AMERICAN LEISURE HOLDINGS, INC.
Form 10QSB
May 21, 2007

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from __________ to ____________

Commission file number 333-48312

AMERICAN LEISURE HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	**75-2877111**
(State of organization)	(I.R.S. Employer Identification No.)

2460 Sand Lake Road, Orlando, FL 32809
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: **(407) 251-2240**

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

As of May 21, 2007, 10,877,974 shares of Common Stock of the issuer were outstanding ("Common Stock").

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X].

Traditional Small Business Disclosure Format (Check One): Yes [ ] No [X].

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2007 and December 31, 2006

	March 31, 2007 Unaudited	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash	$ 898,890	$ 1,110,000
Cash - restricted	1,042,423	1,030,921
Accounts receivable, net	2,547,791	3,148,730
Other receivable	188,044	217,233
Prepaid expenses and other	1,827,728	1,775,614
Total Current Assets	6,504,876	7,282,498
PROPERTY AND EQUIPMENT, NET	8,907,089	9,170,540
LAND HELD FOR DEVELOPMENT	92,551,890	71,930,263
OTHER ASSETS		
Cash - restricted	9,862,344	10,364,681
Prepaid sales commissions	9,921,577	9,804,036
Prepaid sales commissions - affiliated entity	3,518,351	3,443,851
Goodwill	4,559,134	4,559,134
Trademark	943,750	950,000
Other	2,136,467	2,638,475
Total Other Assets	30,941,623	31,760,177
TOTAL ASSETS	$ 138,905,478	$ 120,143,478
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Current maturities of long-term debt and notes payable	$ 30,052,353	$ 35,681,931
Current maturities of notes payable-related parties	8,045,166	7,480,395
Accounts payable and accrued expenses	5,226,856	4,518,175
Accounts payable - related party	11,466,820	3,739,042
Accrued expenses - officers	3,014,000	2,795,000
Other	2,010,057	2,417,214
Total Current Liabilities	59,815,252	56,631,757
Long-term debt and notes payable	38,362,233	21,583,106
Notes payable - related parties	3,353,252	3,353,252
Put liability	985,000	985,000
Deposits on unit pre-sales	37,409,312	37,465,685
Total liabilities	139,925,049	120,018,800
Commitments and contingencies		
STOCKHOLDERS' EQUITY (DEFICIT):		

Preferred stock; 1,000,000 shares authorized; $.001 par value; 1,000,000 Series "A" shares issued and outstanding at March 31, 2007 and December 31, 2006		10,000	10,000
Preferred stock; 100,000 shares authorized; $.01 par value; 2,825 Series "B" shares issued and outstanding at March 31, 2007 and December 31, 2006		28	28
Preferred stock, 28,000 shares authorized; $.01 par value 27,189 Series "C" shares issued and outstanding at March 31, 2007 and December 31, 2006		272	272
Preferred stock; 50,000 shares authorized; $.001 par value; 32,249 Series "E" shares issued and outstanding at March 31, 2007 and outstanding at December 31, 2006		32	32
Preferred stock; 150,000 shares authorized; $.01 par value; 0 Series "F" shares issued and outstanding at March 31, 2007 and December 31, 2006		-	-
Common stock, $.001 par value; 100,000,000 shares authorized; 10,877,974 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively		10,878	10,878
Additional paid-in capital		21,966,470	21,710,830
Accumulated deficit		(23,007,251)	(21,607,362)
Total stockholders' equity (deficit)		(1,019,571)	124,678
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$	138,905,478	120,143,478

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended March 31, 2007 and 2006

