ACROSS AMERICA REAL ESTATE CORP
Form 10QSB
May 15, 2008

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly period ended March 31, 2008
Commission File No. 000-50764
Across America Real Estate Corp.
(Exact Name of Small Business Issuer as specified in its charter)

Colorado	20-0003432
(State or other jurisdiction of incorporation)	(IRS Employer File Number)
700 17th Street, Suite 1200 Denver, Colorado	80202
(Address of principal executive offices)	(zip code)

(303) 893-1003
(Registrant s telephone number, including area code)

Check whether the issuer: (1) 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 þ No o

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

As of May 7, 2008, registrant had outstanding 16,036,625 shares of the registrant s common stock, and the aggregate market value of such shares held by non-affiliates of the registrant (based upon the closing bid price of such shares as listed on the OTC Bulletin Board on May 7, 2008) was approximately $705,254.

Transitional Small Business Disclosure Format (check one): Yes o No þ

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PART I FINANCIAL INFORMATION

References in this document to us, we, AARD or Company refer to Across America Real Estate Corp. and subsidiaries.

ITEM 1. FINANCIAL STATEMENTS

Across America Real Estate Corp.

Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Cash and Equivalents	$ 631,362	$ 2,035,620
Deposits held by an affiliate	938,322	940,880
Accounts Receivable, net	96,987	2,156,959
Property and equipment, net of accumulated depreciation	115,150	112,918
Real estate held for sale	15,722,579	14,398,602
Construction in progress	1,777,117	2,484,179
Land held for development	4,851,453	5,388,089
Deferred tax asset	2,486,232	1,143,334
Current tax asset		965,498
Deposits and prepaids	50,229	48,451
Total assets	$ 26,669,431	$ 29,674,530
Liabilities and Shareholders Equity		
Liabilities		
Accounts payable	$ 71,766	$ 262,209
Accrued liabilities	96,442	409,066
Dividends payable	77,338	78,187
Senior subordinated note payable, related parties	7,000,000	7,000,000
Senior subordinated revolving note, related parties	12,527,096	14,169,198
Note payable	5,494,854	5,716,397
Capital lease obligations	6,875	7,517
Unearned Revenue	578,499	522,841
Total liabilities	25,852,870	28,165,415
Shareholders equity		
Non controlling interest	4,594	4,594
Convertible preferred stock, $.10 par value; 1,000,000 shares authorized, 517,000 shares issued and outstanding, (liquidation preference $6,281,338)	51,700	51,700
Common stock, $.001 par value; 50,000,000 shares authorized, 16,036,625 shares issued and outstanding	16,037	16,037
Additional paid-in-capital	6,462,540	6,440,398
Retained earnings	(5,718,310)	(5,003,614)
Total shareholders equity	816,561	1,509,115

Total liabilities and shareholders equity	$ 26,669,431	$ 29,674,530

See accompanying notes to condensed consolidated financial statements

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Across America Real Estate Corp.
Consolidated Statements of Operations
(unaudited)

	For the Quarter Ended March 31, 2008	For the Quarter Ended March 31, 2007
Revenue:		
Sales	$ 1,164,000	$
Rental income	26,405	36,329
Management fees		191,655
Total revenue	1,190,405	227,984
Operating expenses:		
Cost of sales	1,164,000	
Selling, general and administrative	688,004	826,202
Total operating expenses	1,852,004	826,202
Loss from operations	(661,599)	(598,218)
Non-operating expense:		
Interest income	8,985	385
Interest expense	(362,145)	(19,733)
Other income (expense)		(2,189)
Loss before income taxes and non controlling interest	(1,014,759)	(619,755)
Income tax benefit	(377,400)	(212,735)
Loss before non controlling interest	(637,359)	(407,020)
Non controlling interest in income of consolidated subsidiaries		6,447
Net loss	$ (637,359)	$ (413,467)
Preferred stock dividends	(77,338)	(76,488)
Net loss available to common shareholders	$ (714,697)	$ (489,955)
Basic and diluted loss per common share	$ (0.04)	$ (0.03)

Basic and diluted weighted average common shares outstanding	16,036,625	16,036,625

