Form 10-QSB

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended June 30, 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 0-21552

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

JUNE 30, 2002
(Unaudited)

ASSETS

Cash and cash equivalents	$ 1,140,574
Accounts receivable, net of allowance for doubtful accounts of $24,383	131,258
Investments in leases	1,933,738
	$ 3,205,570

LIABILITIES AND PARTNERS' CAPITAL

Non-recourse debt	$ 202,463
Accounts payable	104,807
Accrued interest payable	1,460
Total liabilities	308,730
Partners' capital:	
General partners	231,743
Limited partners	2,665,097
Total partners' capital	2,896,840
	$ 3,205,570

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

INCOME STATEMENTS

SIX AND THREE MONTH PERIODS ENDED JUNE 30, 2002 AND 2001 (Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2002	2001	2002	2001
Revenues:				
Lease revenues:				
Operating leases	$ 303,151	$ 315,013	$ 165,289	$ 166,121
Direct financing leases	425,427	288,615	222,654	143,005
(Loss) gain on sale of assets	10,131	(1,916)	2,737	(9,279)
Interest income	6,953	13,599	2,692	5,368
Other income	293	1,182	256	144
	745,955	616,493	393,628	305,359
Expenses:				
Depreciation and amortization	243,024	249,378	118,466	114,167
Cost reimbursements to General Partner	135,666	251,284	83,916	150,813
Other	54,996	61,268	30,408	24,974
Professional fees	29,640	26,075	18,505	20,455
Interest	10,431	23,851	4,717	10,005
Equipment and incentive management fees	-	-	-	(30,928)
	473,757	611,856	256,012	289,486
Net income	$ 272,198	$ 4,637	$ 137,616	$ 15,873
Net income:				
General partners	$ 2,722	$ 46	$ 1,376	$ 159
Limited partners	269,476	4,591	136,240	15,714
	$ 272,198	$ 4,637	$ 137,616	$ 15,873
Net income per limited partnership unit	$0.04	$0.00	$0.02	$0.00
Weighted average number of units outstanding	7,487,350	7,487,350	7,487,350	7,487,350

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

SIX MONTH PERIOD ENDED JUNE 30, 2002 (Unaudited)

	Limited Partners		General	
	Units	Amount	Partners	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		269,476	2,722	272,198
Balance June 30, 2002	7,487,350	$ 2,665,097	$ 231,743	$ 2,896,840

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

STATEMENTS OF CASH FLOWS

SIX AND THREE MONTH PERIODS ENDED
JUNE 30, 2002 AND 2001
(Unaudited)

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Operating activities:				
Net income	$ 272,198	$ 4,637	$ 137,616	$ 15,873
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	243,024	249,378	118,466	114,167
Loss (gain) on sale of assets	(10,131)	1,916	(2,737)	9,279
Changes in operating assets and liabilities:				
Accounts receivable	61,995	1,985,623	69,723	88,081
Bank overdrafts	-	(230,243)	-	-
Accounts payable, general partner	(48,454)	(32,722)	-	(30,928)
Accounts payable, other	(4,432)	27,426	(158)	82,129
Accrued interest payable	(663)	(2,552)	(335)	(1,288)
Unearned operating lease income	(43,219)	27,617	(41,204)	77,197
Net cash from operations	470,318	2,031,080	281,371	354,510
Investing activities:				
Proceeds from sales of assets	401,040	180,790	31,903	45,146
Reduction in investment in direct financing leases	27,573	241,222	3,846	157,059
Net cash provided by investing activities	428,613	422,012	35,749	202,205
Financing activities:				
Payments of non-recourse debt	(91,933)	(407,149)	(46,462)	(205,482)
Distributions to limited partners	(935,936)	(1,331,182)	-	2,853
Net cash used in financing activities	(1,027,869)	(1,738,331)	(46,462)	(202,629)
Net increase (decrease) in cash and cash equivalents	(128,938)	714,761	270,658	354,086
Cash at beginning of period	1,269,512	55,445	869,916	416,120
Cash at end of period	$ 1,140,574	$ 770,206	$ 1,140,574	$ 770,206
Supplemental disclosures of cash flow information:				
Cash paid during period for interest	$ 11,094	$ 26,403	$ 5,052	$ 11,293

See accompanying notes.

ATEL CASH DISTRIBUTION FUND IV, L.P.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 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 10K.

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.

The Partnership's business consists of leasing various types of equipment. As of June 30, 2002, the original terms of the leases were from six months to eight years.

