally engaged in the development and sale of Florida real estate, through the development of planned communities on land acquired for that purpose. The Company offers single-family lots and multi-family and commercial tracts for sale, in communities designed by the Company. The Company is the developer of eleven planned communities in Florida, including TimberWalk, which is located in the western portion of Marion Oaks. Of those eleven planned communities, two are in various stages of development. The Company plans, designs and develops roads, waterways, recreational amenities, grading and drainage systems within these communities. Since 1962, the Company has sold over 157,000 single-family lots and multi-family and commercial tracts in its communities, in addition to over 13,000 single-family homes and over 4,300 multi-family housing units.

The Company's land holdings in Florida include an inventory of approximately 16,000 unsold platted single-family and multi-family lots and commercial tracts. (Platting is the process of recording, in the public records of the county where the land is located, a map or survey delineating the legal boundaries of the lots and tracts.) See "Real Estate: Land".

The Company also operates other businesses related to its real estate activities, such as a title insurance company and a real estate brokerage company. In addition, the Company has designed and constructed country clubs, golf courses and other recreational amenities at its communities, and operated such amenities until their conveyance or sale.

Historically, the Company had designed, constructed and operated utility systems for the distribution of water and LP gas and for the collection and treatment of sewage, primarily at the Company's communities. However, on June 6, 1989, Topeka Group Incorporated ("Topeka"), a subsidiary of Minnesota Power & Light Company ("MPL"), exchanged the Company's Preferred Stock which it acquired in November, 1985 for the Company's utility subsidiaries. The Company entered into a Developer Agreement for each of its communities, which provides the policies for water and sewer utility services to the Company and the Company's customers.

The Company is incorporated in Delaware and has its principal office at 8014 SW 135th Street Road, Ocala, Florida 34473. Its telephone number is (352)307-8100. The Company, as used herein, refers to The Deltona Corporation and, unless the context otherwise indicates, its wholly-owned subsidiaries.

Forward Looking Statements

This annual report on Form 10-K of The Deltona Corporation. for the year ended December 31, 2001 contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition, involve risks and uncertainties. In particular, statements under Items 1 and 2, Business, Item 5,

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Price Range of Common Stock and Dividends, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation, contain forward-looking statements. Where, in any forward-looking statement, Deltona expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.

All of the above estimates are based on the current expectations of our management team, which may change in the future due to a large number of potential events, including unanticipated future developments.

The following factors are factors that could cause actual results or events to differ materially from those anticipated, and include, but are not limited to: the availability of operating capital, general economic, financial and business conditions;

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competition for customers in the single- and multi-family home market; the costs of construction; and changes in and compliance with governmental regulations.

Recent Developments

On December 13, 2001, the Board of Directors approved a 1 for 500,000 reverse split of the Company's common stock and a related amendment to the Company's Articles of Incorporation reducing the number of authorized shares to 30. Both actions are subject to stockholder approval. The Company has filed a Form 13E(3) and a preliminary proxy statement related to the proposals. The effect of the reverse split will be to reduce the number of the Company's stockholders to two stockholders: Selex International, B.V., a Netherlands corporation ("Selex") and Yasawa Holdings, N.V., a Netherlands Antilles corporation ("Yasawa"). The date of the meeting of stockholders to consider both matters will be determined upon the conclusion of SEC review.

During 2001, Swan Development Corporation ("Swan") continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was \$ 5,929,000 as of December 31, 2001. The Company signed a promissory note to Swan in March 1999, which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest was 6% per annum on the outstanding balance of the advance. The interest rate was changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of \$500,000. Funds advanced by Swan were used by the Company to meet the Company's working capital requirements. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt was adjusted to 6.5%, which equals the prime rate as of July 1, 2001. As of December 31, 2001, the total amount of interest accrued is approximately \$591,000, which is included in accrued expenses.

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During 2001, the Company entered into a joint venture agreement (the "Venture") with Scaffolding, for the purchase of property tax certificates, application of tax deeds, administration and the acquisition and sale of land. The Company provides administrative, managerial, sales and marketing services to the Venture. The Company is reimbursed by the Venture for all commissions and marketing costs plus an administrative fee of 10% of all sales consummated. Scaffolding provides financing to the Venture and has loaned the Venture approximately \$1,200,000 as of December 31, 2001. There are no capital financing requirements on behalf of the Company due into the Venture.

Real Estate

The Company is primarily involved with the development and marketing of planned communities in Florida since 1962. The following table sets forth certain information about these communities and other land assets of the Company as of December 31, 2000. For a detailed description of these communities, see "Existing Communities" and "Other Properties".

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Existing Communities

	Acreage In Masterplan	Initial Acquisition Year	Year Opened	Estimated Current Population	Platted Lots & Tracts in Masterplan (a)	Unimproved (a) (b)	Unsol Lots
	-----	----	-----	-----	-----	-----	
* Deltona Lakes	17,203	1962	1962	75,580	34,964	--	
* Marco Island(c)	7,844	1964	1965	45,140	8,657	--	
* Spring Hill(d)	17,240	1966	1967	77,100	32,909	--	
* Citrus Springs(e)	15,954	1969	1970	7,170	33,783	--	
* St. Augustine Shores....	1,985	1969	1970	7,890	3,130	--	
Sunny Hills (g).....	17,743	1968	1971	1,420	26,251	12,536	
* Pine Ridge	9,994	1969	1972	4,290	4,833	--	
Marion Oaks(e) (f)	14,644	1969	1973	9,296	27,537	2,071 (f)	
* Seminole Woods	1,554	1969	1979	550	262	--	

There is no unplatted acreage in any community

Joint Venture Community:

* Tierra Verde	666	1976	1977	5,530	1,036	--	
	---	----	----	-----	-----	-----	
Total	104,827			222,270	173,362	14,607	
	=====			=====	=====	=====	

Other Properties

	Initial Acquisition Year	Acres
	Year	
Other Land Assets:		

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Other land adjacent to existing communities(h) ..	Various	92 --
Total.....		92 ==

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Land

In selecting sites for its communities, the Company examined various demographic and economic factors, the regulatory climate, the availability of governmental services and medical, educational and commercial facilities, and estimated development costs. Its communities are accessible to major highways and Florida's major metropolitan areas and are near at least one large body of water that can be used for recreational purposes. Other criteria used by the Company in site selection are the suitability of the land for natural or engineered drainage and the availability of a sufficient supply of potable water to support the community's anticipated population.

The master plans of the Company's communities have been designed to provide for amenities such as golf courses, greenbelt areas, parks and recreational areas, as well as for the basic infrastructure, such as roads and water, and in selected development areas, sewer lines. Sites are set aside for shopping centers, schools, houses of worship, medical centers and public facilities such as libraries and fire stations.

In its major planned communities, the Company offers for sale lot and house "packages" situated on paved streets. In other areas of these communities, the Company historically has sold single-family lots and multi-family and commercial tracts on an installment basis. Prior to 1991, the Company sold such land, subject to a future development obligation, accepting down payments as low as 5% of the sales price, with the balance payable over periods ranging from 2 to 15 years, depending on the payment plan selected. When the applicable rescission period expired and the Company received at least 10% of the contracted sales price, a substantial portion of the revenue and related profit on the sale was recognized, with the remaining revenue and profit deferred and recognized as land improvements such as street paving occurred.

Due to various factors, since 1986, the Company had utilized a deed and mortgage format for effecting certain sales in its communities. Beginning September 29, 1990, the Company changed its method of recognizing land sales by recording the sale of lots, subject to a future development obligation, under the deposit method; since January 1, 1991, no sale has been recognized until the Company receives at least 20% of the contracted sales price; and beginning in the fourth quarter of 1991, the Company limited the sale of lots to those which front on a paved street and are ready for immediate building. See Note 1 to Consolidated Financial Statements.

A portion of the contract purchase price is discounted and treated as interest income to be amortized over the life of the contract. Interest income is also earned in accordance with the interest rate stated in the installment land sales contract or promissory note. The Company further provides an allowance for contract cancellations based on the historical experience of the Company for such cancellations.

Substantially all of the Company's single-family lot and multi-family and commercial tract sales have been made on an installment basis. Of the over

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157,000 lots and tracts sold since the Company's inception, 313 contracts receivable presently exist with respect to lots and tracts with an outstanding balance of approximately \$1,115,000 at December 31, 2001, excluding contracts receivable of which the Company is a guarantor. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 to Consolidated Financial Statements.

Housing

Historically, the Company has been involved in the design, construction and marketing of single-family homes and multi-family housing, including both condominium apartment complexes and a vacation ownership (timesharing) project. Since commencing operations, the Company has constructed and sold over 13,000 single-family homes and over 4,300 multi-family housing units in its communities, with much of the actual construction performed by subcontractors. Revenues, as well as related costs and expenses, from single-family home and vacation ownership sales are recorded at the time of closing.

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Single-Family Housing

The Company's homes are designed to fit the needs and wants of a variety of housing customers: models range from 1,692 square feet to 2,895 square feet. From the smallest home to the largest, these homes feature 2 car garages, cathedral ceilings over the main living areas, ceramic tile foyers, plant shelves, large fully equipped kitchens (most with breakfast nooks or good morning rooms), fully enclosed laundry centers, impressive master suites with walk-in closets and large bedrooms. A model center is open at Marion Oaks and a new model center is scheduled to open in Sunny Hills in March 2002. Houses are sold with the lot included in the sales price; however, the Company also offers a "build on your own lot" program for those purchasers who have previously acquired a lot. The FeatherNest Housing Village in Marion Oaks, where the lot is included in the price of the home, is owned by Conquistador Development Corporation and marketed by the Company. All housing sales are made within the local market and through the Company's independent dealer network. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Company is directing a greater portion of its marketing efforts to the sale of lots with homes or lots with compulsory building obligations to offset the negative cash effects of installment land sales, where the purchase price of the lot is paid over several years and there is no commitment to build.

Multi-Family Housing

The Company has designed, constructed and sold more than 4,300 condominium apartment units at its communities in buildings ranging from garden-style apartment complexes to luxury high-rise towers. Every condominium complex constructed by the Company includes at least one pool and patio area; many feature tennis courts and other recreational amenities.

The Company's limited inventory of multi-family housing is at its vacation ownership complex, The Surf Club, located on the Gulf of Mexico at Marco Island. The bulk of its inventory at The Surf Club was sold prior to 1990.

Marketing

The Company has historically sold land and housing on a national and international basis through independent dealers in the United States, Canada and

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overseas, as well as through Company-affiliated salespeople. For the year ended December 31, 2001, sales by independent dealers in the United States accounted for approximately 100% (in dollar volume) of new land sales contracts.

Existing Communities

Deltona Lakes

Deltona Lakes is located 26 miles northeast of Orlando, with its popular tourist attractions of Disney World and Sea World, and is bordered on the northwest by Interstate 4. Opened in 1962, Deltona Lakes is now an incorporated city with a population of approximately 75,580. Over 30,000 lots and tracts and over 4,500 single and multi-family housing units have been sold at this community.

Recreational amenities constructed by the Company include tennis courts, a golf course and country club (which were sold in 1983), and a recreational complex on the shores of Lake Monroe. A 133-room motel, an industrial park, a medical complex, several shopping centers, numerous houses of worship, a fire station, a public library and schools are located in the community. The Company has completed development of this community.

Marco Island

The Company's resort community of Marco Island is located 104 miles west of Miami and approximately 17 miles south of Naples, Florida. Over 8,500 lots and tracts and over 4,200 single and multi-family housing units have been sold

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in this community. More than 45,140 persons reside at Marco Island, including a population which more than triples during the winter season. It is the largest of Florida's Ten Thousand Islands and is known for its recreational amenities which, in addition to its 3 1/2 mile white sand beach, sport fishing, sailing and shelling, include golf, tennis, swimming and other recreational activities. The island community has several major shopping centers, banks and savings & loan associations, and medical and professional centers.

Since the community's opening in January, 1965, the Company has built and operated a yacht club and marina, the Marco Beach Hotel & Villas, and a golf course and country club, all of which have been sold. The Company has also constructed and sold over 3,300 condominium units on the island and The Surf Club, a 44 unit vacation ownership complex. In 1990, the Company completed the sale of substantially all of its remaining vacation ownership weeks at The Surf Club.

Spring Hill

Spring Hill, with an estimated population of over 77,100 is located 45 miles north of Tampa-St. Petersburg. Over 32,000 lots and tracts and over 4,000 single-family homes have been sold in this community. The Company has constructed a recreation complex, a country club, and two golf courses, which have been sold. Several shopping centers and medical centers, schools, numerous houses of worship and fire stations are located in the community. The Company has completed the development of this community.

Citrus Springs

Citrus Springs, with an estimated population of over 7,170 is located 28 miles southwest of Ocala and 25 miles from the Gulf of Mexico. Over 30,000 lots

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and tracts and over 700 single-family homes have been sold at this community. A golf course and a clubhouse (sold in 1990) and a community center have been completed by the Company. Several churches, schools and a convenience shopping area are located in the community. In 1992, most of the Company's remaining inventory at this community was sold to Citony Development Corporation ("Citony") for approximately \$6,500,000. The Company provides miscellaneous administrative assistance and loan servicing to Citony for a fee.

St. Augustine Shores

St. Augustine Shores, with a population estimated to be over 7,890 is located seven miles south of St. Augustine, between the Intracoastal Waterway and U.S. Highway 1. In December 1997, the Company sold all of its remaining inventory at St. Augustine Shores to Swan Development Corporation ("Swan"). As part of the purchase, Swan assumed the liability for completing improvements within St. Augustine Shores.

Certain common areas of the community, such as parks and swale areas, are maintained by the St. Augustine Shores Service Corporation, a non-profit corporation, of which all property owners are members. Several houses of worship, shopping facilities, a recreational building and a golf and country club are also located in the community.

Sunny Hills

Sunny Hills, with a population of over 1,420 residents, is located in the Florida Panhandle, 45 miles north of the Gulf of Mexico and 35 miles north of Panama City. Over 12,000 lots and tracts and 300 single-family homes have been sold at this community. The community includes a golf course and country club, which was sold by the Company, several houses of worship and convenience shopping.

During 2001, the Company initiated construction of four model homes in Sunny Hills. The Company's homes are designed to fit the needs and wants of a variety of housing customers: models range from 1,904 to 2,498 total square feet. The construction of these models is to test the market and future sales potential in the geographical area. The Sunny Hills model center is scheduled to open in March 2002. Houses will be sold with the lot included in the sales price, however the company also offers a "build on your own lot" program for those purchasers who have previously acquired a lot. All housing sales are expected to be made within the local market and through the Company's independent dealer network.