See accompanying notes to condensed consolidated financial statements

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Across America Real Estate Corp.
Consolidated Statements of Cash Flows
(unaudited)

	For the Quarter Ended March 31, 2008	For the Quarter Ended March 31, 2007
Cash flows from operating activities:		
Net loss	$ (637,359)	$ (413,467)
Adjustments to reconcile net income to net cash used by operating activities:		
Deferred income taxes	(35,300)	
Depreciation	9,165	7,747
Stock option compensation expense	22,143	31,163
Changes in operating assets and operating liabilities:		
Construction in progress	707,062	(1,114,404)
Real estate held for sale	(1,323,977)	(3,621,070)
Land held for development	536,636	653,585
Accounts receivable	2,059,972	(13,661)
Deposits and prepaids	(1,778)	(7,199)
Accounts payable and accrued liabilities	(503,917)	(163,013)
Income tax assets and liabilities	(342,100)	(206,150)
Unearned revenue	55,658	
Non-controlling interest		
Indebtedness to related party		720,250
Net cash provided by (used in) operating activities	546,205	(4,126,219)
Cash flows from investing activities:		
Cash collections on notes receivable	65,000	133,269
Issuance of notes receivable	(62,442)	(503,041)
Cash paid for property and equipment	(11,397)	(10,396)
Net cash (used in) investing activities	(8,839)	(380,168)
Cash flows from financing activities:		
Preferred stock dividends paid	(77,337)	
Proceeds from issuance of related party loans	924,952	1,780,500
Repayment of related party loans	(2,567,054)	(422,576)
Proceeds from issuance of notes payable	570,070	3,278,423
Repayment of notes payable	(791,613)	(422,576)
Repayment of lease obligation	(642)	(1,620)
Net cash (used in) provided by financing activities	(1,941,624)	4,212,151
Net change in cash	(1,404,258)	(294,236)
Cash and cash equivalents, beginning of the period	2,035,620	1,097,440

Cash and cash equivalents, end of the period	$	631,362	$	803,204
Supplemental disclosure of cash flow information:				
Cash paid during the year for:				
Income taxes	$		$	
Interest	$	548,975	$	273,625
Supplemental disclosure of non-cash investing and financing activities				
Preferred stock dividends declared but not paid	$	77,338	$	76,488
		(1,404,258)		(294,236)
		(1,404,258)		(294,236)

See accompanying notes to condensed consolidated financial statements

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Across America Real Estate Corp.
Notes to Consolidated Financial Statements
(Unaudited)

(1) Nature of Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Across America Real Estate Corp. (AARD or the Company) was incorporated under the laws of Colorado on April 22, 2003. The Company is a co-developer, principally as a financier, for build-to-suit real estate development projects for retailers who sign long-term leases for use of the property. Land acquisition and project construction operations are conducted through the Company s subsidiaries. The Company creates each project such that it will generate income from the placement of the construction loan, rental income during the period in which the property is held, and the capital appreciation of the facility upon sale. Affiliates, subsidiaries and management of the Company will develop the construction and permanent financing for the benefit of the Company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Across America Real Estate Corp. and the following subsidiaries, which were active at March 31, 2008:

Name of Subsidiary Ownership

Name of Subsidiary	Ownership
CCI Southeast, LLC (CCISE)	100.00%
Riverdale Carwash Lot 3A, LLC (Riverdale)	100.00%
AARD-Cypress Sound, LLC (Cypress Sound)	51.00%
AARD-TSD-CSK Firestone, LLC (Firestone)	51.00%
South Glen Eagles Drive, LLC (West Valley)	51.00%
119th and Ridgeview, LLC (Ridgeview)	51.00%
53rd and Baseline, LLC (Baseline)	51.00%
Hwy 278 and Hwy 170, LLC (Bluffton)	51.00%
State and 130th, LLC (American Fork)	51.00%
Clinton Keith and Hidden Springs, LLC (Murietta)	51.00%
Hwy 46 and Bluffton Pkwy, LLC (Bluffton 46)	51.00%
AARD Bader Family Dollar Flat Shoals, LLC (Flat Shoals)	51.00%
AARD Westminster OP7, LLC (Westminster OP7)	51.00%
Eagle Palm I, LLC (Eagle)	51.00%
AARD Econo Lube Stonegate, LLC (Econo Lube)	51.00%
AARD Bader Family Dollar MLK, LLC (MLK)	51.00%
AARD-Charmar Greeley, LLC (Starbucks)	51.00%
AARD-Charmar Greeley Firestone, LLC	51.00%
AARD 5020 Lloyd Expy, LLC (Evansville)	51.00%
AARD 2245 Main Street, LLC (Plainfield)	51.00%
AARD-Buckeye, LLC (Buckeye)	51.00%
AARD Esterra Mesa 1, LLC (Esterra Mesa 1)	51.00%
AARD Esterra Mesa 2, LLC (Esterra Mesa 2)	51.00%
AARD Esterra Mesa 3, LLC (Esterra Mesa 3)	51.00%
AARD Esterra Mesa 4, LLC (Esterra Mesa 4)	51.00%
AARD MDJ Goddard, LLC (Goddard)	51.00%
AARD Charmar Arlington Boston Pizza, LLC (Charmar Boston Pizza)	51.00%
L-S Corona Pointe, LLC (L-S Corona)	50.01%
AARD LECA LSS Lonestar LLC	51.00%
AARD LECA VL1 LLC	51.00%

AARD NOLA St claude LLC	51.00%
AARD ORFL FD Goldenrod LLC	51.00%
AARD SATX CHA LLC	51.00%
AARD JXFL UTC LLC	51.00%

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All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue from real estate sales under the full accrual method. Under the full accrual method, profit may be realized in full when real estate is sold, provided (1) the profit is determinable and (2) the earnings process is virtually complete (the Company is not obligated to perform significant activities after the sale to earn the profit). The Company recognizes revenue from its real estate sales transactions on the closing date.

The Company also generates minimal rental income and management fee income between the periods when a real estate project is occupied through the closing date on which the project is sold. Rental income and management fee income is recognized in the month earned.

The subsidiary LLC members have agreed to pay a minimal interest increase over the cost of funds the Company accrues and pays for its subordinated debt. The subsidiary interest is accrued on a monthly basis based on the outstanding balance that is due the Company. The interest markup is recognized on the Company s consolidated balance sheet as unearned revenue. Upon the sale of a project, the interest increase is recognized as financing activities revenue on the Company consolidated statement of operations.

Use of Estimates

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

Significant estimates have been made by management with respect to the fair values utilized for calculating the Company s impairments on real estate projects. During the years ended December 31, 2007 and 2006, the Company recorded impairment losses totaling $3,046,196 and $-0-, respectively. These estimates directly affect the Company s financial statements, and any changes to the estimates could materially affect the Company s reported assets and net income.

Accounting Pronouncements

We continue to evaluate the impact of SFAS No. 141 (R), Business Combinations and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, which are required to be adopted at the beginning of our 2009 fiscal year.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the U.S. and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On January 1, 2008 the Company only partially adopted the provisions of SFAS No. 157 because of the issuance of Staff Position (the FSP) FAS 157-2, Effective Date of FASB Statement No. 157 which allows companies to delay the effective date of SFAS No. 157 for non-financial assets and liabilities. The partial adoption had no impact on the Company s consolidated financial position and results of operations. Management does not believe that the remaining provisions will have a material effect on the Company s consolidated financial position and results of operations when they become effective on January 1, 2009.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). SFAS No. 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. SFAS No. 159 is intended to improve financial reporting by allowing companies to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently and to do so without having to apply complex hedge accounting provisions. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159

does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value and does not effect disclosure requirements in other accounting standards. The Company adopted SFAS No. 159 effective for the fiscal year beginning December 29, 2007, and the adoption had no impact on the Company s consolidated financial position and results of operations.

(2) Current Development Projects

Current development projects are divided into two line items on our balance sheet, land held for development and construction in progress , which is made up of all hard costs, soft costs and financing costs that are capitalized into the project. As of March 31, 2008 we had four projects categorized as current development projects totaling $6,628,569, which was comprised of $4,851,453 in land and $1,777,117 of construction in progress. These properties are in stages ranging from pre-construction to mid-construction and are located in three states; California, Colorado and Louisiana. They represent leases from Lone Star Steakhouse, Family Dollar Stores and Meineke.