3. Investment in leases:

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

	December 31, 2001	Depreciation Expense or Amortization of Leases	Reclass-ifications & Dispositions	June 30, 2002
Net investment in operating leases	$ 1,835,915	$ (237,770)	$ (390,909)	$ 1,207,236
Net investment in direct financing leases	1,325,813	(27,573)	-	1,298,240
Initial direct costs, net of accumulated amortization of $111,629 in 2001 and $116,882 in 2002	18,387	(5,254)	-	13,133
Equipment held for lease	-	-		-
Reserve for losses	(584,871)	-	-	(584,871)
	$ 2,595,244	$ (270,597)	$ (390,909)	$ 1,933,738

3. Investments in leases (continued):

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

	December 31, 2001	Reclassifications & Dispositions 1st Quarter	Reclassifications & Dispositions 2nd Quarter	June 30, 2002
Transportation	$ 2,810,685	$ (615,914)	$ (109,859)	$ 2,084,912
Construction	1,756,195	-	-	1,756,195
Manufacturing	457,670	-	-	457,670
Materials handling	318,012	-	-	318,012
	5,342,562	(615,914)	(109,859)	4,616,789
Less accumulated depreciation	(3,506,647)	132,240	(35,146)	(3,409,553)
	$ 1,835,915	$ (483,674)	$ (145,005)	$ 1,207,236

All of the property on operating leases was acquired from 1992 through 1997.

At June 30, 2002, the aggregate amounts of future minimum lease payments are as follows:

	Direct Financing	Operating	Total
Six months ending December 31, 2002	$ 453,000	$ 293,247	$ 746,247
Year ending December 31, 2003	906,000	553,206	1,459,206
2004	595,199	-	595,199
	$ 1,954,199	$ 846,453	$ 2,800,652

4. Non-recourse debt:

Notes payable to financial institutions are due in varying monthly, quarterly and semi-annual installments of principal and interest. The notes are secured by assignments of lease payments and pledges of the assets which were purchased with the proceeds of the particular notes. Interest rates on the notes vary from 7.1% to 9.1%.

Future minimum principal payments of long-term non-recourse debt as of June 30, 2002 are as follows:

	Principal	Interest	Total
Six months ending December 31, 2002	$ 95,983	$ 7,044	$ 103,027
Year ending December 31, 2003	106,480	2,861	109,341
	$ 202,463	$ 9,905	$ 212,368

5. Related party transactions:

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

The General Partners and/or Affiliates earned the following fees, commissions and reimbursements, pursuant to the Limited Partnership Agreement during the six month periods ended June 30, 2002 and 2001 as follows :

	2002	2001
Reimbursement of administrative costs	$ 135,666	$ 251,284
Incentive and equipment management fees	-	-
	$ 135,666	$ 251,284

Effective January 1, 2001, the General Partners have ceased charging the Partnership any further fees.

6. Partner's capital:

The Fund is authorized to issue up to 7,500,000 Units of Limited Partnership interest in addition to the Initial Limited Partners.

The Fund's Net Profits, Net Losses and Tax Credits are to be allocated 99% to the Limited Partners and 1% to the General Partners.

As more fully described in the Agreement of Limited Partnership, available Cash from Operations and Cash from Sales or Refinancing shall be distributed as follows:

First, 5% of Distributions of Cash from Operations to the General Partner as Incentive Management Fees.

Second, the balance to the Limited Partners until the Limited Partners have received aggregate Distributions, as defined, in an amount equal to their Original Invested Capital, as defined, plus a 10% per annum cumulative (compounded daily) return on their Adjusted Invested Capital, as defined.

Third, the General Partner will receive as Incentive Management Fees, the following:

(A) 10% of remaining Cash from Operations, as defined,

(B) 15% of remaining Cash from Sales or Refinancing, as defined.

Fourth, the balance to the Limited Partners.

7. Subsequent event:

In July 2002, the Partnership sold a significant portion of its lease assets prior to the maturity of the initial lease terms. The assets had been on lease to Tarmac America, Inc. The information below summarizes the sales transactions.

Original cost of equipment	$ 1,730,181
Net book value of assets at date of sale	$ 540,785
Sales price	$ 665,542
Non-recouse debt repaid at time of sale	$ 186,752
Net cash received from sale	$ 478,791
Gain realized on sale	$ 124,757

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Capital Resources and Liquidity

Funds which have been received, but which have not yet been invested in leased equipment, are invested in interest-bearing accounts or high-quality/short-term commercial paper.

The Partnership's primary source of liquidity during 2002 were lease revenues and proceeds from the sales of lease assets. The liquidity of the Partnership will vary in the future, increasing to the extent cash flows from leases exceed expenses, and decreasing as lease assets are acquired, as distributions are made to the limited partners and to the extent expenses exceed cash flows from leases.

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 partner envisions no such requirements for operating purposes.

As of June 30, 2002, the Partnership had borrowed approximately $38,342,000, with a remaining unpaid balance of $202,463. Borrowings are to be non-recourse to the Partnership, that is, the only recourse of the lender will be to the equipment or corresponding lease acquired or secured with the loan proceeds. The general partner expects that aggregate borrowings in the future will be approximately 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 or are expected to be made. As of June 30, 2002, there were no such commitments.