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During 2001, the Company expended approximately \$225,000 for construction of these model homes. It is estimated that an additional \$233,000 of capital will be required in order to complete these models and associated improvements.

Revenues in 2002 will be generated from the sale of land inventory, from house sales, from the recognition of deferred revenue as land development proceeds, from collections on existing contracts receivable and from the Company's real estate brokerage subsidiary operation.

Pine Ridge

Pine Ridge, with a population of approximately 4,290 is located 34 miles southwest of Ocala. The community's facilities include an equestrian club and tennis courts. The Company sold over 3,500 lots and tracts and more than 53 single-family homes in Pine Ridge prior to the sale of its remaining inventory

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in 1987.

Marion Oaks

Marion Oaks, with a population of over 9,296 residents, is located 12 miles southwest of Ocala. Over 23,000 lots and tracts have been sold in the community. The community includes playgrounds, two golf courses (both of which are owned by third parties), several recreation buildings, community shopping centers and several houses of worship. In addition, this community is home to the Company's corporate headquarters.

The Company's homes, constructed by an independent builder, are designed to fit the needs and wants of a variety of housing customers: models range from 1,692 square feet to 2,895 square feet. From the smallest home to the largest, these homes feature 2 car garages, cathedral ceilings over the main living areas, ceramic tile foyers, plant shelves, large fully equipped kitchens (most with breakfast nooks or good morning rooms), fully enclosed laundry centers, impressive master suites with walk-in closets and large bedrooms. A model center is open at Marion Oaks. Houses are sold with the lot included in the sales price; however, the Company also offers a "build on your own lot" program for those purchasers who have previously acquired a lot. The FeatherNest Housing Village in Marion Oaks, where the lot is included in the price of the home, is owned by Conquistador Development Corporation and marketed by the Company. All housing sales are made within the local market and through the Company's independent dealer network. During 2001, the Company continued to construct spec homes and these homes generally sold prior to completion of construction.

Revenues in 2002 will be generated from the sale of land inventory, from housing sales, from the recognition of deferred revenue as land development proceeds, from collections on existing contracts receivable and from the Company's real estate brokerage and title company subsidiary operations.

Seminole Woods

Seminole Woods, with a population of over 550, is comprised of 1,554 acres of property located 20 miles north of Orlando. The community's 262 single-family lots, each with a minimum of five acres, have been sold and development completed.

Tierra Verde

Tierra Verde, with a population of over 5,360, is a 666-acre waterfront subdivision located eight miles south of St. Petersburg. It was developed and marketed pursuant to a 50% joint venture, which no longer exists, between a wholly-owned subsidiary of the Company and an unaffiliated corporation. The community has been sold out and development completed.

Other Land Assets

The Company also owns 92 acres of land in Florida adjacent to its existing communities.

Other Businesses

The Company's title insurance subsidiary was established in 1978 in order to reduce title insurance, legal and certain related closing costs incurred by the Company in transferring title of its land and housing to its purchasers. The subsidiary serves as an agent for TICOR Title Insurance Company, Chicago Title

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Insurance Company and other title insurers. The Company's realty subsidiary performs real estate brokerage and rental services at the Company's Marion Oaks and Sunny Hills communities.

Employees

At December 31, 2001, the Company had 37 employees, of whom 34 were involved in executive, administrative, sales and community development/maintenance capacities and 3 were involved with the title insurance subsidiary. Certain of the Company's development activities are carried out by subcontractors who separately employ additional personnel. For the most part, the Company's marketing activities are carried out by independent dealers and marketing personnel employed by the Company and its subsidiaries.

Competition

The Company faces competition in the sale of its lots primarily from property owners in the Company's communities seeking to resell their land. The Company is also facing competition, on a regional level, from other builders and developers in the sale of single-family housing. Such competition is generally based upon location, price, reputation, quality of product and the existence of commercial and recreational facilities and amenities.

Regulation

The Company's real estate business is subject to regulation by various local, state and federal agencies. The communities are increasingly subject to substantial regulation as they are planned, designed and constructed, the nature of such regulation extending to improvements, zoning, building, environmental, health and related matters. Although the Company has been able to operate within the regulatory environment in the past, there can be no assurance that such regulations could not be made more restrictive and thereby adversely affect the Company's operations.

Community Development

In Florida, as in many growth areas, local governments have sought to limit or control population growth in their communities through restrictive zoning, density reduction, the imposition of impact fees and more stringent development requirements. Although the Company has taken such factors into consideration in its master plans by agreeing, for example, to make improvements, construct public facilities and dedicate certain property for public use, the increased regulation has lengthened the development process and added to development costs.

The implementation of the Florida Growth Management Act of 1985 (the "Act") precludes the issuance of development orders or permits if public facilities such as transportation, water and sewer services will not be available concurrent with development. Development orders have been issued for, and development has commenced in, the Company's existing communities (with development being completed in certain of these communities). Thus, the Company's communities are less likely to be affected by the new growth management policies than future communities. Any future communities developed by the Company will be strongly impacted by new growth management policies. Since the Act and its implications are consistently being re-examined by the State, together with local governments and various state and local governmental agencies, the Company cannot further predict the timing or the effect of new growth management policies, but anticipates that such policies may increase the Company's permitting and development costs.

Environmental

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To varying degrees, certain permits and approvals will be necessary to complete the development of Marion Oaks and Sunny Hills. Despite the fact that the Company has obtained substantially all of the permits and authorizations necessary to proceed with its development work on communities presently being marketed, additional approvals may be required to

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develop certain platted properties to be marketed in the future. Although the Company cannot predict the impact of such requirements, they could result in delays and increased expenditures. In addition, the continued effectiveness of permits and authorizations already granted is subject to many factors, some of which, including changes in policies, rules and regulations and their interpretation and application, are beyond the Company's control.

The Company is aware of studies indicating that prolonged exposure to radon gas may be hazardous to one's health. Such studies further indicate that radon gas is apparently associated with mining and earth moving activities, particularly in phosphate-bearing geological formations. Since phosphate mining has, over the years, constituted a significant industry in Florida, various state and local governmental agencies are in the process of attempting to determine the nature and extent of indoor radon gas intrusion throughout the state. Similar studies undertaken by the Company at its Citrus Springs community indicate that less than 1% of its property in that community may be affected by radon gas; studies conducted at the Company's Marion Oaks community revealed no indications of potential indoor radon gas problems. None of the other properties owned by the Company are situated over geological formations which are suspected of causing radon gas problems. Consequently, the existence of radon gas in Florida is not expected to materially affect the business or financial condition of the Company.

The Company owns and operates one above ground fuel storage tank at Marion Oaks. The Florida Department of Environmental Regulation ("DER") is responsible not only for regulating this tank, but for developing and implementing plans and programs to prevent the discharge of pollutants by the facility. The Company has registered this storage tank with the DER, constructed a containment device around the above ground storage tank and conducts periodic inspections and monitoring of the facility. The Company surveyed this site, which exhibited evidence of potential soil contamination to the DER prior to the deadline for acceptance into the Early Detection Incentive ("EDI") Program. The EDI Program provides for the State to assume the financial responsibility for any necessary clean-up operations when suspected contamination has been voluntarily reported by the facility owner and accepted into the program by the DER. The site has been inspected and reviewed under the EDI program and is in compliance with current DER regulations.

Marketing

The Company is also subject to a number of statutes imposing registration, filing and disclosure requirements with respect to homesites and homes sold or proposed to be sold to the public. On the state level, the Company's land sales activities are subject to the jurisdiction of the Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division") which requires registration of subdividers and subdivided land; regulates the contents of advertising and other promotional material; inspects the Company's land and development work; exercises jurisdiction over sales practices; and requires full disclosure to prospective purchasers of pertinent information relating to the property offered for sale.

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Other Obligations

As a result of the delays in completing the land improvements to certain property sold in certain of its Central and North Florida communities, the Company fell behind in meeting its contractual obligations to its customers. In connection with these delays, in 1980 the Company entered into a Consent Order with the Division which provided a program for notifying affected customers. Since 1980, the Consent Order was restated and amended several times, culminating in the 1992 Deltona Consent Order.

On December 30, 1997, the Division approved the formation of a Lot Exchange Trust into which the Company conveyed sufficient exchange inventory to provide exchanges to customers with undeveloped lots. Concurrently, the Division released its lien on the Company's contracts receivable, satisfied its mortgage on the Company's property and approved a settlement of all remaining issues under the 1992 Deltona Consent Order. The 1992 Deltona Consent Order was formally terminated on April 13, 1998.

As of December 31, 2001, the Company had estimated development obligations of approximately \$25,000 on sold property, an estimated liability to provide title insurance and deeding costs of \$145,000 and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of \$638,000, all of which are included in

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deferred revenue. As of December 31, 2001 and December 31, 2000 the Company had in escrow approximately \$7,000 specifically for land improvements at certain of its Central and North Florida communities. The Company's development obligation had been substantially reduced in 1997 by the consummation of the Agreement approved by the stockholders on November 4, 1997. Approximately \$7,400,000 of the development obligation at St. Augustine Shores was assumed by Swan. In addition, the creation of a Lot Exchange Trust, reduced the development obligation at Marion Oaks and Sunny Hills by approximately \$5,800,000.

On the federal level, the Company's homesite installment sales are subject to the Federal Consumer Credit Protection ("Truth-in-Lending") Act. In addition, the Company's activities are subject to regulation by the Interstate Land Sales Registration Division ("ILSRD"), which administers the Interstate Land Sales Full Disclosure Act. That Act requires that the Company file with ILSRD copies of applicable materials on file with the Division as to all properties registered; certain properties must be registered directly with ILSRD, in addition to being registered with the Division.

The Company has either complied with applicable statutory requirements relative to the properties it is offering or has relied on various statutory exemptions which have relieved the Company from such registration, filing and disclosure requirements. If these exemptions do not continue to remain available to the Company, compliance with such statutes may result in delays in the offering of the Company's properties to the public.

The Company's land sales activities are further subject to the jurisdiction of the laws of various states in which the Company's properties are offered for sale. In addition, Florida and other jurisdictions in which the Company's properties are offered for sale have strengthened, or may strengthen, their regulation of subdividers and subdivided lands in order to provide further assurances to the public. The Company has attempted to take appropriate steps to modify its marketing programs and registration applications in the face of such increased regulation, but has incurred additional costs and delays in the marketing of certain of its properties in certain states and countries. For

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example, the Company has complied with the regulations of certain states which require that the Company sell its properties to residents of those states pursuant to a deed and mortgage transaction, regardless of the amount of the down payment. The Company intends to continue to monitor any changes in statutes or regulations affecting, or anticipated to affect, the sale of its properties and intends to take all necessary and reasonable action to assure that its properties and its proposed marketing programs are in compliance with such regulations, but there can be no assurance that the Company will be able to timely comply with all regulatory changes in all jurisdictions in which the Company's properties are presently offered for sale to the public.

Real estate salespersons must, absent exemptions which may be available to employees of the property owner, be licensed in the jurisdiction in which they perform their activities. Real estate brokerage companies in Florida, as well as their brokers and salespersons, must be licensed by the Florida Real Estate Commission.

Miscellaneous

Various subsidiaries and divisions of the Company are subject to regulation by local, state and federal agencies. Such regulation extends to the licensing of operations, operating areas and personnel; the establishment of safety and service standards; and various other matters.

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ITEM 3

LEGAL PROCEEDINGS

From time to time the Company may become a party to legal and administrative proceedings arising in the ordinary course of business. At present, the Company is not a party to any legal or administrative proceeding which might have a material adverse effect on the business or financial condition of the Company.

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ITEM 5

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's Common Stock is quoted on the Over-The-Counter Bulletin Board ("OTCBB") under the symbol DLT.A. According to the Over-The-Counter Bulletin Board, the low and high bid prices for the Company's stock during the first, second, third and fourth quarters of 2000 and 2001 were as follows:

	Low Bid	High Bid
	-----	-----
1st quarter 2000	\$ 0.19	\$ 0.21
2nd quarter 2000	\$ 0.15	\$ 0.25
3rd quarter 2000	\$ 0.18	\$ 0.63
4th quarter 2000	\$ 0.14	\$ 0.53
1st quarter 2001	\$ 0.16	\$ 0.56

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2nd quarter 2001	\$ 0.25	\$ 0.45
3rd quarter 2001	\$ 0.25	\$ 0.46
4th quarter 2001	\$ 0.25	\$ 0.37

As of March 14, 2002, there were approximately 1,765 record holders of the Company's Common Stock. The Company has not privately purchased or sold any stock since September 30, 2001.

The Company has never paid cash dividends on its Common Stock. The Company's loan agreements contain certain restrictions which currently prohibit the Company from paying dividends on its Common Stock.

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ITEM 6

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information and should be read in conjunction with the Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Consolidated Income Statement Data (in thousands except per share amounts)

	Year Ending			
	December 31, 2001	December 31, 2000	December 31, 1999	December 31, 1998
Revenues	\$ 14,145	\$ 9,617	\$ 8,837	\$ 6,487
Costs and expenses	13,793	10,659	9,204	9,078
Income (Loss) from continuing operations before income taxes..	352	(1,042)	(367)	(2,591)
Provision for income taxes	-0-	-0-	-0-	-0-
Net income (loss) applicable to common stock	\$ 352	\$ (1,042)	\$ (367)	\$ (2,591)
Basic earnings per share amounts:				
Net income (loss)	\$.03	\$ (.08)	\$ (.03)	\$ (.19)
Weighted average common shares outstanding	13,544,277	13,544,277	13,544,277	13,544,277

Consolidated Balance Sheet Data (in thousands)

December 31,	December 31,	December 31,	December 31,
--------------	--------------	--------------	--------------

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	2001	2000	1999	1998
	-----	-----	-----	-----
Total assets	\$ 13,430	\$ 13,968	\$ 11,913	\$ 11,915
	=====	=====	=====	=====
Liabilities	\$ 21,747	\$ 22,807	\$ 20,117	\$ 20,175
Stockholders' equity				
(deficiency)	(8,317)	(8,839)	(8,204)	(8,260)
	-----	-----	-----	-----
Total liabilities and				
stockholders' equity				
(deficiency)	\$ 13,430	\$ 13,968	\$ 11,913	\$ 11,915
	=====	=====	=====	=====

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ITEM 7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

From June 19, 1992 through March 1999, the Company had entered into loan agreements with Selex International B.V., a Netherlands corporation ("Selex"), Yasawa Holdings, N.V., a Netherlands Antilles Corporation ("Yasawa"), Swan Development Corporation ("Swan") and related parties, including Scaffolding B.V., a Netherlands corporation ("Scaffolding"). Since December, 1992, the Company has been dependent on loans and advances from Selex, Yasawa, Swan and their affiliates in order to meet its working capital requirements.