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(3) Real Estate Held for Sale

When a project is completed and a certificate of occupancy is issued, the assets for the project under land held for sale and construction in progress are reclassified and combined into real estate held for sale . In cases where we own raw land and have made the business decision not to move forward on development, the property is also reclassified into real estate held for sale.

As of March 31, 2008 we had ten properties classified as real estate held for sale totaling $15,722,579 in costs, five of which were completed projects and five of which were raw land currently being marketed for sale. The completed projects total $9,175,313 with tenants that include corporate lease and franchisees for Fed Ex Kinko s, Starbucks, Cingular Wireless, Aspen Dental and Shell Oil and are in Arizona, Colorado, Indiana and Utah. Land that is currently for sale totals $6,547,266 and is located in Arizona, Colorado, Florida and South Carolina.

(4) Related Party Transactions

On March 31, 2008 our outstanding principal balances on our Senior Subordinated Notes and Senior Subordinated Revolving Notes are summarized below:

	GDBA Investments	BOCO Investments	Total
Senior subordinated notes payable related parties	$ 3,500,000	$ 3,500,000	$ 7,000,000
Revolving Lines of Credit	6,000,000	6,000,000	12,000,000
Accrued Interest	263,548	263,548	527,096
Senior subordinated revolving notes related parties	$ 6,263,548	$ 6,263,548	$ 12,527,096

GDBA Investments, LLLP

On November 26, 2004, we entered into a three-year Agreement to Fund our real estate projects with GDBA Investments, LLLP (GDBA), our largest shareholder. On September 28, 2006, GDBA Investments replaced the Agreement to Fund with a new investment structure that included 250,000 shares of Series A Convertible Preferred Stock at $12.00 per share, a $3.5 million Senior Subordinated Note and a $3.5 million Senior Subordinated Revolving Note. This Agreement to Fund is no longer in effect.

The Series A Convertible Preferred Stock issued under these transactions pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price. Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, at any time after the issuance of such shares.

In the event the Company issues or sells additional shares of common stock for consideration less than the Series A conversion price in effect on the date of such issuance or sale (currently $3.00 per share), then the Series A conversion price will be reduced to a price equal to the consideration per share paid for such additional shares of common stock.

At any time following the one-year anniversary of the Series A original issuance date (September 28, 2006), the Company may cause the conversion of all, but not less than all, of the Series A Preferred Stock. However, the Company may not complete the mandatory conversion unless a registration statement under the Securities Act of 1933 is effective, registering for resale the shares of common stock to be issued upon conversion of the Series A Preferred Stock.

The Senior Subordinated Note and the Senior Subordinated Revolving Note both mature on September 28, 2009 and carry a floating interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points, which resets and is payable quarterly. Both the Senior Subordinated Notes and the Senior Subordinated Revolving Notes are subordinated to our Senior Credit Facilities.

On September 28, 2006, the Company recognized $5,050,000 in revenue through a related party sale of its Riverdale and Stonegate properties to Aquatique Industries, Inc., a company controlled by GDBA.

On April 14, 2007 we completed an additional private placement with GDBA Investments consisting of $3 million in Subordinated Revolving Notes. The Notes also carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points, which is payable and resets quarterly. The notes mature June 30, 2008.

On March 31, 2008, we owed dividends of $37,397 and interest of $263,548 due to GDBA Investments, LLLP.

BOCO Investments, LLC

On September 28, 2006, we completed a $10 million private placement with BOCO Investments, LLC consisting of 250,000 shares of Series A Convertible Preferred Stock at $12.00 per share and $7 million in Senior Subordinated Debt, $3.5 million of which was drawn at closing and $3.5 million of which has a revolving feature and can be drawn as needed. Additionally Mr. Joseph Zimlich, BOCO Investments, LLC s Chief Executive Officer, purchased 17,000 shares of Series A Convertible Preferred Stock at $12.00 per share in his own name.

