Form 10-QSB

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

☒ Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934.
For the quarterly period ended March 31, 2002

☐ Transition Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934.
For the transition period from _______ to _______

Commission File Number 000-21552

ATEL Cash Distribution Fund IV, L.P.
(Exact name of registrant as specified in its charter)

California	**94-3145429**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

235 Pine Street, 6th Floor, San Francisco, California 94104
(Address of principal executive offices)

Registrant's telephone number, including area code: (415) 989-8800

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒
No ☐

DOCUMENTS INCORPORATED BY REFERENCE

None

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ATEL CASH DISTRIBUTION FUND IV, L.P.

BALANCE SHEET

MARCH 31, 2002
(Unaudited)

ASSETS

Cash and cash equivalents	$	869,916
Accounts receivable, net of allowance for doubtful accounts of $24,383		200,981
Investments in leases		2,085,216
Total assets	$	3,156,113

LIABILITIES AND PARTNERS' CAPITAL

Non-recourse debt	$	248,925
Accounts payable		104,965
Accrued interest payable		1,795
Unearned operating lease income		41,204
Total liabilities		396,889
Partners' capital:		
General Partner		230,367
Limited Partners		2,528,857
Total partners' capital		2,759,224
Total liabilities and partners' capital	$	3,156,113

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

STATEMENTS OF OPERATIONS

THREE MONTH PERIODS ENDED
MARCH 31, 2002 AND 2001
(Unaudited)

	2002	2001
Revenues:		
Leasing activities:		
Operating leases	$ 137,862	$ 148,892
Direct financing leases	202,773	145,610
Gain on sale of assets	7,394	7,363
Interest	4,261	8,231
Other	37	1,038
	352,327	311,134
Expenses:		
Depreciation and amortization	124,558	135,211
Cost reimbursements to General Partner	51,750	100,471
Other	24,588	36,294
Equipment and incentive management fees to General Partner	-	30,928
Interest	5,714	13,846
Professional fees	11,135	5,620
	217,745	322,370
Net income (loss)	$ 134,582	$ (11,236)
Net income (loss):		
General Partner	$ 1,346	$ (112)
Limited Partners	133,236	(11,124)
	$ 134,582	$ (11,236)
Net income (loss) per Limited Partnership unit	$ 0.02	$ (0.00)
Weighted average number of units outstanding	7,487,350	7,487,350

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

THREE MONTH PERIOD ENDED
MARCH 31, 2002
(Unaudited)

	Limited Partners Units	Limited Partners Amount	General Partner	Total
Balance December 31, 2001	7,487,350	$3,331,557	$229,021	$ 3,560,578
Distributions to limited partners		(935,936)	-	(935,936)
Net income		133,236	1,346	134,582
Balance March 31, 2002	7,487,350	$ 2,528,857	$ 230,367	$ 2,759,224

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

STATEMENTS OF CASH FLOWS

THREE MONTH PERIODS ENDED
MARCH 31, 2002 AND 2001
(Unaudited)

	2002	2001
Operating activities:		
Net income (loss)	$ 134,582	$ (11,236)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	124,558	135,211
Gain on sale of asset	(7,394)	(7,363)
Changes in operating assets and liabilities:		
Accounts receivable	(7,728)	1,897,542
Bank overdrafts	-	(230,243)
Accounts payable, General Partner	(48,454)	(1,794)
Accounts payable, other	(4,274)	(54,703)
Accrued interest payable	(328)	(1,264)
Unearned operating lease income	(2,015)	(49,580)
Net cash from operations	188,947	1,676,570
Investing activities:		
Reduction in investment in direct financing leases	23,727	84,163
Proceeds from sales of lease assets	369,137	135,644
Net cash provided by investing activities	392,864	219,807
Financing activities:		
Distributions to limited partners	(935,936)	(1,334,035)
Repayment of non-recourse debt	(45,471)	(201,667)
Net cash used in financing activities	(981,407)	(1,535,702)
Net (decrease) increase in cash and cash equivalents	(399,596)	360,675
Cash and cash equivalents at beginning of period	1,269,512	55,445
Cash and cash equivalents at end of period	$ 869,916	$ 416,120
Supplemental disclosures of cash flow information:		
Cash paid during period for interest	$ 6,042	$ 15,110