Scaffolding agreed to purchase contracts receivable at 65% of face value, with recourse, to meet the Company's ongoing capital requirements. During 1998, Scaffolding purchased approximately \$1,396,000 in contracts receivable from the Company.

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scaffolding. The Company's outstanding debt to Yasawa as of December 31, 2001 was \$4,200,000. The terms of repayment of the restructured Yasawa loan provide for monthly payments of principal in the amount of \$100,000 payable monthly in cash or with contracts receivable at 100% of face value, with recourse. Interest accrues on the declining balance at the rate, effective January 1, 1999, of 6% per annum. The interest rate was again changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. Yasawa and Scaffolding have not required the Company to make interest payments since September 1, 1998. As of December 31, 2001, the total amount of interest accrued is approximately \$1,456,000, which is included in accrued expenses.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was \$5,929,000 as of December 31, 2001. The Company signed a promissory note to Swan in March 1999, which provides that funds advanced by Swan will be paid back by

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the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest was 6% per annum on the outstanding balance of the advance. The interest rate was changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of \$500,000. Funds advanced by Swan were used by the Company to meet the Company's working capital requirements. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. As of December 31, 2001, the total amount of interest accrued is approximately \$591,000, which is included in accrued expenses.

For 2001, the Company recorded interest expense for the first six months of each loan advance from Swan that is non-interest bearing at the prime rate, the Company's incremental borrowing rate. Since the interest is not paid to Swan, the amount calculated is recorded as a capital contribution increase to capital surplus. For 2001, the Company recorded interest expense and a capital contribution in the amount of approximately \$170,000.

For 2000 and 1999, the Company recorded interest expense on all outstanding debt balances to Yasawa, Scaffolding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. For 2000 and 1999, the Company recorded interest expense and a capital contribution in the amount of approximately \$408,000 and \$423,000, respectively.

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Results of Operations

Years ended December 31, 2001 and December 31, 2000

Revenues

Total revenues were \$14,145,000 for 2001 compared to \$9,617,000 for 2000.

Gross land sales were \$9,960,000 for 2001 versus \$6,804,000 for 2000. Net land sales (gross land sales less estimated uncollectible installment sales and contract valuation discount) increased to \$7,689,000 for 2001 compared to \$4,896,000 for 2000. The increase reflects higher sales by the Company's independent dealers and a lower estimate of uncollectible installment sales.

New retail land sales contracts entered into, including deposit sales on which the Company has received less than 20% of the sales price, net of cancellations, for the years ended December 31, 2001 and December 31, 2000 were \$10,258,000 and \$9,535,000, respectively. The Company had a backlog of \$3,785,000 and \$4,413,000 in unrecognized sales as of December 31, 2001 and 2000, respectively. Such contracts are not included in retail land sales until the applicable rescission period has expired and the Company has received payments totaling 20% of the contract sales price. See Note 1 to the Consolidated Financial Statements.

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Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted or as a prepaid asset when paid and charged to expense when the sale is recognized as revenue.

Housing revenues are not recognized from housing sales until the completion of construction and the passage of title. Housing revenues were \$4,975,000 for 2001 compared to \$3,231,000 for 2000. The increase in housing revenues is directly related to the Company's expanded promotional programs for housing.

Improvement revenues result from recognition of revenues deferred from prior period sales. Recognition occurs as development work proceeds on the previously sold property or customers are exchanged to a developed lot. Improvement revenues totaled \$124,000 for 2001 as compared to \$276,000 in 2000. The decrease is a result of lower expenditures on development work.

Interest income was \$377,000 for 2001 as compared to \$440,000 for 2000. This decrease is the result of lower contracts receivable balances resulting from the Company's repayment of debt to Swan and Yasawa.

Gain on recovery of bad debt was \$178,000 for 2001. The Company collected a large, previously charged-off contract receivable in 2001.

Other revenues were \$801,000 for 2001 compared to \$774,000 for 2000. Other revenues were generated principally by the Company's title insurance and real estate brokerage subsidiaries.

Costs and Expenses

Costs and expenses were \$13,793,000 for 2001 compared to \$10,659,000 for 2000. Cost of sales totaled \$6,216,000 for 2001 compared to \$4,351,000 for 2000. The increase reflects higher sales by the Company's independent dealers.

Commissions, advertising and other selling expenses totaled \$4,690,000 for 2001 compared to \$3,455,000 for 2000. Advertising was \$194,000 for 2001 compared to \$351,000 for 2000. Other selling expenses were \$1,207,000 in 2001 compared to \$1,170,000 in 2000.

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General and administrative expenses were \$1,431,000 in 2001 compared to \$1,362,000 in 2000. General and administrative expenses increased primarily due to there being increased overhead.

Real estate tax expense was \$702,032 in 2001 compared to \$598,000 in 2000.

Interest expense was \$754,000 in 2001 and \$894,000 in 2000. The decrease in interest expense is the result of a decrease in the interest rate on outstanding debt offset somewhat by higher total outstanding debt. Interest in the amount of \$164,000 and \$99,000 was capitalized in 2001 and 2000, respectively.

Net Income

The Company reported a net income of \$352,000 for 2001 as compared to a net loss of \$1,042,000 for 2000.

Years ended December 31, 2000 and December 31, 1999

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Revenues

Total revenues were \$9,617,000 for 2000 compared to \$8,837,000 for 1999.

Gross land sales were \$6,804,000 for 2000 versus \$4,959,000 for 1999. Net land sales (gross land sales less estimated uncollectible installment sales and contract valuation discount) increased to \$4,896,000 for 2000 compared to \$4,465,000 for 1999. The increase reflects higher sales by the Company's independent dealers and a lower estimate of uncollectible installment sales .

New retail land sales contracts entered into, including deposit sales on which the Company has received less than 20% of the sales price, net of cancellations, for the years ended December 31, 2000 and December 31, 1999 were \$9,535,000 and \$6,491,000, respectively. The Company had a backlog of \$4,413,000 and \$2,139,000 in unrecognized sales as of December 31, 2000 and 1999, respectively. Such contracts are not included in retail land sales until the applicable rescission period has expired and the Company has received payments totaling 20% of the contract sales price. See Note 1 to the Consolidated Financial Statements.

Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted and charged to expense when the sale is recognized as revenue.

Housing revenues are not recognized from housing sales until the completion of construction and the passage of title. Housing revenues were \$3,231,000 for 2000 compared to \$3,045,000 for 1999. The increase in housing revenues is directly related to the Company's expanded promotional programs for housing.

Improvement revenues result from recognition of revenues deferred from prior period sales. Recognition occurs as development work proceeds on the previously sold property or customers are exchanged to a developed lot. Improvement revenues totaled \$276,000 in 2000 as compared to \$381,000 in 1999. The decrease is a result of lower expenditures on development work.

Interest income was \$440,000 for 2000 as compared to \$498,000 for 1999. This decrease is the result of lower contracts receivable balances resulting from the Company's repayment of debt to Swan and Yasawa.

Other revenues were \$774,000 for 2000 compared to \$448,000 for 1999. Other revenues were generated principally by the Company's title insurance and real estate brokerage subsidiaries.

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Costs and Expenses

Costs and expenses were \$10,659,000 for 2000 compared to \$9,204,000 for 1999. Cost of sales totaled \$4,351,000 for 2000 compared to \$3,693,000 for 1999. The increase reflects higher sales by the Company's independent dealers.

Commissions, advertising and other selling expenses totaled \$3,455,000 for 2000 compared to \$3,040,000 for 1999. Advertising was \$351,000 for 2000 compared to \$359,000 in 1999. Other selling expenses were \$1,170,000 in 2000 as compared to \$1,075,000 in 1999.

General and administrative expenses were \$1,362,000 in 2000 as compared to \$1,129,000 in 1999. General and administrative expenses increased primarily due to there being increased overhead.

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Real estate tax expense was \$598,000 in 2000 as compared to \$491,000 in 1999.

Interest expense was \$894,000 in 2000 and \$851,000 in 1999. The increase in interest expense is the result of increased debt. Interest in the amount of \$99,000 and \$62,000 was capitalized in 2000 and 1999, respectively.

Net Income

The Company reported a net loss of \$1,042,000 for 2000 compared to a net loss of \$367,000 for 1999.

Regulatory Developments which may affect Future Operations

In Florida, as in many growth areas, local governments have sought to limit or control population growth in their communities through restrictive zoning, density reduction, the imposition of impact fees and more stringent development requirements. Although the Company has taken such factors into consideration in its master plans by agreeing, for example, to make improvements, construct public facilities and dedicate certain property for public use, the increased regulation has lengthened the development process and added to development costs.

The implementation of the Florida Growth Management Act of 1985 (the "Act") precludes the issuance of development orders or permits if public facilities such as transportation, water and sewer services will not be available concurrent with development. Development orders have been issued for, and development has commenced in, the Company's existing communities (with development being completed in certain of these communities). Thus, the Company's communities are less likely to be affected by the new growth management policies than future communities. Any future communities developed by the Company will be strongly impacted by new growth management policies. Since the Act and its implications are consistently being re-examined by the State, together with local governments and various state and local governmental agencies, the Company cannot further predict the timing or the effect of new growth management policies, but anticipates that such policies may increase the Company's permitting and development costs.

The Company's land sales activities are further subject to the jurisdiction of the laws of various states in which the Company's properties are offered for sale. In addition, Florida and other jurisdictions in which the Company's properties are offered for sale have strengthened, or may strengthen, their regulation of subdividers and subdivided lands in order to provide further assurances to the public. The Company has attempted to take appropriate steps to modify its marketing programs and registration applications in the face of such increased regulation, but has incurred additional costs and delays in the marketing of certain of its properties in certain states and countries. For example, the Company has complied with the regulations of certain states which require that the Company sell its properties to residents of those states pursuant to a deed and mortgage transaction, regardless of the amount of the down payment. The Company intends to continue to monitor any changes in statutes or regulations affecting, or anticipated to affect, the sale of its properties and intends to take all necessary and reasonable action to assure that its properties and its proposed marketing programs are in compliance with such regulations, but there can be no assurance that the Company will be able to timely comply with all regulatory changes in all jurisdictions in which the Company's properties are presently offered for sale to the public.

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Liquidity and Capital Resources

Mortgages and Similar Debt

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scaffolding. The Company's outstanding debt to Yasawa as of December 31, 2001 was \$4,200,000. The terms of repayment of the restructured Yasawa loan provide for monthly payments of principal in the amount of \$100,000 payable monthly in cash or with contracts receivable at 100% of face value. Interest accrues on the declining balance at the rate, effective January 1, 1999, of 6% per annum. The interest rate was again changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. Yasawa and Scaffolding have not required the Company to make interest payments since September 1, 1998. As of December 31, 2001, the total amount of interest accrued is approximately \$1,456,000, which is included in accrued expenses.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was \$5,929,000 as of December 31, 2001. The Company signed a promissory note to Swan in March 1999, which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest was 6% per annum on the outstanding balance of the advance. The interest rate was changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of \$500,000. Funds advanced by Swan were used by the Company to meet the Company's working capital requirements. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. As of December 31, 2001, the total amount of interest accrued is approximately \$591,000, which is included in accrued expenses.

For 2001, the Company recorded interest expense for the first six months of each loan advance from Swan that is non interest bearing at the prime rate, the Company's incremental borrowing rate. Since the interest is not paid to Swan, the amount calculated is recorded as a capital contribution increase to capital surplus. For 2001, the Company recorded interest expense and a capital contribution in the amount of approximately \$170,000.

For 2000 and 1999, the Company recorded interest expense on all outstanding debt balances to Yasawa, Scaffolding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. For 2000 and 1999, the Company recorded interest expense and a capital contribution in the amount of approximately \$408,000 and \$423,000, respectively.

The following table presents information with respect to mortgages and

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similar debt (in thousands):

	Years Ended	
	December 31, 2001	December 31, 2000
	-----	-----
Mortgage Notes Payable.....	\$ 4,200	\$ 5,400
Other Loans.....	6,077	5,572
	-----	-----
Total Mortgages and similar debt.....	\$10,277	\$10,972
	-----	-----

* Included in Mortgage Notes Payable is the Yasawa loan (\$4,200,000 at December 31, 2001); included in Other Loans is the Swan loan (\$5,929,000 as of December 31, 2001).

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Indebtedness under various purchase money mortgages and loan agreements is collateralized by substantially all of the Company's assets, including stock of certain wholly-owned subsidiaries. The Company's outstanding debt to Yasawa is secured by a first lien on the Company's receivables and a mortgage on all of the Company's property; and the Company's outstanding debt to Swan is secured by a second lien on the Company's receivables.

Contracts and Mortgages Receivable Sales

In 1990 and 1992, the Company sold contracts and mortgages receivable to third parties. These transactions, among other things require that the Company replace or repurchase any receivable that becomes 90 days delinquent upon the request of the purchaser. Such requirement can be satisfied from contracts in which the purchaser holds a security interest (approximately \$1,115,000 as of December 31, 2001). The Company has reserved for the estimated future cancellations based on the Company's historical experience for receivables the Company services and believes these reserves to be adequate. The Company did not replace any delinquent receivables in 1999, 2000 or 2001. As of December 31, 2001 and 2000, \$1,060,000 and \$1,210,000 in receivables were delinquent, respectively.

During 1998, Scaffolding purchased approximately \$1,400,000 in contracts and mortgages receivable from the Company at sixty-five percent (65%) of face value with recourse for non-performing contracts. These sales generated approximately \$900,000 used to meet the Company's working capital requirements.

The Company was the guarantor of approximately \$17,368,000 of contracts receivable sold or transferred as of December 31, 2001, for the transactions described above. There are no funds on deposit with purchasers of the receivables as security to assure collectibility as of such date. A provision has been established for the Company's obligation under the recourse provisions of which approximately \$2,994,000 remains at December 31, 2001. The Company has been in compliance with all receivable transactions since the consummation of receivable sales.

The Company has an agreement with Scaffolding and Citony Development Corporation for the servicing of their receivable portfolios. The Company received approximately \$73,000 and \$75,300 in 2001 and 2000, respectively, in revenue pursuant to these agreements.

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In the future, if the Company elects to do so, Yasawa and Scaffolding have agreed to purchase contracts receivable at 65% of face value, with recourse. The Company has an agreement with Swan whereby Swan may loan the Company funds to be repaid with contracts receivable at 90% of face value, with recourse.