The Series A Convertible Preferred Stock issued under these transactions pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price. Each share of Series A Convertible Preferred Stock is convertible, at the option of the holder, at any time after the issuance of such shares.

In the event the Company issues or sells additional shares of common stock for consideration less than the Series A conversion price in effect on the date of such issuance or sale (currently $3.00 per share), then the Series A conversion price will be reduced to a price equal to the consideration per share paid for such additional shares of common stock.

At any time following the one-year anniversary of the Series A original issuance date (September 28, 2006), the Company may cause the conversion of all, but not less than all, of the Series A Prefeerred Stock. However, the Company may not complete the mandatory conversion unless a registration statement under the Securities Act of 1933 is effective, registering for resale the shares of common stock to be issued upon conversion of the Series A Preferred Stock.

The Senior Subordinated Notes mature on September 28, 2009 and carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points. The Revolving Notes mature on September 28, 2009 and carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points. Both the Senior Subordinated Notes and the Senior Subordinated Revolving Notes are subordinated to our Senior Credit Facilities.

On April 14, 2007 we completed an additional private placement with BOCO Investments consisting of $3 million in Subordinated Revolving Notes. The Notes also carry an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points, which is payable and resets quarterly. The notes mature June 30, 2008.

On October 25, 2007 we obtained a temporary line of credit from BOCO Investments to fund up to $3,000,000 on a revolving basis for a ninety day period. The temporary line helped facilitate the timing of the origination and completion of our fourth quarter projects. The line carried an interest rate equal to the higher of 11% or the 90 day average of the 10 year U.S. Treasury Note plus 650 basis points. We utilized $1,150,000 from this line which was repaid in January, 2008.

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On March 31, 2008, we owed dividends of $37,398 and interest of $263,548 to BOCO Investments and dividends of $2,543 to Mr. Zimlich.

(5) Notes Receivable and Development Deposits

During the course of acquiring properties for development, Across America Real Estate Corp, on behalf of its subsidiaries and development partners, typically is required to provide capital for earnest money deposits that may or may not be refundable in addition to investing in entitlements for properties before the actual land purchase. Because these activities represent a risk of our capital in the event the land purchase is not completed, it is our policy to require our development partners to personally sign promissory notes to Across America Real Estate Corp. for all proceeds expended before land is purchased. Once the land has been purchased and we can collateralize the capital invested by us, the promissory note is cancelled. AARD had $938,322 in earnest money deposits outstanding at March 31, 2008. These deposits were held by development partners who have each secured them through promissory notes held by us. These promissory notes are callable on demand or due within a year and carry an interest rate between 12% and 12.5% per annum.

(6) Property and Equipment

The Company s property and equipment consisted of the following at March 31, 2008:

Equipment	$ 23,277
Furniture and fixtures	17,396
Computers and related equipment	35,414
Software and intangibles	91,964
	$ 168,051
less accumulated depreciation and amortization	(52,901)
	$ 115,150

Depreciation expense totaled $9,165 and $7,747 for the quarters ended March 31, 2008 and March 31, 2007 respectively.

(7) Shareholders Equity

Preferred Stock

The Board of Directors is authorized to issue shares of preferred stock in series and to fix the number of shares in such series as well as the designation, relative rights, powers, preferences, restrictions, and limitations of all such series.

Series A Convertible Preferred Stock

As of March 31, 2008 the Company has 517,000 shares of Series A Convertible Preferred Stock authorized and issued. Each share pays a 5% annual dividend on the Original Issue Price of $12.00, payable quarterly and is convertible to common stock at a $3.00 conversion price. The shares also have a liquidation preference equal to the original issue price per share, adjusted for stock splits, dividends, combinations or other recapitalization of the Series A Preferred Stock including any accrued but unpaid dividends on each share.

Common Stock

As of March 31, 2008 the Company has 50,000,000 shares of common stock that are authorized, 16,036,625 shares that are issued and outstanding at a par value of $.001 per share.