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)

1. Summary of significant accounting policies:

Interim financial statements:

The unaudited interim financial statements reflect all adjustments which are, in the opinion of the general partners, necessary to a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim financial statements should be read in conjunction with the most recent report on Form 10KSB.

2. Organization and partnership matters:

ATEL Cash Distribution Fund IV, L.P. (the Partnership), was formed under the laws of the State of California on September 19, 1991, for the purpose of acquiring equipment to engage in equipment leasing and sales activities.

Upon the sale of the minimum amount of Units of Limited Partnership interest (Units) of $1,200,000 and the receipt of the proceeds thereof on March 6, 1992, the Partnership commenced operations.

The Partnership's business consists of leasing various types of equipment.

3. Investment in leases:

The Partnership's investment in leases consists of the following:

	December 31, 2001	Depreciation Expense and Amortization of Leases	Reclassi-fications and Dispositions	March 31, 2002
Net investment in operating leases	$ 1,835,915	$ (121,931)	$ (361,743)	$ 1,352,241
Net investment in direct financing leases	1,325,813	(23,727)	-	1,302,086
Reserve for losses	(584,871)	-	-	(584,871)
Initial direct costs, net of accumulated amortization of $111,629 in 2001 and $114,2559 in 2002	18,387	(2,627)	-	15,760
	$ 2,595,244	$ (148,285)	$ (361,743)	$ 2,085,216

ATEL CASH DISTRIBUTION FUND IV, L.P.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)

3. Investment in leases (continued):

The following schedule provides an analysis of the Partnership's investment in property on operating leases by major classifications as of December 31, 2001, acquisitions and dispositions during the quarter ended March 31, 2002 and as of March 31, 2002.

	December 31, 2001	Additions and Depreciation	Reclassifications and Dispositions	March 31, 2002
Transportation	$ 2,810,685	$ -	$ (615,914)	$ 2,194,771
Construction	1,756,195	-	-	1,756,195
Manufacturing	457,670	-	-	457,670
Materials handling	318,012	-	-	318,012
	5,342,562		(615,914)	4,726,648
Less accumulated depreciation	(3,506,647)	(121,931)	254,171	(3,374,407)
	$ 1,835,915	$ (121,931)	$ (361,743)	$ 1,352,241

All of the property on operating leases was acquired during 1992, 1993, 1994, 1995 and 1996.

At March 31, 2002, the aggregate amounts of future minimum lease payments are as follows:

	Operating Leases	Direct Financing Leases	Total
Nine months ending December 31, 2002	$ 525,377	$ 679,500	$ 1,204,877
Year ending December 31, 2003	509,827	906,000	1,415,827
2004	-	595,199	595,199
	$ 1,035,204	$ 2,180,699	$ 3,215,903

4. Non-recourse debt:

At March 31, 2002, non-recourse debt, consists of a note payable to a financial institution. The note is due in monthly payments. Interest on the note is at a fixed rate of 8.653%. The note is secured by an assignment of lease payments and a pledge of assets.

Future minimum principal payments of non-recourse debt are as follows:

	Principal	Interest	Total
Nine months ending December 31, 2002	$ 142,445	$ 12,095	$ 154,540
Year ending December 31, 2003	106,480	2,860	109,340
	$ 248,925	$ 14,955	$ 263,880

5. Related party transactions:

The terms of the Limited Partnership Agreement provide that the General Partner and/or Affiliates are entitled to receive certain fees for equipment acquisition, management and resale and for management of the Partnership.