Other Obligations

As of December 31, 2001, the Company had estimated development obligations of approximately \$25,000 on sold property, an estimated liability to provide title insurance and deeding costs of \$145,000 and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of \$638,000, all of which are included in deferred revenue. As of December 31, 2001 and December 31, 2000 the Company had in escrow approximately \$7,000 specifically for land improvements at certain of its Central and North Florida communities. The Company's development obligation had been substantially reduced in 1997 by the consummation of the Agreement approved by the stockholders on November 4, 1997. Approximately \$7,400,000 of the development obligation at St. Augustine Shores was assumed by Swan. In addition, the creation of a Lot Exchange Trust reduced the development obligation at Marion Oaks and Sunny Hills by approximately \$5,800,000.

Liquidity

Retail land sales have traditionally produced negative cash flow through the point of sale as a result of a regulatory requirement to sell fully developed lots and the additional requirement to pay marketing and selling expenses prior to or shortly after the point of sale. In an effort to offset the negative cash flow effects of installment land sales, the Company is directing a greater portion of its marketing efforts to the sale of lots with homes and is now offering lots for sale in

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compulsory building areas where a lot purchaser must complete payments for the lot and construct a home within a limited period of time.

The Company has been dependent on its ability to sell or otherwise finance its contracts receivable and/or secure other financing to meet its cash requirements. Since 1992, the Company has been largely dependent on Yasawa, Scaffolding and Swan and related parties for the financing of its operations. Although Scaffolding has purchased contracts receivables at the rate of 65% of face value, with recourse, and Swan has loaned the Company additional funds to be paid back with contracts receivable at the rate of 90% of face value, with recourse, there can be no guarantee that the Company will be able to generate sufficient receivables to obtain sufficient financing in the future nor can there be any guarantee that Yasawa, Scaffolding, Swan and other related parties will continue to make loans to the Company.

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ITEM 7A

DISCLOSURE AND MARKET RISK

The estimated fair values of financial instruments have been determined by

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the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or incur in a current market transaction. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The Company's financial instruments consist of cash and cash equivalents, contracts and mortgages receivable and similar debt. The stated amount of cash and cash equivalents is a reasonable estimate of fair value. The fair value of contracts and mortgages receivable and similar debt has been estimated using interest rates currently available for similar terms. The stated value of the contracts and mortgages receivable and similar debt approximate fair value.

Management does not use derivatives to manage its exposure market interest rate risk.

The Company is exposed to market interest rate risk on its contracts receivable. Contracts receivable consists of fixed interest rate paper with an initial collection term of ten years. The stated interest rate is below market interest rates for similar paper. The Company periodically adjusts the stated rate on new contracts in response to changes in the market interest rate and other competitive sales factors. The Company discounts the contracts notes receivable to current market rates. At December 31, 2001, the average stated rate for contracts receivable was 8.5%, and the discount rate used was 13.5%. The Company is required to transfer all current contracts receivable in excess of the aggregate sum of \$500,000 to a creditor for debt reduction. The Company's outstanding contracts receivable, net of allowance for cancellations before valuation adjustment was \$1,351,000 at December 31, 2001. The unamortized valuation adjustment at December 31, 2001 was \$138,000. Management estimates that a 1% increase in the market interest rate equals a valuation discount increase of approximately \$30,000, which would reduce net income.

At December 31, 2001, interest rates on contracts receivable outstanding ranged from 5% to 12% per annum (weighted average approximately 9.35%). The approximate principal maturities of contracts receivable were:

	December 31, 2001

	(in thousands)
2002.....	\$ 225
2003.....	199
2004.....	208
2005.....	210
2006.....	174
2007 and thereafter.....	540

Total.....	\$ 1,556
	=====

If a regularly scheduled payment on a contract remains unpaid 30 days after its due date, the contract is considered delinquent. Aggregate delinquent contracts receivable at December 31, 2001 and 2000 approximate \$713,000 and \$797,000, respectively.

Information with respect to interest rates and average contract lives used in valuing new contracts receivable generated from sales follows:

Years ended	Average Term	Average Stated Interest Rate	Discounted to Yield
-----	-----	-----	-----

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December 31, 2001.....	111 months	8.5%	13.5%
December 31, 2000.....	98 months	7.8%	13.5%
December 31, 1999.....	88 months	7.5%	13.5%

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The Company also has exposure to market interest rate risk on outstanding debt. As of December 31, 2001, the Company has outstanding debt of approximately \$10,277,000. The stated interest rate is the prime rate, which was 6.5% at December 31, 2001. The outstanding debt has no standard repayment term, it is dependant on the Company's sales and future contracts receivable. Under the assumption that additional borrowings would be approximate to any debt repayment, the Company estimates that a 1% increase in the market interest rate equals an increase in interest expense of approximately \$103,000, which would reduce net income.

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ITEM 8

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INDEPENDENT AUDITORS' REPORT

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TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
THE DELTONA CORPORATION:

We have audited the consolidated balance sheets of The Deltona Corporation and subsidiaries (the "Company") as of December 31, 2001 and 2000 and the related statements of consolidated operations, consolidated stockholders' equity (deficiency) and consolidated cash flows for the years ended December 31, 2001, 2000 and 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years ended December 31, 2001, 2000 and 1999 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company incurred substantial operating losses in prior periods, has continued to experience problems with liquidity and has a stockholders' deficiency at December 31, 2001. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

JAMES MOORE & CO. P.L.
Certified Public Accountants
Gainesville, Florida
February 8, 2002

CONSOLIDATED BALANCE SHEETS

THE DELTONA CORPORATION AND SUBSIDIARIES

ASSETS
(in thousands)

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	December 31, 2001 -----	December 31, 2000 -----
Cash and cash equivalents, including escrow deposits and restricted cash of \$561 in 2001 and \$587 in 2000 (Note 7).....	\$ 923 -----	\$ 680 -----
Contracts receivable for land sales (Notes 2, 5 and 8).....	1,556	2,109
Less: Allowance for uncollectible contracts....	(205)	(291)
Unamortized valuation discount.....	(138) -----	(264) -----
Contracts receivable - net.....	1,213 -----	1,554 -----
Mortgages and other receivables - net (Notes 2, 5 and 8).....	248 -----	140 -----
Inventories, at lower of cost or net realizable value (Notes 3 and 5):		
Land and land improvements.....	7,941	8,375
Other.....	1,261 -----	1,361 -----
Total inventories.....	9,202 -----	9,736 -----
Property, plant and equipment - net (Notes 4 and 5).....	623 -----	455 -----
Investment in venture (Note 12).....	53 -----	-0- -----
Prepaid expenses and other.....	1,168 -----	1,403 -----
Total.....	\$ 13,430 =====	\$ 13,968 =====

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

THE DELTONA CORPORATION AND SUBSIDIARIES

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LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY) (in thousands except share data)

	December 31, 2001	December 31, 2000
	-----	-----
Mortgages and similar debt (Note 5):		
Mortgage notes payable	\$ 4,200	\$ 5,400
Other loans	6,077	5,572
	-----	-----
Total mortgages and similar debt	10,277	10,972
Accounts payable-trade	298	217
Accrued interest payable (Note 5)	2,047	1,329
Accrued taxes, principally real estate taxes ...	81	289
Accrued expenses and other (Notes 2 and 8)	3,360	3,258
Customers' deposits	1,259	1,397
Deferred revenue (Notes 1 and 7)	4,425	5,345
	-----	-----
Total liabilities	21,747	22,807
	-----	-----
Commitments and contingencies (Notes 1, 2, 5, 7 and 8)		
Stockholders' equity (deficiency) (Notes 1, 5, and 9):		
Common stock, \$1 par value-authorized 15,000,000 shares; issued and outstanding: 13,544,277 shares in 2001 and 2000 (excluding 12,228 shares held in treasury)	13,544	13,544
Capital surplus	52,440	52,270
Accumulated deficit	(74,301)	(74,653)
	-----	-----
Total stockholders' equity (deficiency)	(8,317)	(8,839)
	-----	-----
Total	\$ 13,430	\$ 13,968
	=====	=====

The accompanying notes are an
integral part of the consolidated financial statements.

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STATEMENTS OF CONSOLIDATED OPERATIONS THE DELTONA CORPORATION AND SUBSIDIARIES (in thousands except share data)

	Years Ended		
	December 31, 2001	December 31, 2000	December 31, 1999
Revenues			
Gross land sales (Notes 2 and 7)	\$ 9,960	\$ 6,804	\$ 4,959
Less: Estimated uncollectible sales	(2,198)	(1,641)	(322)
Contract valuation discount	(73)	(267)	(172)
	-----	-----	-----
Net land sales	7,689	4,896	4,465
Sales-housing	4,975	3,231	3,045
Recognized improvement revenue-prior period sales	124	276	381
Gain on recovery of bad debt	178	-0-	-0-
Interest income	377	440	498
Other	802	774	448
	-----	-----	-----
Total	14,145	9,617	8,837
	-----	-----	-----
Costs and expenses			
Cost of sales-land	1,928	1,397	986
Cost of sales-housing	4,028	2,716	2,402
Cost of improvements-prior period sales	59	62	126
Cost of sales-other	201	175	179
Commissions, advertising, and other selling expenses	4,690	3,455	3,040
General and administrative expenses	1,431	1,362	1,129
Real estate tax	702	598	491
Equity in loss of joint venture.....	30	-0-	-0-
Interest expense	724	894	851
	-----	-----	-----
Total	13,793	10,659	9,204
	-----	-----	-----
Profit (loss) from operations before income taxes	352	(1,042)	(367)
Provision for income taxes (Note 6)	-0-	-0-	-0-
Net income (loss)	\$ 352	\$ (1,042)	\$ (367)
	=====	=====	=====
Net income (loss) per common share	\$.03	\$ (.08)	\$ (.03)
	=====	=====	=====

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (DEFICIENCY)

THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)For the years ended
December 31, 2001, 2000 and 1999

	Common Stock (\$1 par value)	Capital Surplus	Accumulated Deficit	Total
	-----	-----	-----	-----
Balances, December 31, 1998	\$ 13,544	\$ 51,440	\$ (73,244)	\$ (8,260)
Imputed Interest expense on debt with Related Party (See Note 5)	-0-	423	-0-	423
Net (loss) for the year ...	-0-	-0-	(367)	(367)
	-----	-----	-----	-----
Balances, December 31, 1999	\$ 13,544	\$ 51,863	\$ (73,611)	\$ (8,204)
Imputed Interest expense on debt with Related Party (See Note 5)	-0-	407	-0-	407
Net (loss) for the year	-0-	-0-	(1,042)	(1,042)
	-----	-----	-----	-----
Balances, December 31, 2000	\$ 13,544	\$ 52,270	\$ (74,653)	\$ (8,839)
Imputed Interest expense on debt with Related Party (See Note 5)	-0-	170	-0-	170
Net income for the year ...	-0-	-0-	352	352
	-----	-----	-----	-----
Balances, December 31, 2001	\$ 13,544	\$ 52,440	\$ (74,301)	\$ (8,317)
	=====	=====	=====	=====

STATEMENTS OF CONSOLIDATED CASH FLOWS
THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)Years Ended

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	December 31, 2001 -----	December 31, 2000 -----	December 31, 1999 -----
Cash flows from operating activities:			
Cash received from operations:			
Proceeds from sale of residential units	\$ 4,852	\$ 3,282	\$ 2,846
Collections on contracts and mortgages receivable	778	1,040	1,051
Down payments on and proceeds from sales of homesites and tracts	1,748	1,748	891
Proceeds (uses) from other sources	375	490	(80)
	-----	-----	-----
Total cash received from operations	7,753	6,560	4,708
	-----	-----	-----
Cash expended by operations:			
Cash paid for residential units	4,036	3,167	2,402
Cash paid for land and land improvements ...	1,494	1,309	1,648
Cash paid for interest.....	5	0	0
Commissions, advertising and other selling expenses	4,254	4,737	3,274
General and administrative expenses	1,247	1,082	1,452
Real estate taxes paid	900	347	3,336
	-----	-----	-----
Total cash expended by operations	11,936	10,642	12,112
	-----	-----	-----
Net cash provided by (used in) operating activities	(4,183)	(4,082)	(7,404)
	-----	-----	-----
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	0	0	3
Payment for acquisition and construction of property, plant and equipment	(76)	(31)	(72)
Investment in Venture.....	(83)	0	0
	-----	-----	-----
Net cash provided by (used in) investing activities	(159)	(31)	(69)
	-----	-----	-----
Cash flows from financing activities:			
New borrowings	4,600	4,245	7,300
Repayment of borrowings	(15)	0	0
	-----	-----	-----
Net cash provided by (used in) financing activities	4,585	4,245	7,300
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	243	132	(173)
Cash and cash equivalents, beginning of year	680	548	721
	-----	-----	-----
Cash and cash equivalents, end of year	\$ 923	\$ 680	\$ 548
	=====	=====	=====

STATEMENTS OF CONSOLIDATED CASH FLOWS - (Continued)
THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)

	Years Ended		
	December 31, 2001	December 31, 2000	December 31, 1999
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:			
Net income (loss)	\$ 352	\$ (1,042)	\$ (367)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	72	66	50
Provision for estimated uncollectible sales and recourse obligations	2,198	1,641	322
Contract valuation discount, net of amortization.....	(126)	62	(5)
Net (gain) loss on sale of property, plant and equipment	-0-	-0-	(3)
Equity in loss in joint venture.....	30	-0-	-0-
Imputed Interest on debt with related party (See Note 5)	170	408	423
(Increase) decrease in assets and increase (decrease) in liabilities:			
Gross contracts receivable plus deductions from reserves	(7,174)	(7,558)	(3,844)
Mortgages and other receivables	(108)	(31)	85
Land and land improvements	597	(138)	(658)
Housing completed or under construction and other	(100)	6	
Prepaid expenses and other	234	(492)	(205)
Accounts payable, accrued expenses and other	530	1,103	(3,801)
Customers' deposits	(138)	667	(266)
Deferred revenue	(920)	1,662	859
Total adjustments and changes	(4,535)	(3,040)	(7,037)
Net cash provided by (used in) operating activities	\$ (4,183)	\$ (4,082)	\$ (7,404)

Supplemental disclosure of non-cash investing and financing activities:

Interest expense treated as contribution to

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capital (See Note 5)	\$ 170	\$ 408	\$ 423
	=====	=====	=====
Increase in inventory as a result of spec house transfer and corresponding increase in debt	\$ -0-	\$ 863	\$ -0-
	=====	=====	=====
Reduction of accrued interest and mortgage notes payable through transfer of contracts receivable	\$ 5,443	\$ 5,850	\$ 4,151
	=====	=====	=====
Acquisition of equipment financed with debt.....	\$ 164	\$ -0-	\$ -0-
	=====	=====	=====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation - Going Concern

The accompanying financial statements of The Deltona Corporation and subsidiaries (the "Company") have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has net income from operations for 2001 of \$352,000, and a net loss from operations for 2000 and 1999 of \$1,042,000 and \$367,000, respectively, resulting in a stockholders' deficiency of \$8,317,000 as of December 31, 2001.