		Three Months Ended March 31, 2007 Unaudited		Three Months Ended March 31, 2006 Unaudited
Revenue				
Service revenues		6,497,139	$	1,662,295
Undeveloped land sales		-		13,129,246
Total revenue		6,497,139		14,791,541
Cost of service revenues		(5,763,350)		(1,465,171)
Cost of undeveloped land sales		-		(9,796,634)
Total costs		(5,763,350)		(11,261,805)
Gross margin		733,789		3,529,736
Operating expenses:				
Depreciation and amortization		(233,250)		(342,358)
General and administrative expenses		(875,760)		(867,788)
Total operating expenses		(1,109,010)		(1,210,146)
Income (loss) from operations		(375,221)		2,319,590
Interest expense		(1,020,769)		(1,240,148)
Equity in operations of unconsolidated affiliate		-		64,484
Income (loss) from operations before income taxes		(1,395,990)		1,143,926
Provision for income taxes		(3,899)		(1,399)
Net income (loss)	$	(1,399,889)	$	1,142,527
Net income (loss) per share:				
Basic and diluted	$	(0.16)	$	0.07
Weighted average shares outstanding				
Basic and diluted		10,877,974		10,620,530

See accompanying notes to financial statements.

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AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2007 and 2006

	Three Months Ended March 31, 2007 Unaudited	Three Months Ended March 31, 2006 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,399,889)	$ 1,142,527
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	306,041	415,372
Non-cash interest expense	635,354	1,240,148
Non-cash warrant compensation	115,544	110,253
Changes in assets and liabilities:		
Increase (decrease) in restricted cash	502,337	(8,074,004)
Increase (decrease) in accounts receivable and other receivables	600,939	962,729
Decrease (increase) in prepaid expenses and other	(9,925)	1,348,704
Increase in prepaid sales commissions	(192,041)	(925,413)
Increase in land held for development	(20,621,627)	(1,230,762)
Increase (decrease) in shareholder advances & notes payable	-	(172,560)
Decrease (increase) in deposits on unit pre-sales	(56,373)	401,666
Increase in accounts payable and accrued expenses	520,524	153,841
Increase in accounts payable - related party	7,727,778	-
Net cash used by operating activities	(11,871,338)	(4,627,499)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(42,590)	(30,176)
Increase in restricted cash	(11,502)	-
Net cash used by investing activities	(54,092)	(30,176)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of notes payable and long-term debt	(995,340)	(129,181)
Proceeds from notes payable and long-term debt	12,144,889	4,896,909
Proceeds from exercise of warrants	-	308
Proceeds from notes payable - related parties	566,137	-
Payments of notes payable - related parties	(1,366)	-
Net cash provided by financing activities	11,714,320	4,768,036

Net increase (decrease) in cash		(211,110)		110,361
CASH AT BEGINNING PERIOD		1,110,000		225,055
CASH AT END OF PERIOD	$	898,890	$	335,416
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	-	$	636,065
Cash paid for income taxes	$	-	$	-

See accompanying notes to financial statements.

AMERICAN LEISURE HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2007
(Unaudited)

Note A - Presentation

The consolidated balance sheets of the Company as of March 31, 2007 and December 31, 2006, the related consolidated statements of operations and the consolidated statements of cash flows for the three months ended March 31, 2007 and 2006, (the financial statements), include all adjustments (consisting of normal, recurring adjustments) necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and Financial Statements and notes thereto included in the Company's December 31, 2006, Form 10-KSB and the Company's Forms 8-K and 8-K/A filings.

Note B - Land held for development

The Company's active developments as of March 31, 2007 include the Tierra del Sol Resort ("TDSR") and the Reedy Creek Development ("RCD"). The TDSR development is a 972-unit resort in Orlando, Florida on 122 acres of undeveloped land. Pre-construction sales commenced in February 2004. The RCD development is 40.68 acres of undeveloped land in Osceola County, Florida located 1.5 miles west of Walt Disney World Orlando Maingate Entrance. The property will be used in the development of vacation second homes with resort amenities.

As of March 31, 2007, Xpress, Ltd., a related party, see Note D , has pre-sold approximately 600 vacation homes in a combination of contracts on town homes and reservations on condominiums for a total sales volume of approximately $230 million for the TDSR development. In connection with the sales, the Company has received deposits totaling approximately $37,409,000 and has prepaid sales commissions and advances to various brokers and agents of approximately $9,922,000 and has prepaid sales commissions of approximately $3,518,000 to Xpress, Ltd., a related party.