The General Partner and/or Affiliates earned the following fees, commissions and reimbursements, pursuant to the Limited Partnership Agreement as follows:

	2002	2001
Costs reimbursed to General Partner	$ 51,750	$ 100,471
Incentive management fees (computed as 5% of distributions of cash from operations, as defined in the Limited Partnership Agreement) and equipment management fees (computed as 5% of gross revenues from operating leases, as defined in the Limited Partnership Agreement plus 2% of gross revenues from full payout leases, as defined in the Limited Partnership Agreement).	-	30,928
	$ 51,750	$ 131,399

During 2001, the General Partner decided to take no further fees from the Partnership. Such fees would otherwise have totaled approximately $8,976 in 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources and Liquidity

During 2002 and 2001, the Partnership's primary source of liquidity was rents from direct financing and operating leases. The liquidity of the Partnership will vary in the future, increasing to the extent cash flows from leases exceed expenses and proceeds from lease asset sales, and decreasing as distributions are made to the limited partners and to the extent expenses exceed cash flows from leases and proceeds from lease asset sales.

As another source of liquidity, the Partnership has contractual obligations with a diversified group of lessees for fixed lease terms at fixed rental amounts. As the initial lease terms expire the Partnership will re-lease or sell the equipment. The future liquidity beyond the contractual minimum rentals will depend on the General Partner's success in re-leasing or selling the equipment as it comes off lease.

The Partnership currently has available adequate reserves to meet contingencies, but in the event those reserves were found to be inadequate, the Partnership would likely be in a position to borrow against its current portfolio to meet such requirements. The General Partners envision no such requirements for operating purposes.

Through March 31, 2002, the Partnership had borrowed approximately $38,342,000 with a remaining unpaid balance of approximately $249,000. Borrowings are to be generally non-recourse to the Partnership, that is, the only recourse of the lender for a default by the lessee on the underlying lease will be to the equipment or corresponding lease acquired with the loan proceeds. The General Partners expect that aggregate borrowings in the future will not exceed 40% of aggregate equipment cost. In any event, the Agreement of Limited Partnership limits such borrowings to 40% of the total cost of equipment, in aggregate.

No commitments of capital have been made or are expected to be made.

If inflation in the general economy becomes significant, it may affect the Partnership inasmuch as the residual (resale) values and rates on re-leases of the Partnership's leased assets may increase as the costs of similar assets increase. However, the Partnership's revenues from existing leases would not increase, as such rates are generally fixed for the terms of the leases without adjustment for inflation.

If interest rates increase significantly, the lease rates that the Partnership can obtain on future leases will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing. Leases already in place, for the most part, would not be affected by changes in interest rates.

Cash Flows

In 2001, the primary sources of cash from operations were rents from direct financing and operating leases. Rents from operating leases were the primary sources of cash flows from operations in the first quarter of 2000. The amounts of such rents decreased from $832,402 in 2000 to $294,502 in 2001, a decrease of $537,900. Cash from operating leases decreased by $11,030 from 2001 to 2002. This decrease was a result of sales of operating lease assets over the prior year. Cash flows from operations coming from direct financing leases increased by 57,163. This increase resulted from changes in the classification of the cash flows between operating and investing sources. The financing portion decreased by $60,436.

Sources of cash from investing activities in 2002 and 2001 consisted of the proceeds of the sales of lease assets and cash flows from direct financing leases. Proceeds from the sales of lease assets are not expected to be consistent from one period to another. Cash flows from direct financing leases decreased by $60,436 as noted above.

In the first quarter of 2002 and 2001, there were no financing sources of cash flows. Repayments of non-recourse debt have decreased as a result of the scheduled debt payments. The Partnership is in the final stage of its liquidation and is making distributions on an annual basis. The distributions are being paid out each January based on the cash flows generated in the previous year. Distributions are no longer expected to be consistent from one year to another.