Following the restructuring of its debt in 1997 (see Note 5), the Company commenced the implementation of its business plan by redirecting its focus to single-family housing with the development of TimberWalk and other housing in Marion Oaks. The transactions described in Note 5 with Selex International, B.V. ("Selex"), Yasawa Holdings, N.V. ("Yasawa"), Scaffolding B.V. ("Scaffolding") and Swan Development Corporation ("Swan"), provided the Company with a portion of its financing requirements enabling the Company to commence implementation of the marketing program and attempt to accomplish the objectives of its business plan. Selex, Yasawa, Scaffolding and Swan are related parties to the Company either because they are stockholders or as a result of common control.

The Company has been dependent on its ability to sell or otherwise finance contracts receivable and/or secure other financing sources to meet its cash requirements. Additional financing was required in 2001 and was funded through additional loans from Swan. Additional financing will be required in the future. Although Swan has loaned the Company additional funds to be paid back with contracts receivable at the rate of 90% of face value, with recourse since 1999, there can be no guarantee that the Company will be able to generate sufficient receivables to obtain sufficient financing in the future or that Yasawa, Scaffolding, Swan and other related parties will continue to make loans to the Company. (See Notes 5 and 11.)

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The consolidated financial statements do not include any adjustments relating to the recoverability of asset amounts or the amounts of liabilities should the Company be unable to continue as a going concern.

Significant Accounting Policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Material intercompany accounts and transactions are eliminated.

The Company is principally engaged in the development and sale of Florida real estate through the development of planned communities on land acquired for that purpose. The Company sells homesites under installment contracts, which provide for payments over periods ranging from 2 to 10 years. Since 1991, the Company has offered only developed lots for sale. Sales of homesites are recorded under the percentage-of-completion method in accordance with Statement of Financial Accounting Standards No. 66, "Accounting for Sales of Real Estate" ("SFAS No. 66"). Since 1991, the Company has not recognized a sale until it has received 20% of the contract sales price. The Company recognizes the sale of houses at closing under the full accrual method meeting the requirements of SFAS No. 66. The Company does not finance the sale of homes. Substantially all of the sales in 2001 and 2000 and 73% of the sales in 1999 were through two independent brokers in New York.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

1. Basis of Presentation and Significant Accounting Policies (continued)

The Company records deferred revenue for contracts transferred to Swan and Yasawa that have not yet been recognized for financial reporting purposes under SFAS No. 66, as 20% of the contract sales price has not been received. These contracts have not been recognized as sales when transferred to Swan and Yasawa because Swan and Yasawa are related parties and because the recourse provision allows the contracts to be returned to the Company in the event they become delinquent. The Company monitors the collections on contracts receivable held by Swan and Yasawa and recognizes the contracts as a sale when the provisions of SFAS No. 66 are met. In addition, the Company has determined that the transfer of contracts to Swan and Yasawa with recourse meet the requirements of Statement of Financial Accounting Standard No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140") to be accounted for as a sale. In accordance with the provisions of SFAS No. 140, the Company has reduced its contracts receivable by the amount transferred and reduced debt by the payment credit given. The Company does not retain any financial interests in the contracts receivable transferred. SFAS No. 140 is effective for transactions after March 31, 2001. Prior to the issuance of SFAS No. 140, the Company followed the provisions of Statement of Financial Accounting Standard No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 125"). There was no effect on the Company's financial reporting resulting from the transition from SFAS No. 125 to SFAS No. 140.

At the time of recording a sale the Company records an allowance for the estimated cost to cancel the related contracts receivable through a charge to

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the provision for uncollectible sales. The amount of this provision and the adequacy of the allowance is determined by the Company's continuing evaluation of the portfolio and past cancellation experience. While the Company uses the best information available to make such evaluations it is at least reasonably possible, future adjustments to the allowance may be necessary in the near term as a result of future national and international economic and other conditions that may be beyond the Company's control. Changes in the Company's estimate of the allowance for previously recognized sales are reported in earnings in the period in which they become estimable and are charged to the provision for uncollectible contracts.

Land improvement costs are allocated to individual homesites based upon the relationship that the homesite's sales price bears to the total sales price of all homesites in the community. The estimated costs of improving homesites are based upon independent engineering estimates made in accordance with sound cost estimation and provide for anticipated cost-inflation factors. The estimates are systematically reviewed. When cost estimates are revised, the percentage relationship they bear to deferred revenues is recalculated on a cumulative basis to determine future income recognition as performance takes place.

Interest costs directly related to, and incurred during, a project's construction period are capitalized. In 1999, 2000 and 2001, approximately \$62,000, \$99,000 and \$164,000, respectively, in interest was capitalized.

Property, plant and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 33 years. Additions and betterments are capitalized, and maintenance and repairs are expensed as incurred. Generally, upon the sale or retirement of assets, the accounts are relieved of the costs and related accumulated depreciation, and any gain or loss is reflected in income.

Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted or as a prepaid asset when paid and charged to expense when the sale is recognized as revenue.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

1. Basis of Presentation and Significant Accounting Policies (continued)

For the purposes of the statements of consolidated cash flows, the Company considers its investments, which are comprised of short term, highly liquid investments purchased with a maturity of three months or less, to be cash equivalents.

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," long-lived assets, such as inventories and property, plant and equipment to be held and used are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may not be recoverable. As of December 31, 2001, there were no assets considered

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impaired under the provisions of the Statement.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or incur in a current market transaction. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The Company's financial instruments consist of cash and cash equivalents, contracts and mortgages receivable, and similar debt. The stated amount of cash and cash equivalents is a reasonable estimate of fair value. The fair value of contracts and mortgages receivable and similar debt has been estimated using interest rates currently available for similar terms. The stated value of the contracts and mortgages receivable and similar debt approximates fair value.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Contracts and Mortgages Receivable

At December 31, 2001, interest rates on contracts receivable outstanding ranged from 5% to 12% per annum (weighted average approximately 9.35%. The approximate principal maturities of contracts receivable were:

	December 31, 2001 ----- (in thousands)
2002.....	\$ 225
2003.....	199
2004.....	208
2005.....	210
2006.....	174
2007 and thereafter.....	540

Total.....	\$ 1,556 =====

If a regularly scheduled payment on a contract remains unpaid 30 days after its due date, the contract is considered delinquent. Aggregate delinquent contracts receivable at December 31, 2001 and 2000 approximate \$713,000 and \$797,000, respectively.

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2. Contracts and Mortgages Receivable (continued)

Information with respect to interest rates and average contract lives used in valuing new contracts receivable generated from sales follows:

Years ended -----	Average Term -----	Average Stated Interest Rate -----	Discounted to Yield -----
December 31, 2001.....	111 months	8.5%	13.5%
December 31, 2000.....	98 months	7.8%	13.5%
December 31, 1999.....	88 months	7.5%	13.5%

In 1990 and 1992, the Company sold contracts and mortgages receivable to third parties. These transactions, among other things, require that the Company replace or repurchase any receivable that becomes 90 days delinquent upon the request of the purchaser. Such requirement can be satisfied from contracts in which the purchaser holds a security interest (approximately \$1,115,000 as of December 31, 2001). The Company has reserved for the estimated future cancellations based on the Company's historical experience for receivables the Company services and believes these reserves to be adequate. The Company did not replace any delinquent receivables in 1999, 2000 or 2001. As of December 31, 2001 and 2000, \$1,060,000 and \$1,211,000, respectively, in receivables were delinquent.

During 2001 and 2000, the Company transferred contracts and mortgages receivable, with recourse, in satisfaction of debt of \$5,443,063 and \$5,849,649, respectively. The Company is required to make monthly principal payments to Yasawa and Scaffolding with contracts receivable at 100% of face value, with recourse. The Company is also required to make monthly principal payments to Swan with contracts receivable at 90% of face value, with recourse. The Company transfers all current contracts receivable in excess of the net aggregate sum of \$500,000 to Swan on a monthly basis (See Note 5).

The Company was the guarantor of approximately \$17,368,000 of contracts receivable sold or transferred as of December 31, 2001, for the transactions described above. There are no funds on deposit with purchasers of the receivables as security to assure collectibility as of such date. A provision has been established for the Company's obligation under the recourse provisions of which \$2,994,000 remains at December 31, 2001. The Company has been in compliance with all receivable transactions since the consummation of receivable sales. Because of inherent uncertainties in estimating the recourse provisions, it is at least reasonably possible that the Company's estimate will change in the near term.

The Company has an agreement with Scaffolding and Citony Development Corporation for the servicing of their receivable portfolios. The Company received approximately \$73,000, \$75,300 and \$86,700, in 2001, 2000 and 1999, respectively, in revenue pursuant to these agreements. The Company also services the Swan receivable portfolio, which consisted of 901 contracts as of December 31, 2001; however, the Swan portfolio is serviced at no charge to Swan under the Trust and Servicing Agreement.

3. Inventories

Information with respect to the classification of inventory of land and improvements including land held for sale or transfer is as follows:

December 31, 2001 -----	December 31, 2000 -----
(in thousands)	

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Unimproved land.....	\$ 420	\$ 420
Land in various stages of development.....	2,147	2,316
Fully improved land.....	5,374	5,639
	-----	-----
Total.....	\$ 7,941	\$ 8,375
	=====	=====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

4. Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation consist of the following:

	December 31, 2001		December 31, 2000	
	-----		-----	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	-----	-----	-----	-----
	(in thousands)			
Land and land improvements.....	\$ 98	\$ -0-	\$ 74	\$ -0-
Other buildings, improvements and furnishings.....	1,115	834	1,122	803
Construction and other equipment.....	947	704	783	721
	-----	-----	-----	-----
Total.....	\$2,161	\$1,538	\$1,979	\$1,524
	=====	=====	=====	=====

Depreciation charged to operations for the years ended December 31, 2001, 2000 and 1999 was approximately \$72,000, \$66,000 and \$50,000, respectively.

5. Mortgages and Similar Debt

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scaffolding. The Company's outstanding debt to Yasawa as of December 31, 2001 was \$4,200,000 secured by a first lien on the Company's receivables and a mortgage on all of the Company's properties. The terms of repayment of the restructured Yasawa loan provide for monthly payments of principal in the amount of \$100,000 payable monthly in cash or with contracts receivable at 100% of face value, with recourse. Interest accrues on the declining balance at the rate, effective January 1, 1999, of 6% per annum. The interest rate was again changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. Yasawa and Scaffolding have not required the Company to make interest payments since September 1, 1998. As of December 31, 2001, the total amount of interest

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accrued is approximately \$1,456,000, which is included in accrued expenses.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was \$5,929,000 as of December 31, 2001. The Company signed a promissory note to Swan in March 1999, which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest was 6% per annum on the outstanding balance of the advance. The interest rate was changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of \$500,000. Funds advanced by Swan were used by the Company to meet the Company's working capital requirements. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. As of December 31, 2001, the total amount of interest accrued is approximately \$591,000, which is included in accrued expenses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

5. Mortgages and Similar Debt (continued)

For 2001, the Company recorded interest expense for the first six months of each loan advance from Swan that is non interest bearing at the prime rate, the Company's incremental borrowing rate. Since the interest is not paid to Swan, the amount calculated is recorded as a capital contribution increase to capital surplus. For 2001, the Company recorded interest expense and a capital contribution in the amount of approximately \$170,000.

For 2000 and 1999, the Company recorded interest expense on all outstanding debt balances to Yasawa, Scaffolding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. For 2000 and 1999, the Company recorded interest expense and a capital contribution in the amount of approximately \$408,000 and \$423,000, respectively.

In the future, if the Company elects to do so, Yasawa and Scaffolding have agreed to purchase contracts receivable at 65% of face value, with recourse. The Company has an agreement with Swan whereby Swan may loan the Company funds to be repaid with contracts receivable at 90% of face value, with recourse.

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The following table presents information with respect to mortgages and similar debt (in thousands):

	Years Ended	
	December 31, 2001	December 31, 2000
Mortgage Notes Payable.....	\$ 4,200	\$ 5,400
Other Loans.....	6,111	5,572
Total Mortgages and similar debt.....	\$10,311	\$10,972

* Included in Mortgage Notes Payable is the Yasawa loan (\$4,200,000 as of December 31, 2001); included in Other Loans is the Swan loan (\$5,929,000 as of December 31, 2001).

The following table presents information with respect to the minimum principal maturities of mortgages and similar debt for the next five years (excluding amounts owed to Swan):

	For the year ended December 31
	(in thousands)
2002.....	\$ 1,253
2003.....	1,255
2004.....	1,239
2005.....	600
2006.....	-0-
	\$ 4,347

Indebtedness under various purchase money mortgages and loan agreements is collateralized by substantially all of the Company's assets, including stock of certain wholly-owned subsidiaries.

6. Income Taxes

The Company follows the provisions of Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes." Differences between accounting rules and tax laws cause differences between the basis of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effect of these differences, to the extent they are

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

6. Income Taxes (continued)

temporary, is recorded as deferred tax assets and liabilities. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred assets and liabilities. Temporary differences which give rise to deferred tax assets and liabilities consist of recognition of

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income from land sales differently for financial reporting and tax purposes, recognizing estimated losses on contract cancellations and recourse obligations when estimated but not for tax purposes until realized, and interest accrued to related parties but not for tax purposes until paid.

For the year ended December 31, 2001, the Company had a net income for financial reporting purposes but a net loss for tax purposes. The 2001 provision for taxes consists of the following:

Provision for Income Taxes:	
Current.....	\$ -0-
Deferred.....	66,000
Tax benefit of net operating loss carryforward.....	(66,000)

Net provision for income taxes.....	\$ -0-
	=====

For the years ended December 31, 2000 and 1999, the Company had a net loss for tax and financial reporting purposes and there was no material amount of taxes payable or refundable. Accordingly, there was no tax provision for such years.

As of December 31, 2001, the Company had a net deferred tax asset of approximately \$14,619,000, which primarily resulted from the tax effect of the Company's net operating loss carryforward of \$36,917,000. A valuation allowance of \$14,619,000 has been established against the net deferred tax asset.

As of December 31, 2000, the Company had a net deferred tax asset of approximately \$15,017,000, which primarily resulted from the tax effect of the Company's net operating loss carryforward of \$37,922,000. A valuation allowance of \$15,017,000 has been established against the net deferred tax asset.

The Company's regular net operating loss carryover for tax purposes is estimated to be \$36,917,000 at December 31, 2001, \$542,000 of which was available through 2002, \$9,189,000 through 2005, \$9,780,000 through 2006, \$5,029,000 through 2008, \$5,401,000 through 2009, \$1,977,000 through 2011, \$1,354,000 through 2019, \$695,000 through 2020 and \$307,000 in 2021. In addition to the net operating loss carryover, alternative minimum tax credits of \$386,000 are available to reduce federal income tax liabilities only after the net operating loss carryovers have been utilized.