During the three months ended March 31, 2007, the Company capitalized approximately $19,450,000 on the TDSR development. The majority of these costs were incurred with American Leisure Real Estate Group, Inc., see Note D – Related party transactions, for approximately $17,101,000. The Company also capitalized interest costs of approximately $458,000 and building permits and licenses of approximately $991,000 and various other closing costs and real estate taxes.

During the three months ended March 31, 2007, the Company capitalized approximately $1,095,000 on the RCD development of which $807,000 was interest.

The Boulevard Hotel property located in Miami Beach, Florida is undergoing remodeling and refurbishing to convert the property into a timeshare facility. As of March 31, 2007, approximately $3,763,000 has been incurred in the remodeling and refurbishment and, as of December 31, 2006, approximately $3,405,000 has been incurred. The Company capitalized $300,000 in interest costs for the three months ended March 31, 2007.

The land held for development was financed with additional long-term debt of approximately $12,145,000 and an increase in accounts payable – related party to ALRG, see Note D, of $7,727,778.

On January 11, 2006, the Company sold 42 acres in the Sonesta Resort for $9,090,130 to the District and an additional $4,039,116 in connection with reimbursements for site improvements. The land sold to the District will be used for public infrastructure for the Sonesta Resort, including the creation of roads and for water collection.

Note C - Notes payable - related parties

The current maturities of notes payable - related parties is as follows:

West Villas, Inc, Orlando Tennis Village, Inc. and Main Gate, Inc.	$ 6,298,937
Roger Maddock	3,353,252
Express Holdings	122,390
Officer of American Leisure	536,842
Officers of Hickory Travel Services	886,997
Shareholders of Hickory Travel Services	180,000
Others	20,000
Notes payable - related parties	11,398,418
Less: current maturities	(8,045,166)
	$ 3,353,252

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Note D - Related party transactions

The Company accrues salaries payable to Malcolm Wright in the amount of $800,000 per year (and $550,000 per year in 2002 and 2003) with interest at 12%. In June 2006, Malcolm Wright was paid $1,540,500 of the accrued salaries that consisted of accrued salaries of $1,275,000 and accrued interest of $265,500. As of March 31, 2007, the amount of salaries payable accrued to Mr. Wright amounts to $2,425,000 plus accrued interest on those salaries of $519,000.

The Company accrued director fees to each of its four (4) directors in an amount of $18,000 per year for their services as directors of the Company. No payments of director fees were paid during the current quarter and the balance of accrued director fees as of the end of the quarter covered by this report amounts to $278,500.

The Company's active developments as of March 31, 2007 include the Tierra del Sol Resort ("TDSR") and the Reedy Creek Development ("RCD").

Malcolm Wright is the majority shareholder of American Leisure Real Estate Group, Inc. (ALRG). On November 3, 2003 Tierra Del Sol Resort (“TDSR”) entered into an exclusive Development Agreement with ALRG to provide development services for the development of the Tierra Del Sol Resort. Pursuant to the Development Agreement ALRG is responsible for all development logistics and TDSR is obligated to reimburse ALRG for all of ALRG's costs and to pay ALRG a development fee in the amount of 4% of the total costs of the project paid by ALRG. During the period from inception through March 31, 2007 the total costs plus fees amounted to $53,590,991. In addition, through March 31, 2007, the total costs plus fees for the Reedy Creek development amounted to $80,987. The combined total amounts to $53,671,979. Included on other liabilities are amounts due ALRG of $11,466,818 at March 31, 2007.