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Stock Based Compensation

On November 8, 2006 Across America Real Estate Corp s Board of Directors approved the issuance of options under the Corporation s 2006 Incentive Compensation Plan (the Plan). Under the Plan the Company is authorized issue shares or options to purchase shares up not to exceed 1,000,000 shares. Options granted shall not be exercisable more than ten years after the date of the grant. The exercise price of any option grant shall not be less than the fair market value of the stock price on the date of the grant.

Under the Plan, three of the Company s officers were granted options to purchase a total of 385,000 shares of common stock at the closing stock price as of November 8, 2006, which was $1.65 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of employment beginning with the next anniversary date for each employee.

The fair value of the each option was calculated on the grant date of November 8, 2006 using the Black-Scholes model and was valued at $0.94 using the following assumptions and inputs:

Risk free interest rate	4.61%
Expected life	5.0
Dividend yield	0.00%
Expected volatility	62.69%

On March 6, 2007, three of the Company s directors were granted options under the Plan to purchase a total of 15,000 shares of common stock at the closing stock price as of March 6, 2007, which was $2.75 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of the grant.

The fair value of each option was calculated on the grant date of March 6, 2007 using the Black-Scholes model and was valued at $1.94 using the following assumptions and inputs:

Risk free interest rate	4.48%
Expected life	5.0
Dividend yield	0.00%
Expected volatility	86.87%

On April 2, 2007, employees were granted options under the Plan to purchase a total 55,000 shares of common stock at the closing stock price as of April 2, 2007, which was $1.90 per share. The options were granted with a five year term and a vesting schedule of 25% per year for four years on the anniversary date of the grant.

The fair value of each option was calculated on the grant date of April 2, 2007 using the Black-Scholes model and was value at $1.34 using the following assumptions and inputs:

Risk free interest rate	4.54%
Expected life	5.0
Dividend yield	0.00%
Expected volatility	86.87%

There are a number of assumptions and estimates used in calculating the fair value of options. These include the expected term of the option, the expected volatility and the risk free interest rate. These assumptions are included in the charts above. The basis for our expected volatility and expected term estimates is a combination of our historical information. The risk-free interest rate is based upon yields of U.S. Treasury strips with terms equal to the expected life of the option or award being valued. Across America Real Estate Corp does not currently pay a dividend nor does the Company expect to pay a dividend in the foreseeable future.

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The total amount of compensation calculated for the full amount of options granted is $465,923. We accrue the stock based compensation expense in the periods in which the options vest. For the quarter ended March 31, 2008, we recognized $22,143 in expense related to stock based compensation.
Stock option activity for the quarter ended March 31, 2008 is summarized as follows:

	Options Outstanding				Options Exercisable			
	Number of Options	Weighted Average Exercise Price	Weighted Remaining Contractual Term	Aggregate Intrinsic Value	Shares Exercisable	Weighted Average Exercise Price	Weighted Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2006	385,000	1.65	4.9	1,732,500				
Activity during 2007:								
Granted	70,000	2.08	4.2		96,250	1.65	3.9	
Expired/Cancelled	(26,250)	1.65	3.9					
Forfeited								
Exercised								
Balance, at December 31, 2007	428,750	1.72	3.9		96,250	1.65	3.9	
Activity during 2008:								
Granted					3,750	2.75	3.9	
Expired/Cancelled	(250,000)	1.65	3.6		(62,500)	1.65	3.6	
Forfeited								
Exercised								
Balance, at March 31, 2008	178,750	1.82	3.8		37,500	1.76	3.6	

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(8) Income Taxes

The provision for income taxes consists of the following:

Income tax asset (liability):

Significant components of the Company s deferred tax assets and liabilities are as follows:

Deferred tax assets:	
Impairment of asset	$ 1,176,456
Net operating loss and carry-forwards	790,090
Partnership income	419,222
Bad debt	100,854
Depreciation	(390)
Total deferred tax assets	$ 2,486,232

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for for income tax purposes.