Results of Operations

Operations in the first quarter of 2001 resulted in a net loss of $11,236 compared to net income of $134,582 in 2002.

Gains on sales from lease assets increased from $135,644 in 2001 to $369,137 in 2002. Sales of assets are not expected to be consistent from one period to another.

Depreciation expense has decreased as a result of operating lease asset sales over the last year.

As scheduled debt payments have been made over the last year, debt balances have been significantly reduced. As a result, interest expense has decreased compared to the prior year.

In April 2001, the General Partner decided to take no more management fees from the Partnership. Fees included in the first quarter of 2001 were subsequently repaid to the Partnership, making the effective date of this decision January 1, 2001.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

No material legal proceedings are currently pending against the Partnership or against any of its assets. The following is a discussion of legal matters involving the Partnership but which do not represent claims against the Partnership or its assets.

On December 31, 1997, Quaker Coal Company, one of the Partnership's lessees, (the Debtor) requested a moratorium on lease payments from January through March 1998. No lease payments were made by the lessee through June 1998, and as a result, the General Partner declared the lease in default. Subsequently, the lessee cured the outstanding payments and eventually satisfied substantially all lease payments due under the lease; however, the General Partner refused to waive the default and insisted on contractual damages. The General Partner filed a suit against the lessee for its contractual damages in the U.S. District Court of Northern California (the "Court"). On June 16, 2000, the lessee filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The amounts of these damages have not been included in the financial statements included in Part I, Item 1 of this report.

The Partnership obtained a stipulation for relief from the automatic bankruptcy stay to allow the Court to issue its ruling, and filed a request to participate on the Official Committee of Unsecured Creditors in the bankruptcy proceedings. The Partnership succeeded upon securing the return of its equipment, which has been liquidated. The Court issued a ruling on March 4, 2001, denying the Partnership's claim for damages. The Debtor subsequently filed a claim against the Partnership, for reimbursement of its legal expenses. The General Partner believes the Court's decision is erroneous as a matter law, and has filed an appeal of the decision in the U.S. District Court of Appeals.

The Debtor filed a plan of reorganization, which was objected to by several large creditors, including the General Partner. These creditors were also seeking a formal role on the creditors committee or formation of their own committee.

Upon the termination of the Debtor's exclusivity period, competing plans were filed by other creditors to the plan, and voting on the competing plans occurred October 8, 2001. The results of the vote were that, another of the creditors, American Electric Power's ("AEP") Plan of Reorganization ("AEP Plan") was successful. Under the AEP Plan, the claim of the Partnerships has been assigned to a liquidating trustee for resolution and satisfaction from the Debtor's estate.

Item 2. Changes In Securities.

Inapplicable.

Item 3. Defaults Upon Senior Securities.

Inapplicable.

Item 4. Submission Of Matters To A Vote Of Security Holders.

Inapplicable.

Item 5. Other Information.

Inapplicable.

Item 6. Exhibits And Reports On Form 8-K.

(a) Documents filed as a part of this report

1. Financial Statements

   Included in Part I of this report:

   Balance Sheet, March 31, 2002.
   Statements of operations for the three month periods ended March 31, 2002 and 2001.
   Statement of changes in partners' capital for the three months ended March 31, 2002.
   Statements of cash flows for the three month periods ended March 31, 2002 and 2001.
   Notes to the Financial Statements

2. Financial Statement Schedules

   All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Report on Form 8-K
None

SIGNATURES

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

Date:
May 13, 2002

ATEL CASH DISTRIBUTION FUND IV, L.P.
(Registrant)

By: ATEL Financial Corporation
General Partner of Registrant

By: /s/ Dean L. Cash
Dean L. Cash
President and Chief Executive Officer
of General Partner

By: /s/ Paritosh K. Choksi
Paritosh K. Choksi
Principal financial officer
of registrant

By: /s/ Donald E. Carpenter
Donald E. Carpenter
Principal accounting
officer of registrant