A trust for the natural heirs of Malcolm Wright is the majority shareholder of Xpress Ltd. ("Xpress"). On November 3, 2003, TDSR entered into an exclusive sales and marketing agreement with Xpress to sell the units being developed by TDSR. This agreement provides for a sales fee in the amount of 3% of the total sales prices received by TDSR payable in two installments: one-half of the fee is paid when the rescission period has elapsed in a unit sales agreement and one-half is paid upon the conveyance of the unit. The agreement also provides for a marketing fee of 1.5% of the total sales prices received by TDSR. The marketing fee is paid when the first segment of the sales fee is paid. During the period since the contract was entered into and ended March 31, 2007 the total sales amounted to approximately $234,556,743. As a result of the sales, TDSR was obligated to pay Xpress a fee of $7,036,702 consisting of one-half of the sales fee and the full amount of the marketing fee. As of March 31, 2007, $6,914,312 has been paid to Xpress. Based on the sales contracts as of March 31, 2007, TDSR will be obligated to pay Xpress $3,518,351, the other half of the sales fee, upon the conveyance of the units.

Effective June 30, 2006, pursuant to Stock Purchase Agreement between the Company and Stanford International Bank Limited (a minority shareholder and creditor of the Company), the Call Center operations (Caribbean Leisure Marketing, Ltd.) was sold. Promissory notes in the amounts of $1,250,000 and $2,100,000 were forgiven along with $2,313,175 of fees and accrued interest for a total consideration of $5,663,175. This sale resulted in a gain of $2,988,082 attributable to the recapture of depreciation and interest expenses of prior periods. The Stock Purchase Agreement also addressed the equity conversion feature that was to expire on April 30, 2007, of an outstanding loan with Stanford International Bank Limited. This feature was replaced with 355,000 warrants at an exercise price of $10.00 expiring on April 30, 2007.

On August 16, 2006, pursuant to Purchase Agreement between the Company and Stanford International Bank Limited (a minority shareholder and creditor of the Company), a promissory note in the principal amount of $750,000 made by Scott Roix in favor of Stanford International Bank Limited was purchased for 235,000 shares of common stock of the Company and a five year warrant to purchase 235,000 share of the Company's stock at an exercise price of $20 per share. $250,000 of the note has been repaid. In addition, on August 16, 2006, a Marketing Services Agreement has been executed with Scott Roix whereby he will assist American Leisure Homes, Inc. (ALHI) in marketing residential real estate developed by the Company and its subsidiaries as well as residential real estate owned by third parties. Scott Roix's compensation is based in three parts a) a Cash Bonus Program that entitles him to 19% of the lesser of i) after-tax net income of ALHI or, ii) net cash flow of ALHI; b) a Stock Bonus Plan that entitles him to earn up to 500,000 shares of common stock of the Company; and c) an Earn Out Program that entitles him to earn up to 1,500,000 shares of common stock of the Company.

In August 2006, Tierra del Sol Resorts, Inc. entered into a guaranteed minimum price construction contract with Resorts Construction, LLP ("Resorts Construction") to construct and develop part of the Sonesta Resort and its town home properties. Resorts Construction is 50% owned by Malcolm J. Wright, the Company's Chief Executive Officer and Chairman. Pursuant to the contract with Resorts Construction, we agreed to pay Resorts Construction a contractor's fee equal to 5% of the total cost of the construction performed by Resorts Construction and 7.5% for general conditions. Any payments owed under the Resorts Construction contract which are not paid when due bear interest at the rate of 12% per annum. We provided Resorts Construction a payment of $4,000,000 upon our entry into the construction agreement with Resorts Construction, which funds Resorts Construction will use to begin construction of Phase 1 of the Tierra del Sol.

Note E - Net income (loss) per share

Dividends have not been declared on the Company's cumulative preferred stock. The accumulated dividends are deducted from Net Loss to arrive at Net income (loss) per share as follows:

Description	Three months ended 3/31/2007	Three months ended 3/31/2006
Net income (loss), (as reported)	$ (1,399,889)	$ 1,142,527
Undeclared preferred stock dividend	(355,005)	(355,005)
Net loss after preferred stock dividend	$ (1,754,894)	$ 787,522
Net income (loss) per share Basic and diluted	$ (0.16)	$ 0.07

Note F - Shares for services

We have recorded approximately $115,000 and $110,000 as stock based compensation under the fair value method for the three months ended March 31, 2007 and 2006, respectively.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free rate of 3.5%; volatility of 171% for 2007 and 131% for 2006 with no assumed dividend yield; and expected lives of five years.