Reconciliation of the income tax expense computed at U.S. federal statutory to the provision for income taxes is as follows:

Deferred tax benefit (expense):	
Federal	$ 299,195
State	42,905
Total net deferred tax benefit	$ 342,100

Tax at US federal statutory rates	$ 345,018
State income taxes, net of federal	33,487
Other	(1,105)
Total income tax benefit	$ 377,400

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the realization of future taxable income during the periods in which those temporary differences become deductible. Management considers past history, the scheduled reversal of taxable temporary differences, projected future taxable income, and tax planning strategies in making this assessment. A valuation allowance for deferred tax assets is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. It is the full intention of the Company, that any carryback and carryforward amounts will be utilized against future taxable income. The vast majority of our NOL carryforwards will expire through the year 2028. As of March 31, 2008, the Company has a valuation allowance of $ -0-.

(9) Noncontrolling Interests

Following is a summary of the noncontrolling interests in the equity of the Company s subsidiaries. The Company establishes a subsidiary for each real estate project. Ownership in the subsidiaries is allocated between the Company and the co-developer/contractor.

	Balance	Earnings allocated to	Earnings disbursed/accrued for	Balance

	December 31, 2007	Noncontrolling Interest	Noncontrolling Interest	March 31, 2008
Cypress	$ 4,594	$	$	$ 4,594
Total	$ 4,594	$	$	$ 4,594

(10) Concentration of Credit Risk for Cash

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed the amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). The loss that would have resulted from that risk totaled $416,360 at March 31, 2008, for the excess of the deposit liabilities reported by the financial institution versus the amount that would have been covered by FDIC. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(11) Notes Payable

Vectra Bank Senior Credit Facility:

On April 25, 2005, we entered into a $10 million senior credit facility with Vectra Bank of Colorado (Vectra Bank). This commitment permits us to fund construction notes for build-to-suit real estate projects for national and regional chain retailers. The financing is facilitated through a series of promissory notes. Each note is issued for individual projects under the facility and must be underwritten and approved by Vectra Bank and has a term of 12 months with one (1) allowable extension not to exceed 6 months subject to approval. Interest is funded from an interest reserve established with each construction loan. The interest rate on each note is equal to the 30 day LIBOR plus 2.25%. Each note under the facility is for an amount, as determined by Vectra Bank, not to exceed the lesser of 75% of the appraised value of the real property under the approved appraisal for the project or 75% of the project costs. Principal on each note is due at maturity, with no prepayment penalty. Vectra Bank retains a First Deed of Trust on each property financed and the facility has the personal guarantees of GDBA and its principals.

On March 27, 2008, we executed the Third Amendment to our Credit Agreement with Vectra Bank extending the expiration of our $10 million facility to May 31, 2009. While the terms and conditions were modified slightly from the original agreement, they are not materially different than the original agreement from 2005. Any construction issued prior to the expiration date of the Credit Agreement, will survive the expiration of the facility and will be subject to its individual term as outlined in the Credit Agreement.

As of March 31, 2008, we had three outstanding notes under this facility with a principal amount totaling $1,443,661. Total interest accrued through March 31, 2008 was $87,372.

United Western Bank Senior Credit Facility

On May 7, 2007, we entered into a $25 million senior credit facility with United Western Bank. This commitment permits us to fund construction notes for build-to-suit real estate projects for national and regional chain retailers. The financing is facilitated through a series of promissory notes. Each note is issued for individual projects under the facility and must be underwritten and approved by United Western Bank and has a term of 12 months with one (1) allowable extension not to exceed 6 months subject to approval. Interest is funded from an interest reserve established with each construction loan. The interest rate on each note is equal to Prime rate minus 50 basis points Each note under the facility is for an amount, as determined by United Western Bank, not to exceed the lesser of 75% of the appraised value of the real property under the approved appraisal for the project or 75% of the project costs. Principal on each note is due at maturity, with no prepayment penalty. United Western Bank retains a First Deed of Trust on each property financed.

As of March 31, 2008, we had three outstanding notes under this facility with a principal amount totaling $3,836,456. Total interest accrued through March 31, 2008 was $127,365.

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As of March 31, 2008 our total outstanding principal and interest due on all outstanding notes payable and our annual schedule of repayment is as follows:

	Vectra	United Western	Total
Principal	$ 1,443,661	$ 3,836,456	$ 5,280,117
Accrued interest	87,372	127,365	214,737
	$ 1,531,033	$ 3,963,821	$ 5,494,854

(12) Capital Lease Obligations

The Company entered into a capital equipment lease on October 4, 2005. The lease commenced on October 4, 2005 and expires September 26, 2010. The lease payment is $231 per month.