The utilization of the Company's net operating loss and tax credit carryforwards could be impaired or reduced under certain circumstances, pursuant to changes in the federal income tax laws effected by the Tax Reform Act of 1986. Events which affect these carryforwards include, but are not limited to, cumulative stock ownership changes of 50% or more over a three-year period, as defined, and the timing of the utilization of the tax benefit carryforwards.

7. Liability for Improvements

The Company has an obligation to complete land improvements upon deeding which, depending on contractual provisions, typically occurs within 90 to 120 days after the completion of payments by the customer. The estimated cost to complete improvements to lots and tracts from which sales have been made at December 31, 2001 and 2000 was approximately \$783,000 and \$861,000, respectively. The foregoing estimates reflect the Company's current development

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

7. Liability for Improvements (continued)

plans at its communities (see Note 8). These estimates as of December 31, 2001 and 2000 include: estimated development obligations applicable to sold lots of approximately \$25,000; a liability to provide title insurance and deeding costs of \$145,000 and \$251,000, respectively, and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of \$638,000 and \$583,000, respectively, all of which are included in deferred revenue. Included in cash at December 31, 2001 and 2000, are escrow deposits of \$7,000 and \$7,200, respectively, restricted for completion of improvements in certain of the Company's communities.

The anticipated expenditures for land improvements, title insurance and deeding to complete areas from which sales have been made through are as follows:

	December 31, 2001

	(in thousands)
2002.....	\$ 349
2003.....	256
2004.....	65
2005 and thereafter.....	113

Total.....	\$ 783
	=====

8. Commitments and Contingent Liabilities

Total rental expense for the years ended December 31, 2001, December 31, 2000 and December 31, 1999 was approximately \$82,000, \$89,000 and \$77,000, respectively.

The Company has a lease on its headquarters building in TimberWalk and on its Miami office that extend through 2003. Estimated rental expense under these leases is expected to be approximately \$ 76,000 annually. The Company has no material equipment leases.

The Company earns administrative fees for selling lots owned by Scaffolding. In the years ended December 31, 2001, 2000 and 1999, the Company earned \$205,878, \$38,520 and \$74,240, respectively, in fees for sold lots.

Homesite sales contracts provide for the return of all monies paid in (including paid-in interest) should the Company be unable to meet its contractual obligations after the use of reasonable diligence. If a refund is made, the Company will recover the related homesite and any improvement thereto.

On properties where customers have contractually assumed the obligation to pay real estate taxes, monies received from customers for payment of such taxes are deposited into a tax escrow maintained by the Company until paid.

In addition to the matters discussed above, the Company is a party to other litigation relating to the conduct of its business, which is routine in nature

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and, in the opinion of management, should have no material effect upon the Company's operation.

9. Common Stock and Earnings Per Share Information

Net income (loss) per common share is computed in accordance with the requirements of Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS No. 128"). SFAS No. 128 requires net income (loss) per share information to be computed using a simple weighted average of common shares outstanding during the periods presented.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

9. Common Stock and Earnings Per Share Information (continued)

The net earnings (loss) for 2001, 2000 and 1999 were \$352,000, \$(1,042,000) and \$(367,000), respectively. The average number of shares of common stock and common stock equivalents used to calculate basic earnings (loss) per share in 2001, 2000 and 1999 was 13,544,277.

10. Subsequent Events

Between January 1, 2002 and February 8, 2002, Swan loaned the Company \$500,000 under similar terms as described in Note 5. These funds were used to meet the Company's current working capital requirements.

In January and February 2002, the Company transferred contracts receivable with a face value of approximately \$260,000 to Scaffolding and contracts receivable with a face value of approximately \$403,000 to Swan under terms described in Note 5.

11. Capital Transactions

On December 13, 2001, the Board of Directors approved a 1 for 500,000 reverse split of the Company's common stock and a related amendment to the Company's Articles of Incorporation reducing the number of authorized shares to 30. Both actions are subject to stockholder approval. The Company has filed a Form 13E(3) and a preliminary proxy statement related to the proposals. The effect of the reverse split will be to reduce the number of the Company's stockholders to two stockholders: Selex International, B.V., a Netherlands corporation ("Selex") and Yasawa Holdings, N.V., a Netherlands Antilles corporation ("Yasawa"). The date of the meeting of stockholders to consider both matters will be determined upon the conclusion of SEC review.

12. Investment in Venture

During 2001, the Company entered into a joint venture agreement (the "Venture") with Scaffolding (see Note 1) for the purchase of property tax certificates, application of tax deeds, administration and the acquisition and sale of land. The Company provides administrative, managerial, sales and marketing services to the Venture. The Company is reimbursed by the Venture for all commissions and marketing costs plus an administrative fee of 10% of all sales consummated. Scaffolding provides financing to the Venture and has loaned

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the Venture approximately \$1,200,000 as of December 31, 2001. Interest on the outstanding debt accrues at prime plus one percent (5.75% at December 31, 2001). There were no reimbursements or administrative fees earned for 2001. Net income is to be distributed equally between the Company and Scafholding. The Company records its investment in the Venture using the equity method of accounting as control of the Venture rests with Scafholding as specified in the joint venture agreement.

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SUPPLEMENTAL UNAUDITED QUARTERLY FINANCIAL DATA (in thousands, except per share amounts)

	Revenues	Net Income (Loss) From Operations Before Income Taxes	Net Income (Loss)
	-----	-----	-----
2001			
First....	\$ 3,407	\$ 61	\$ 61
Second...	\$ 3,495	\$ 44	\$ 44
Third....	\$ 3,029	\$ 15	\$ 15
Fourth...	\$ 4,214	\$ 232	\$ 232
	-----	-----	-----
Total.....	\$14,145	\$ 352	\$ 352
	=====	=====	=====
2000			
First....	\$ 2,087	\$ (402)	\$ (402)
Second...	\$ 2,503	\$ (69)	\$ (69)
Third....	\$ 2,794	\$ 69	\$ 69
Fourth...	\$ 2,233	\$ (640)	\$ (640)
	-----	-----	-----
Total.....	\$ 9,617	\$ (1,042)	\$ (1,042)
	=====	=====	=====
1999			
First.....	\$ 2,184	\$ (297)	\$ (297)
Second....	2,277	(222)	(222)
Third.....	2,046	(280)	(280)
Fourth....	2,330	432	432
	-----	-----	-----
Total.....	\$ 8,837	\$ (367)	\$ (367)
	=====	=====	=====

Earnings (Loss) Per Share

Net Income
(Loss)

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2001	
First.....	\$.01
Second.....	.00
Third.....	.00
Fourth.....	.02

Total.....	\$.03
	=====
2000	
First.....	\$ (.03)
Second.....	(.01)
Third.....	.01
Fourth.....	(.05)

Total.....	\$ (.08)
	=====
1999	
First.....	\$ (.02)
Second.....	(.02)
Third.....	(.02)
Fourth.....	.03

Total.....	\$ (.03)
	=====

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ITEM 9.

INDEPENDENT PUBLIC ACCOUNTANTS

Audit Fees

The Company paid audit and review fees to James Moore & Co. P.L. totaling \$60,900 for the year ended December 31, 2001.

Financial Information Systems and Implementation Fees

The Company did not incur any fees or costs associated with financial information systems or implementation fees.

All Other Fees

The Company paid fees to James Moore & Co. P.L. for preparation of tax related documentation in the amount of \$8,450 for the year ended December 31, 2001.

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ITEM 10.

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of the Company

The Board of Directors of the Company presently consists of five individuals: Antony Gram (Chairman of the Board), Christel DeWilde, George W. Fischer, Rudy Gram and Thomas B. McNeill.

The table below sets forth the names of the present directors of the Company, together with certain information as of March 14, 2002 with respect to each of them. The entire Board of Directors is elected annually to hold office until the next Annual Meeting of Stockholders and until their respective successors are duly elected and qualified. In names of the directors and certain information as of March 14, 2002 with respect to each of them is set forth below, in alphabetical order. Unless otherwise indicated, each nominee has held the position shown, or has been associated with the named employer in the executive capacity shown, for more than the past five years.

Name and Age	Principal Occupation and Other Information	Year First Elected Director
Christel DeWilde, 39 (b) (d)	Financial Analyst for Antony Gram since February 1995. Prior to joining Mr. Gram, Ms. DeWilde was Chief Financial Officer of the Sab Wabco Group, Brussels, Belgium from December 1992 to February 1995. From May 1991 to December 1992, Ms. DeWilde was audit manager for Marcel Asselberghs & Co.	1998
George W. Fischer, 61 (a), (b), (c)	Mr. Fischer is retired. From 1975 through 1995 he served as President of H.E.C.Fischer, Inc., a closely held real estate company.	1992
Antony Gram, 59	Chairman of the Board of Directors and Chief July 13, 1994 and President since October 2, 1998. For more than the past five years, Mr. Gram has served as Managing Director of Gramyco, a scaffolding company, based in Belgium.	1992
Rudy Gram, 38 (a), (c), (e)	Vice President, Swan Development Corporation, based in St. Augustine, Florida since 1995.	1995
Thomas B. McNeill, 67 (b), (d)	Retired partner of Mayer, Brown & Platt, The law firm of Mayer, Brown & Platt has performed legal services on the Company's behalf.	1975

Current Committee Members & Affiliations:

- (a) Member, Executive Committee.
- (b) Member, Audit Committee.

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- (c) Member, Executive Compensation Committee.
- (d) Member, Nominating Committee.
- (e) Rudy Gram is the son of Antony Gram.

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Additional Information Concerning the Board of Directors

Currently, Directors DeWilde, McNeill and Rudy Gram receive a fee of \$1,000 per month for services as a Director of the Company and are reimbursed for travel and related costs incurred with respect to committee and board meetings. Mr. Fischer receives a fee of \$1,600 per month for services as a Director of the Company and as the Board's representative on the Management Committee; he is also reimbursed for travel and related costs incurred with respect to committee and board meetings. Mr. Antony Gram does not receive a monthly Director's fee; however, he is reimbursed for travel and related costs incurred with respect to committee and board meetings and other Company business activities.

The Board of Directors has several standing committees: an Executive Committee, an Audit Committee, an Executive Compensation Committee and a Nominating Committee.

The Executive Committee, of which Antony Gram is Chairman, exercises certain powers of the Board of Directors during the intervals between meetings of the Board and met once during 2001.

The Audit Committee, of which Mr. McNeill is Chairman, confers with the independent auditors of the Company and otherwise reviews the adequacy of internal controls, reviews the scope and results of the audit, assesses the accounting principles followed by the Company, and recommends the selection of the independent auditors. There were two meetings of the Audit Committee during 2001.

The Executive Compensation Committee is chaired by Mr. Fischer, who serves on no similar committee of any other company. While the other members of the Committee, Messrs. Antony Gram and Rudy Gram, may serve together as directors of other companies, none serves as a member of any other compensation committee. The Committee reviews the methods and means by which management is compensated, studies and recommends new methods of compensation, and reviews the standards of compensation for management. In addition, the Executive Compensation Committee administers the Annual Executive Bonus Plan. No member of the Committee is eligible to participate in any of the Company's compensation and benefit plans. See "Compensation Committee Report." The Executive Compensation Committee held one meeting during 2001.

The Nominating Committee, of which Mr. McNeill is Chairman, recommends to the Board of Directors nominees to fill additional directorships that may be created and to fill vacancies that may exist on the Board of Directors. There was one meeting of the Nominating Committee during 2001, held as part of a Board of Directors meeting. The Nominating Committee will consider nominees recommended by stockholders. Recommendations by stockholders should be submitted to the Secretary of the Company and should identify the nominee by name and provide detailed background information. Recommendations received by December 31, 2002 will be considered by the Nominating Committee for nomination at the 2003 Annual Meeting.

During 2001, the Board of Directors held three meetings. Each director attended at least 75% of the aggregate of the total number of meetings of the

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Board of Directors and the total number of meetings held by all committees on which he or she served.

Executive Officers of the Company

The table below sets forth the executive officers of the Company as of March 14, 2002 (officers, not assistant officers, compensated in excess of \$40,000 in 2001 and the Chairman of the Board), their ages and their principal occupations during the past five years. Each has been appointed to serve in the capacities indicated until their successors are appointed and qualified, subject to their earlier resignation or removal by the Board of Directors.

Name and Age	Principal Occupation During the Past Five Years
Antony Gram, 59.....	Chairman of the Board of Directors and Chief Executive Officer of the Company since July 13, 1994 and President since October 2, 1998. For more than the past five years, Mr. Gram has served as Managing Director of Gramyco, a scaffolding company, based in Belgium.

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Name and Age	Principal Occupation During the Past Five Years
Sharon J. Hummerhielm, 52...	Mrs. Hummerhielm joined the Company in March 1975. She was appointed Executive Vice President and Corporate Secretary on October 2, 1998 after having served as Vice President-Administration and Corporate Secretary since May 1995 and Vice President - Administration prior to that time.
John R. Battle, 33.....	Mr. Battle joined the Company as its Treasurer in April 2001. From January 2000 until joining the Company, he served as Controller for a manufacturing company in the local area. From 1997 to 2000 he worked in public accounting with PricewaterhouseCoopers LLP and Crippen, Crippen and Trice LLP.

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ITEM 11.

EXECUTIVE COMPENSATION

Due to the Company's liquidity situation, Antony Gram has served as Chairman of the Board, Chief Executive Officer and President of the Company without compensation. The Securities and Exchange Commission's rules on executive compensation disclosure require, however, that the Summary Compensation Table which appears below, depict the compensation for the past

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three years of the Company's chief executive officer and its four most highly compensated executive officers whose annual salary and bonuses exceed \$100,000. Accordingly, the table set forth below, discloses the annual compensation paid to Antony Gram (Chairman of the Board, Chief Executive Officer and President) and Sharon Hummerhielm (Executive Vice President and Corporate Secretary) for the three years ended December 31, 2001.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation			LTIP Payouts	All O Compe (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (a)	Awards SARs/Restricted Stock Awards	Stock Options (#)			
Antony Gram, Chairman of the Board, President & CEO	2001	--	--	--	--	--	--	--	
	2000	--	--	--	--	--	--	--	
	1999	--	--	--	--	--	--	--	
Sharon J. Hummerhielm Exec. VP & Corporate Sec'y	2001	\$122,947	--	--	--	--	--	--	
	2000	\$122,939	\$10,245 (b)	--	--	--	--	--	
	1999	\$112,500	\$22,500 (b)	--	--	--	--	--	

Employment Contracts

One executive officer, Mrs. Hummerhielm, is employed pursuant to an employment agreement which provides that if her employment is terminated due to death, payment of compensation to her beneficiary continues for six months and, if employment is otherwise terminated by the Company without cause (defined as gross misconduct), she is entitled to receive one year's compensation, payable in twenty-four equal semi-monthly installments. For purposes of this agreement, compensation includes salary, car allowances, vacation pay, fringe benefits, benefit plans, perquisites and other like items.