During the three months ended March 31, 2007, the Company issued 325,000 warrants to Malcolm Wright (150,000) Resort Funding, LLC (87,500) and Stanford International Bank (87,500). The warrants were issued on a pro-rata basis (warrants for 35 shares per $1,000.00 funding) with the advances of funds from the loans from Stanford International Bank and Resorts Funding, LLC.

NOTE G - OPERATING SEGMENTS

The Company has adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". As of March 31, 2007, the Company's two business units have separate management teams and infrastructures that offer different products and services. The business units have been aggregated into three reportable segments.

Tierra Del Sol, Inc. represents the Company's Real Estate segment, and is planning to construct a 972-unit resort in Orlando, Florida on 122 acres of undeveloped land. Vertical development on the townhomes and amenities commenced in the first quarter of 2007. Presales commenced in February 2004.

Through June 30, 2006, American Leisure operated a call center where revenues were recognized upon the completion of the earning process from the completion of the travel of the customer, the trip to the properties for the potential purchase, or the appropriate event based on the agreement with American Leisure's client as to the ability to be paid for the service.

Travel Unit ("Travel") provides travel related services. On and effective as of August 1, 2006, the Management Agreement and the License Agreement with Around the World, Inc. was terminated.

For the three months ending March 31, 2007:

In (000's)	Real Estate	Call Center *	Travel	Hospitality	Elim.	Consol.
Revenue						
Services	579	0	6,021	436	(539)	6,497
Undeveloped land	0	0	0	0	0	0
Segment income (loss)	(1,656)	0	500	206	(450)	(1,400)
Total income (loss)	(1,656)	0	500	206	(450)	(1,400)
Total Assets	129,529	0	7,661	13,087	(11,372)	138,905
Capital expenditures	0	0	0	0	0	0
Depreciation	(183)	0	(79)	(50)	0	(312)

* Call center was sold as of June 30, 2006.
** Depreciation is included in cost of operating revenues.

For the three months ending March 31, 2006:

In (000's)	Real Estate	Call Center *	Travel	Hospitality	Elim.	Consol.
Revenue						
Services	427		1,285	0	(50)	1,662
Undeveloped land	13,129			0		13,129
Segment income (loss)	2,009		(262)	0	(668)	1,267
Equity in operations of unconsolidated subsidiary		(64)				(64)
Total income (loss)	2,009	(64)	(262)	0	(668)	1,143
Total Assets	100,907	2,755	11,488	0	(5,071)	110,080
Capital expenditures	0	0	0	0	0	0
Depreciation	(180)	(162)	(73)	0	0	(415)

** Depreciation is included in cost of operating revenues.

NOTE H - Reclassifications and Restatements

Certain amounts in the 2006 financial statements have been reclassified to conform to the 2007 financial statement presentation.

The Company recorded in general and administrative expenses the cost of operating revenues for the three months ended March 31, 2006. The Company is now showing the cost of operating revenues. The Company has restated the three months ended March 31, 2006. There is no change to the net income for the three months ended March 31, 2006. The restatement for the three months ended March 31, 2006 is as follows:

	As originally filed	Adjustment	As restated
Revenue:			
Operating revenues	$ 1,662,295	$ -	$ 1,662,295
Undeveloped land sales	13,129,246	-	13,129,246
Total revenue	14,791,541	-	14,791,541
Cost of operating revenues	-	(1,465,171)	(1,465,171)
Cost of undeveloped land sales	(9,796,634)	-	(9,796,634)
Total Costs	(9,796,634)	(1,465,171)	(11,261,805)
Gross margin	4,994,907	(1,465,171)	3,529,736
Operating expenses:			
Depreciation and amortization	(415,372)	73,014	(342,358)
General and administrative	(2,259,945)	1,392,157	(867,788)

Total operating expenses	(2,675,317)	1,465,171	(1,210,146)