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, 2002 vs. 2001:

Six months:

During the first six months of 2002 and 2001, lease rents were the primary source of cash flows.

Cash flows from operations decreased by $1,560,761, from $2,031,080 in 2001 to $470,319 in 2002. Most of this decrease relates to the collection of accounts receivable balances, existing as of December 31, 2000, during the first half of 2001. The large accounts receivable balance at December 31, 2000 related to the sale of lease assets that occurred on that date. The cash was received in January 2001. There were no similar balances collected in 2002.

Sources of cash from investing activities consisted of proceeds from the sales of lease assets and from direct financing lease rents accounted for as reductions of the net investment in such leases. Proceeds from sales of assets increased from $180,790 in 2001 to $401,040 in 2002.

In 2002 and 2001, there were no sources of cash from financing activities. As scheduled debt payments have been made over the last year, debt balances have been reduced. As a result, the amounts of cash used to make such debt payments has also decreased. The Partnership has made no distributions from 2002 operations. The only distributions in 2002 were from 2001 operations (in January 2002). The fund is currently making distributions only once a year based on the amount of cash available. The amount that was available at the end of 2001, was less than in the prior year. Because of this, the General Partner decreased the amount of the distribution compared to the previous year.

Three months:

Lease rents were the primary source of cash flows in the second quarter of 2002 and 2001.

Cash flows from operations have decreased by $73,138 ($354,510 in 2001 and $281,372 in 2002). Most of the decrease has come about because of decreased collections of lease rents in advance of the actual due dates for the payments (unearned lease revenues). This results from the timing of the cash collections rather than from decreases in revenues.

In 2002, proceeds from lease assets sales were the most significant source of cash from investing activities. Proceeds from asset sales has decreased as most of the Partnership's remaining lease assets have been sold over the last eighteen months. Rents from direct financing leases also provided cash flows from investing activities but has decreased as a result of asset sales. Such rents were the primary source of cash from investing activities in 2001.

During the second quarter of 2002 and 2001, there were no financing sources of cash. Payments of non-recourse debt and distributions to the Limited Partners decreased for the same reasons as noted above for the six month period.

Results of Operations

Operations in the 2002 resulted in net income of $272,199 for the six month period and $137,617 for the three month period. Operations in 2001, operations resulted in net income of $4,367 for the six month period and $15,873 for the three month period.

Operating lease revenues decreased by $11,862 for the six month period and by $832 for the three month period. Revenues have declined as leases have matured and as the underlying assets have been sold. The Partnership's investment in lease assets has decreased from $3,720,468 at December 31, 2000 to $1,933,738 at June 30, 2002. Most of the decrease has been as a result of sales of assets. As leases mature and the related assets are sold, lease revenues are expected to continue to decline. Gains and losses from the sales of those assets are not expected to be consistent from one period to another.

The Partnership's operating expenses decreased by $138,100 for the six month period and by $33,475 for the three month period. Most of the decrease resulted from decreased cost reimbursements paid to the General Partner.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

No material legal proceedings are currently pending against the Partnership or against any of its assets.

Quaker Coal Company

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

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

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

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

In January 2002, ATEL attended an appellate settlement conference seeking to resolve the outstanding disputed claim. A reserve has been set aside by the liquidating trustee in the amount of $1.2 million in partial satisfaction of the Company's claim, although this claim amount remains in dispute. Currently, the likelihood of recovery of amounts above the payment of the lease rent and the liquidation of the equipment already received remains speculative and highly uncertain.

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, June 30, 2002
   Income statements for the six and three month periods ended June 30, 2002 and 2001.
   Statement of changes in partners' equity for the six months ended June 30, 2002.
   Statements of cash flows for the six and three month periods ended June 30, 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

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly report on Form 10QSB of ATEL Cash Distribution Fund IV, LP, (the "Partnership") for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Dean L. Cash, Chief Executive Officer of ATEL Financial Services, LLC, general partner of the Partnership, hereby certify that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 ; and

2. The information contained in the Report fairly presents, in all material respects, the finanancial condition and results of operations of the Partnership.

/s/ DEAN L. CASH
Dean L. Cash
President and Chief Executive
Officer of General Partner
August 14, 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly report on Form 10QSB of ATEL Cash Distribution Fund IV, LP, (the "Partnership") for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I, Paritosh K. Choksi, Chief Financial Officer of ATEL Financial Services, LLC, general partner of the Partnership, hereby certify that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 ; and

2. The information contained in the Report fairly presents, in all material respects, the finanancial condition and results of operations of the Partnership.

/s/ PARITOSH K. CHOKSI
Paritosh K. Choksi
Executive Vice President of General
Partner, Principal financial officer of registrant
August 14, 2002

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:
August 14, 2002

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

By: ATEL Financial Services, LLC
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
Executive Vice President of
General Partner, Principal
financial officer of registrant

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