COMPENSATION COMMITTEE REPORT

Compensation Philosophy

It is the goal of the Company and this Committee to align all compensation, including executive compensation, with business objectives and both individual and corporate performance, while simultaneously attracting and retaining employees who contribute to the long-term success of the Company. The Company attempts, within its resources, to pay competitively and for performance and management initiative, while striving for fairness in the administration of its compensation program.

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It has long been the policy of the Company to encourage and enable employees upon whom it principally depends to acquire a personal proprietary interest in the Company. In prior years, the total executive compensation program of the Company consisted of both cash and equity-based compensation and was comprised of three key elements: salary, an annual bonus and a long term incentive plan.

Salary

Salaries paid to officers (other than the Chief Executive Officer and President) are based upon the Committee's review of the nature of the position, competitive salaries and the contribution, experience and Company tenure of the officer. Salaries (if any) paid to the Chief Executive Officer and President are determined by the Committee, subject to ratification by the Board of Directors and are based upon the Committee's subjective evaluation of contributions to the Company, performance and salaries paid by competitors to their Chief Executive Officer and President. Since January 1999, Mrs. Hummerhielm, and two other assistant officers were granted salary increases.

Annual Bonus

Although the Company's liquidity situation has required the Company to limit the awarding of bonuses to only certain limited instances, it is the intention of the Committee that an executive's annual compensation consist of a base salary and an annual bonus. All officers and managerial employees of the Company (except those who are otherwise entitled to receive additional compensation) will be considered by the Compensation Committee for a bonus. Such bonuses are earned based upon the success of the Company, or of the subsidiary or division for which the individual is responsible, in achieving its goals. There were no bonuses awarded to, earned by, or paid to, any officer of the Company during or in respect to 2001.

Long Term Incentive Program

Presently, there are no long-term cash and equity incentives provided through any Stock Plan.

Chief Executive Officer Compensation

Since July 13, 1994, Antony Gram has served as Chairman of the Board and Chief Executive Officer of the Company. In October 1998, he was also appointed to the position of President. Mr. Gram has been responsible for resolving the problems facing the Company and developing an alternative business plan to enable the Company to continue as a going concern. During the process of resolving such difficulties and developing such plan, Mr. Gram has agreed to serve without compensation, with the understanding that all ordinary, necessary and reasonable expenses incurred by him in the performance of his duties, including travel and temporary living expenses, will be reimbursed by the Company and with the further understanding that the Committee and the Board will thereafter consider establishing an appropriate salary to be paid him for his services.

Compliance With Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code, enacted in 1993, generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to the corporation's Chief Executive Officer and four other mostly highly

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compensated executives officers. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The compensation currently paid to the Company's Chief Executive Officer and highly compensated executive officers does not approach the \$1,000,000 threshold, and the Company does not anticipate approaching such threshold in the foreseeable future. Nevertheless, the Company intends to take the necessary action to comply with the Code limitations.

Future Compensation Trends

The Committee anticipates undertaking a review of all compensation programs and policies of the Company, and making appropriate modifications and revisions, in conjunction with the Company's development of future business plans.

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ITEM 12.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Based upon information furnished to the Company or contained in filings made with the Commission, the Company believes that the only persons who beneficially own more than five percent (5%) of the shares of the Common Stock of the Company are Yasawa (52.41%), Selex (20.82%) and Antony Gram, through his holdings in Selex and Yasawa (73.23%).

All of the issued and outstanding stock of Selex, Gerrit van den Veenstraat 70, Amsterdam, The Netherlands, is owned by Wilbury a majority of which is, in turn, owned by Antony Gram. As the majority shareholder of Wilbury, Antony Gram is treated as the beneficial owner of all of the Company's Common Stock held by Selex. In addition, Mr. Gram beneficially owns Yasawa, c/o Zarf Trust Corporation, N.V., 1-5 Plaza JoJo Correa, P.O.Box 897, Willenstad, Curacao, Netherlands Antilles. Since Yasawa is the direct owner of 7,098,975 shares of the Common Stock of the Company, and Selex is the direct owner of 2,820,066 shares of the Common Stock of the Company, Mr. Gram is deemed to be the beneficial owner of an aggregate of 9,919,041 shares of Common Stock of the Company (73.23%).

The following table sets forth information, as of March 14, 2002, concerning the beneficial ownership by all directors and nominees, by each of the executive officers named in the Summary Compensation Table (the "Summary Compensation Table") and by all directors and executive officers as a group. The number of shares beneficially owned by each director or executive officer is determined under the rules of the Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose.

	Amount and Nature of Beneficial Ownership	Percent of Class
	-----	-----
Current Directors and/or Nominees:		
Address: c/o The Deltona Corporation		
8014 SW 135th Street Road		
Ocala, FL 34473		
George W. Fischer.....	35,000 - Direct	*
Antony Gram	9,919,041 - Indirect	73.23%
Rudy Gram.....	324,378 - Direct	2.39%
Thomas B. McNeill	200 - Direct	*
Christel DeWilde.....	-0-	*

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Current Executive Officers named in

Summary Compensation Table:

Address: c/o The Deltona Corporation
8014 SW 135th Street Road
Ocala, FL 34473

Antony Gram.....	9,919,041 - Indirect	73.23%
Sharon J. Hummerhielm...	200 - Direct	*

All executive officers and directors as
a group, consisting of 7 persons

(including those listed above)..... 10,278,819 75.89%

* Represents holdings of less than 1%.

Based upon information furnished to the Company or contained in filings made with the Commission, the Company believes that the only persons who beneficially own more than five percent (5%) of the shares of the Common Stock of the Company are Yasawa (52.41%), Selex (20.82%) and Antony Gram, through his holdings in Selex and Yasawa (73.23%).

Mr. Rudy Gram, a member of the Board of Directors is the son of Mr. Antony Gram.

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From June 19, 1992 through March 1999, the Company had entered into loan agreements with Selex International B.V., a Netherlands corporation ("Selex"), Yasawa Holdings, N.V., a Netherlands Antilles Corporation ("Yasawa"), Swan Development Corporation ("Swan") and related parties. Since December, 1992, the Company has been dependent on loans and advances from Selex, Yasawa, Swan and their affiliates in order to meet its working capital requirements.

Section 16(a) Beneficial Ownership Reporting Compliance

The Securities Exchange Act of 1934 requires the Company's directors, its executive officers and any persons holding more than ten percent of the Company's Common Stock to report their initial ownership of the Company's Common Stock and any subsequent changes in that ownership to the Commission. Under the Section 16(a) rules, the Company is required to disclose in this Proxy Statement any failure to file such required reports by their prescribed due dates.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required during the fiscal year ended December 31, 2001, all Section 16(a) filing requirements were satisfied.

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ITEM 13.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Executive Compensation Committee (the "Committee") is comprised of Mr. Fischer, Chairman, and Messrs. Antony Gram and Rudy Gram.

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Mr. Antony Gram, a member of the Committee, has served as Chairman of the Board and Chief Executive Officer of the Company, and thus, as an executive officer of the Company, since July 13, 1994. Additionally, Mr. Antony Gram is deemed to be the beneficial owner of 73.23% of the Company's Common Stock since he is the beneficial owner of Yasawa Holdings, N.V. ("Yasawa") (which holds 52.41% of the Common Stock of the Company as of March 15, 2002), as well as the holder of a majority equity interest in Wilbury International N.V., a Netherlands Antilles corporation ("Wilbury"), which owns all of the issued and outstanding stock of Selex International B.V. ("Selex") (which holds 20.82% of the Common Stock of the Company as of March 15, 2002). See "Ownership of Voting Securities of the Company."

Mr. Rudy Gram, a member of the Committee, a member of the Board of Directors and a candidate for re-election to the Board of Directors, is the son of Mr. Antony Gram. See "Ownership of Voting Securities of the Company."

From June 19, 1992 through March 1999, the Company had entered into loan agreements with Selex International B.V., a Netherlands corporation ("Selex"), Yasawa Holdings, N.V., a Netherlands Antilles Corporation ("Yasawa"), Swan Development Corporation ("Swan") and related parties. Since December, 1992, the Company has been dependent on loans and advances from Selex, Yasawa, Swan and their affiliates in order to meet its working capital requirements.

Scaffolding agreed to purchase contracts receivable at 65% of face value, with recourse, to meet the Company's ongoing capital requirements. During 1998, Scaffolding purchased approximately \$1,396,000 in contracts receivable from the Company.

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scaffolding. The Company's outstanding debt to Yasawa as of December 31, 2001 was \$4,200,000. The terms of repayment of the restructured Yasawa loan provide for monthly payments of principal in the amount of \$100,000 payable monthly in cash or with contracts receivable at 100% of face value, with recourse. Interest accrues on the declining balance at the rate, effective January 1, 1999, of 6% per annum. The interest rate was again changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. Yasawa and Scaffolding have not required the Company to make interest payments since September 1, 1998. As of December 31, 2001, the total amount of interest accrued is approximately \$1,456,000, which is included in accrued expenses.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was \$5,929,000 as of December 31, 2001. The Company signed a promissory note to Swan in March 1999, which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest was 6% per annum on the outstanding balance of the advance. The interest rate was changed effective January 1, 2001 to the prime rate, to be adjusted semi-annually thereafter, to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the

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aggregate sum of \$500,000. Funds advanced by Swan were used by the Company to meet the Company's working capital requirements. From January 2001 to June 2001, the interest rate on the outstanding debt was 9.5%, which was prime. As of July 2001, the interest rate on the outstanding debt has been adjusted to 6.5%, which equals the prime rate as of July 1, 2001. As of December 31, 2001, the total amount of interest accrued is approximately \$591,000, which is included in accrued expenses.

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For 2001, the Company recorded interest expense for the first six months of each loan advance from Swan that is non interest bearing at the prime rate, the Company's incremental borrowing rate. Since the interest is not paid to Swan, the amount calculated is recorded as a capital contribution increase to capital surplus. For 2001, the Company recorded interest expense and a capital contribution in the amount of approximately \$170,000.

For 2000 and 1999, the company recorded interest expense on all outstanding debt balances to Yasawa, Scaffolding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. For 2000 and 1999, the Company recorded interest expense and a capital contribution in the amount of approximately \$408,000 and \$423,000, respectively.

During 1998, the Company transferred 14 lots and 4 tracts of land to Swan. In return, Swan built an office complex on part of the land for use by the Company for a period of 54 months, renewable thereafter. The Company valued the land transferred at approximately \$440,000 and recorded the net present value of the use of the office complex of approximately \$375,000 as prepaid rent. The difference between the net present value of the rent and the cost of the land was recorded as deferred profit and is recognized over the lease term.

In January 2000, the Company purchased 16 lots and homes under construction from Scaffolding for approximately \$862,000. This amount represents Scaffolding's lot cost and payments to date to the home builder. This transaction was 100% financed by Swan under its existing note payable arrangement.

During 2001, the Company entered into a joint venture agreement (the "Venture") with Scaffolding, (see Note 1), for the purchase of property tax certificates, application of tax deeds, administration and the acquisition and sale of land. The Company provides administrative, managerial, sales and marketing services to the Venture. The Company is reimbursed by the Venture for all commissions and marketing costs plus an administrative fee of 10% of all sales consummated. Scaffolding provides financing to the Venture and has loaned the Venture approximately \$1,200,000 as of December 31, 2001. Interest on the outstanding debt accrues at prime plus one percent (5.75% at December 31, 2001). Net income is to be distributed equally between the Company and Scaffolding. The Company records its investment in the Venture on the equity method as control of the Venture rests with Scaffolding as specified in the joint venture agreement.

In the future, if the Company elects to do so, Yasawa and Scaffolding have agreed to purchase contracts receivable at 65% of face value, with recourse. The Company has an agreement with Swan whereby Swan may loan the Company funds to be repaid with contracts receivable at 90% of face value, with recourse.

On December 13, 2001, the Board of Directors approved a 1 for 500,000 reverse split of the Company's common stock and a related amendment to the

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Company's Articles of Incorporation reducing the number of authorized shares to 30. Both actions are subject to stockholder approval. The Company has filed a Form 13E(3) and a preliminary proxy statement related to the proposals. The effect of the reverse split will be to reduce the number of the Company's stockholders to two stockholders: Selex International, B.V., a Netherlands corporation ("Selex") and Yasawa Holdings, N.V., a Netherlands Antilles corporation ("Yasawa"). The date of the meeting of stockholders to consider both matters will be determined upon the conclusion of SEC review.

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ITEM 14

(a) EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

1. Financial Statements

See Item 8, Index to Consolidated Financial Statements and Supplemental Data.

2. Financial Statement Schedules

	Page -----
Independent Auditors' Report.....	52
Schedule VIII - Valuation and qualifying accounts for the three years ended December 31, 2001.....	53

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or Notes thereto or the 2001 Annual Meeting Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, incorporated herein by reference.

3. Exhibits

See the Exhibit Index included herewith.

(b) Reports on Form 8-K

On December 13, 2001, the Board of Directors approved a 1 for 500,000 reverse split of the Company's common stock and a related amendment to the Company's Articles of Incorporation reducing the number of authorized shares to 30. Both actions are subject to stockholder approval. The Company has filed a Form 13E(3) and a preliminary proxy statement related to the proposals. The effect of the reverse split will be to reduce the number of the Company's stockholders to two stockholders: Selex International, B.V., a Netherlands corporation ("Selex") and Yasawa Holdings, N.V., a Netherlands Antilles corporation ("Yasawa"). The date of the meeting of stockholders to consider both matters will be determined upon the conclusion of SEC review. A report on Form 8-K was filed on December 18, 2001 relating to the preliminary filing of the 1 for 500,000 reverse split of the Company's common stock.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF THE DELTONA CORPORATION:

We have audited the consolidated financial statements of The Deltona Corporation and subsidiaries (the "Company") as of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999 and have issued our reports thereon dated February 8, 2002 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern), included elsewhere in this Annual Report on Form 10-K. Our audit also included the financial statement schedules listed in Item 14(a)2 of this Annual Report on Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

JAMES MOORE & COMPANY P.L.
 Certified Public Accountants
 Gainesville, Florida
 February 8, 2002

SCHEDULE VIII

THE DELTONA CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
 (in thousands)

Those Valuation and Qualifying Accounts Which are Deducted in the Balance Sheet from the Assets to Which They Apply	Balance at Beginning of Period	Revenues, Costs, and Expenses	Additions Charged to Deductions from Reserves	B E P
-----	-----	-----	-----	-----
Year ended December 31, 2001				

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Allowance for uncollectible contracts(a)	\$ 291	\$ 2,198	\$ 2,284
	=====	=====	=====
Unamortized contract valuation discount(b).....	\$ 264	\$ 73	\$ 199
	=====	=====	=====

Year ended December 31, 2000

Allowance for uncollectible contracts(a)	\$ 606	\$ 1,641	\$ 1,956
	=====	=====	=====
Unamortized contract valuation discount(b).....	\$ 293	\$ 267	\$ 296
	=====	=====	=====

Year ended December 31, 1999

Allowance for uncollectible contracts(a)	\$ 945	\$ 322	\$ 661
	=====	=====	=====
Unamortized contract valuation discount(b).....	\$ 401	\$ 172	\$ 280
	=====	=====	=====

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE DELTONA CORPORATION
(Company)

By:/s/ John R. Battle

John R. Battle, Treasurer

DATE: March 26, 2002

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the date indicated.

/s/ Antony Gram

Antony Gram, Chairman of the Board of Directors,
Chief Executive Officer and President

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/s/ Christel DeWilde

Christel DeWilde, Director

/s/George W. Fischer

George W. Fischer, Director

/s/Rudy Gram

Rudy Gram, Director

/s/Thomas B. McNeill

Thomas B. McNeill, Director

DATE: March 26, 2002

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INDEX TO EXHIBITS

Exhibit Number	Exhibits	Sequentially Numbered Page
2(a)	Purchase Agreement dated November 6, 1985, among the Company, its utility subsidiaries and Topeka Group Incorporated, including as exhibits thereto the form of Deltona Warrant, the form of Utility Subsidiary Warrant and the form of Security Agreement. Incorporated herein by reference to Exhibit 2(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1985.	
2(b)	Stock Redemption and Stock Purchase Agreement dated November 8, 1985, by and among the Company, its utility subsidiaries and Topeka Group Incorporated, including as an exhibit the specimen Articles of Amendment of Deltona Utilities, Inc. Incorporated herein by reference to Exhibit 2(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1985.	
2(c)	Agreement dated November 17, 1987 modifying the November 6, 1985 Purchase Agreement among the Company, its utility subsidiaries and Topeka Group, Incorporated, including as an exhibit thereto a specimen Amended Stock Redemption and Stock Purchase Agreement by and among the Company, its utility subsidiaries and Topeka Group, Incorporated.*	
2(d)	Letter to American Stock Transfer to Transfer 6,809,338 shares of common stock to Yasawa Holding N.V.	
3(a)	Restated Certificate of Incorporation and Certificate of Designation, Preferences and Rights relating to the	

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Series A Cumulative Preferred Stock of the Company.*

- 3 (b) By-laws of the Company. ++
- 4 (a) Fifth Amended and Restated Credit and Security Agreement dated as of March 25, 1987, between the Company, certain subsidiaries of the Company, Citibank, N.A., and certain other banks. Incorporated herein by reference to Exhibit 4(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1987.
- 4 (b) Modification Agreement, dated June 30, 1988, to Exhibit 4(b). Incorporated by reference to Exhibit 4 to Company's Quarterly Report on Form 10-Q for the quarter ended June 24, 1988.
- 4 (C) Extension of Maturity Date, dated January 30, 1989, to Exhibit 4(b).***
- 4 (d) Extension of Maturity Date, dated January 31, 1990, to Exhibit 4(b).****
- 4 (e) Conveyance Agreement between the Company, certain subsidiaries of the Company, Citibank, N.A., and certain other banks. Incorporated herein by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 1991.
- 4 (f) Sixth Amended and Restated Credit and Security Agreement dated as of June 18, 1992, between the Company, certain subsidiaries of the Company, Citibank, N.A., and certain other banks, including therewith the Receivables Sharing Agreement and the form of Warrant issued to the banks.++
- 4 (g) Option granted to Selex Sittard B.V., dated June 19, 1992. Incorporated by reference to Exhibit 4 to Company's Quarterly Report on Form 10-Q for the quarter ended June 26, 1992.
- 4 (h) Waiver and Relinquishment by Selex Sittard B.V., dated September 14, 1992, as to certain shares under option pursuant to that Option granted Selex Sittard B.V. on June 19, 1992. Incorporated by reference to Exhibit 4 to Company's Quarterly Report on Form 10-Q for the quarter ended September 25, 1992.
- 4 (i) Seventh Amendment to Credit and Security Agreement dated December 2, 1992 by and among Yasawa Holdings, N.V., the Company and certain subsidiaries of the Company. +++
- 4 (j) Warrant Exercise and Debt Reduction Agreement dated December 2, 1992 by and between the Company and Yasawa Holdings, N.V. +++
- 4 (k) Loan Agreement dated April 30, 1993 between the Company and Selex International, B.V., including therewith the Mortgage and Note entered into pursuant thereto. Incorporated herein by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 26, 1993.
- 4 (l) Loan Agreement dated July 14, 1993 between the Company

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and Selex International B.V, including therewith the Mortgage and Note entered into pursuant thereto. Incorporated herein by reference to Exhibit 4 to the Registrant's Quarterly Report on Form 10-Q dated June 25, 1993.

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INDEX TO EXHIBITS

Exhibit Number -----	Exhibits -----	Sequentially Numbered Page -----
4 (m)	First, Second, Third, Fourth and Fifth Amendments to Loan Agreement dated July 14, 1993 between the Registrant and Selex International, B.V., Incorporated herein by reference to Exhibit 4 to the Registrant's Report on Form 8-K dated February 17, 1994.	
4 (n)	Eighth Amendment and Consolidation of Credit and Security Agreement between the Company and Yasawa dated November 13, 1997.++++	
4 (o)	Renewal Promissory Note from the Company to Yasawa in the amount of \$6,692,732 dated November 13, 1997.++++	
4 (p)	Consolidated Mortgage Modification and Spreader Agreement between the Company and Yasawa dated November 13, 1997.++++	
4 (q)	Partial Release of Mortgage and Financing Statement from the Company to Yasawa dated November 13, 1997.++++	
4 (r)	Satisfaction of Mortgage dated November 13, 1997 from Selex International, B.V. for Selex I loan.++++	
4 (s)	Satisfaction of Mortgage dated November 13, 1997 from Selex international, B.V. for Selex II loan.++++	
4 (t)	General Release from Selex International, B.V. dated November 13, 1997.++++	
4 (u)	Renewal Promissory Note from the Company to Scaffolding, B.V. in the amount of \$2,293,950 dated November 13, 1997 ++++	
4 (v)	Satisfaction of Mortgage dated January 28, 1998, effective December 30, 1997 , of the Mortgage given by the Company to the Division of Florida Land Sales, Condominiums and Mobile Homes.++++	
4 (w)	UCC3 effective December 30, 1997 from the Division of Florida Land Sales, Condominiums and Mobile Homes releasing its lien on the Company's contracts receivable.++++	
4 (x)	Promissory Note from the Company to Swan in the amount	

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of \$5,690,000 dated March 26, 1999.+++++

- 10(a) Employment Agreement dated June 15, 1992 between the Company and Earle D. Cortright, Jr.++
- 10(b) Employment Agreement dated November 1, 1988 between the Company and Michelle R. Garbis.**
- 10(c) Agreement dated June 15, 1992 extending the Employment Agreement dated November 1, 1988, as amended, between the Company and Michelle R. Garbis.++
- 10(d) Employment Agreement dated February 28, 1992 between the Company and David M. Harden and amendment thereto dated June 15, 1992.++
- 10(e) Employment Agreement dated June 15, 1992 between the Company and Sharon J. Hummerhielm. ++
- 10(f) Employment Agreement dated June 15, 1992 between the Company and Charles W. Israel.++
- 10(g) Letter Agreement dated October 26, 1988 between the Company and Stephen J. Diamond. **
- 10(h) 1982 Employees' Incentive Stock Option Plan. Incorporated herein by reference to Exhibit 4(g) to Company's Registration Statement on Form S-8, registration number 2-78904.
- 10(i) Annual Executive Bonus Plan adopted by the Company on November 13, 1986. Incorporated herein by reference to Exhibit 10(x) to the Company's Annual Report on Form 10-K for the year ended December 26, 1986.
- 10(j) 1987 Stock Incentive Plan adopted by the Company on November 13, 1986, subject to the approval of the Company's stockholders. Incorporated herein by reference to Exhibit 10(y) to the Company's Annual Report on Form 10-K for the year ended December 26, 1986.
- 10(k) Resolution of the Board of Directors of Company adopted February 25, 1987 amending the 1982 Employees' Incentive Stock Option Plan. Incorporated herein by reference to Exhibit 10(d) to the Company's Annual Report on Form 10K for the year ended December 26, 1986.

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INDEX TO EXHIBITS

Exhibit Number	Exhibits	Sequentially Numbered Page
10(l)	Amendment to Annual Executive Bonus Plan, as adopted by the Company on October 20, 1988.**	
10(m)	Amendment to 1987 Stock Incentive Plan, as adopted by the Company on October 20, 1988.**	
10(n)	Settlement Agreement, made and entered into by and	

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between the National Audubon Society, Collier County Conservancy,

Florida Audubon Society, Environmental Defense Fund, Florida Division of the Izaak Walton League, Department of Environmental Regulation of the State of Florida, the Board of Trustees of the Internal Improvement Trust Fund, the Department of Veteran and Community Affairs of the State of Florida, the South Florida Water Management District and Company dated July 20, 1982, and Agreement of Exchange executed pursuant thereto, dated March 24, 1984. Incorporated herein by reference to Exhibit 10(C) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1984.

- 10(o) Agreement, retroactive to June 19, 1992, amending the Employment Agreement dated June 15, 1992 between the Company and Earle D. Cortright, Jr. Incorporated herein by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- 10(p) Employment Agreement, effective July 15, 1992, between the Company and Joseph Mancilla, Jr. Incorporated herein by reference to Exhibit 10(p) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- 10(q) Sale, Purchase, Repurchase and Servicing Agreement dated October 7, 1988 between the Company and Morsemere Federal Savings Bank.**
- 10(r) Agreement dated February 27, 1989 between Company and Oxford Finance Companies, Inc.***
- 10(s) Agreement dated February 7, 1990 between Company and Oxford Finance Companies, Inc.****
- 10(t) Promissory Note dated October 12, 1990 from the Company to Empire of Carolina, Inc.+
- 10(u) Settlement Agreement dated November 6, 1989 between Company and Topeka Group Incorporated. Incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 1989.
- 10(v) Loan and Escrow Agreement dated June 15, 1992 between Company and Selex Sittard B.V., including therewith the Mortgage and Note entered into pursuant thereto.++
- 10(w) Agreement dated June 12, 1992 between Company and The Oxford Finance Companies, Inc., including therewith the Collateral Trust Agreement entered into pursuant thereto.++
- 10(x) The 1992 Deltona Consent Order, dated June 17, 1992, between Company and the State of Florida, Department of Business Regulation, Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division"), including therewith the Escrow Agreement entered into pursuant thereto.++

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10(y)	The St. Augustine Shores Restated Consent Order, dated June 17, 1992, between Company and the Division.++
10(z)	The Consent Order, dated June 15, 1992, between Company and the Division pertaining to ad valorem taxes on real estate.++
10(aa)	Agreement of Purchase and Sale dated December 2, 1992 between the Company and Scaffolding, B.V. +++
10(bb)	Citrus Springs Joint Venture Agreement dated December 2, 1992 between the Company and Citony Development Corporation.+++
10(cc)	Agreement of Purchase and Sales dated December 2, 1992 between the Company, Margolf Investments, Inc. and Five Points Title Service Co., Inc., as Escrow Agent. +++
10(dd)	Lease Agreement dated December 2, 1992 between Margolf as Landlord and the Company as Tenant. +++
10(ee)	Loan Agreement dated December 2, 1992 between Scaffolding B.V. and the Company. +++
10(ff)	Employment Agreement, effective March 15, 1993, between the Company and Bruce M. Weiner. Incorporated herein by reference to Exhibit 10(ff) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993

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INDEX TO EXHIBITS

Exhibit Number -----	Exhibits -----	Sequentially Numbered Page -----
10(gg)	Agreement dated March 10, 1993 between the Company and Charles Lichtigman concerning the sale of contracts and mortgages receivable. Incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 26, 1993.	
10(hh)	Agreement for Purchase and Sale of Land in St. Johns County, Florida dated March 8, 1994. Incorporated herein by reference to Exhibit 10 to the Registrant's Report on Form 8-K dated February 17, 1994.	
10(ii)	Agreement of Purchase and Sale between the Company and Swan Development Corporation concerning the sale of all remaining inventory in St. Augustine Shores Subdivision dated November 13, 1997.++++	
10(jj)	Agreement between the Company and Swan Development Corporation concerning the St. Augustine Shores Exchange program dated November 13, 1997.++++	
10(ll)	Lot Exchange Trust Agreement between the Company, Five Points Title Services Company, Inc and the Division of Florida Land Sales, Condominiums and Mobile Homes	

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dated November 13, 1997.++++

10(mm) Letter from the Division of Florida Land Sales, Condominiums and Mobile Homes dated December 30, 1997 approving the sale of St. Augustine Shores to Swan Development Corporation.++++

10(nn) Letter from the Division of Florida Land Sales, Condominiums and Mobile Homes dated December 30, 1997 approving the material change for the sale of common stock, sale of receivables, Lot Exchange Trust Agreement and release of lien.++++

10(oo) Joint Venture Agreement dated September 1, 2001 between Five Points Title as Trustee for Scaffolding B.V. and the Company+++++

11 Statement of computation of net income (loss) per common share.

18 Letter dated March 22, 1991 from Deloitte & Touche regarding a change in the method of applying accounting principles or practices by Company.+

21 Subsidiaries of Company.

23 Consent of James Moore & Co. , P.L.

* Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 25, 1987.

** Incorporated by reference to such exhibit to Company's Quarterly Report on Form 10-Q for the quarter ended September 23, 1988.

*** Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 30, 1988.

**** Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 29, 1989.

+ Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 28, 1990.

++ Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 27, 1991.

+++ Incorporated by reference to such exhibit to Company's Report on Form 8-K dated December 2, 1992.

++++ Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended December 31, 1997.

+++++ Incorporated by reference to such exhibit to Company's Annual Report on Form 10-K for the year ended

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December 31, 1999.

++++++

Incorporated by reference to such exhibit to Company's
Annual Report on Form 10-K for the year ended
December 31, 2001.