The future minimum lease payments under the leases are as follows:

2008	$ 2,079
2009	2,772
2010	2,079
	$ 6,930
less imputed interest	55
	$ 6,875

Assets held under capital leases are recorded at the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

(13) Impairment of Assets

We invest significantly in real estate assets. Accordingly, our policy on asset impairment is considered a critical accounting estimate. Management periodically evaluates the Company s property and equipment to determine whether events or changes in circumstances indicate that a possible impairment in the carrying values of the assets has occurred. As part of this evaluation, and in accordance with Statement of Financial Accounting Standard No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), the Company records the carrying value of the property at the lower of its carrying value or its estimated fair value, less estimated selling costs. The amount the Company will ultimately realize on these asset sales could differ from the amount recorded in the financial statements. The Company engages real estate brokers to assist in determining the estimated selling price or when external opinions are not available uses their own market knowledge. The estimated selling costs are based on the Company s experience with similar asset sales. The Company records an impairment charge and writes down an asset s carrying value if the carrying value exceeds the estimated selling price less costs to sell.

We recognized no impairments for the quarter ended March 31, 2008.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and notes thereto included in, Item 1 in this Quarterly Report on Form 10-QSB. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

Forward-Looking Statements

This Quarterly Report on Form 10-QSB and the documents incorporated herein by reference contain forward-looking statements. Such forward-looking statements are based on current expectations, estimates, and projections about our industry, management beliefs, and certain assumptions made by our management. Words such as anticipates , expects , intends , plans , believes , seeks , estimates , variations of such words, and similar expressions are intended to i such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. However, readers should carefully review the risk factors set forth herein and in other reports and documents that we file from time to time with the Securities and Exchange Commission, particularly the Annual Reports on Form 10-KSB and any Current Reports on Form 8-K.

Risk Factors

You should carefully consider the risks and uncertainties described below; and all of the other information included in this document. Any of the following risks could materially adversely affect our business, financial condition or operating results and could negatively impact the value of your investment.

THERE IS NO GUARANTEE THAT WE WILL BE PROFITABLE IN THE FUTURE. WE WERE UNPROFITABLE FOR OUR TWO MOST RECENT FISCAL YEAR ENDS.

Our revenues for the fiscal year ended December 31, 2007 were $17,875,858. We had a net loss of $3,959,059 for the fiscal year ended December 31, 2007. Our revenues for the fiscal year ended December 31, 2006 were $8,459,994. We had a net loss of $735,771 for the fiscal year ended December 31, 2006. Our revenues for the quarter ended March 31, 2008 were $1,190,405 compared to revenues for the quarter ended March 31, 2007 of $227,984. We had a net loss of $637,359 for the quarter ended March 31, 2008 compared to a net loss of $407,020 for the quarter ended March 31, 2007. We have only completed a limited number of transactions, so it continues to be difficult for us to accurately forecast our quarterly and annual revenue. However, we use our forecasted revenue to establish our expense budget. Most of our expenses are fixed in the short term or incurred in advance of anticipated revenue. As a result, we may not be able to decrease our expenses in a timely manner to offset any revenue shortfall. We attempt to keep revenues in line with expenses but cannot guarantee that we will be able to do so.

BECAUSE WE HAVE RECURRING LOSSES, HAVE USED SIGNIFICANT CASH IN SUPPORT OF OUR OPERATING ACTIVITIES, HAVE A LIMITED OPERATING HISTORY AND ARE RELIANT UPON FUNDING COMMITMENTS WITH TWO SIGNIFICANT SHAREHOLDERS, OUR ACCOUNTANTS HAVE EXPRESSED DOUBTS ABOUT OUR ABILITY TO CONTINUE AS A GOING CONCERN.

For our audit dated December 31, 2007, our accountants have expressed doubt about our ability to continue as a going concern as a result of recurring losses, the use of significant cash in support of our operating activities, our limited operating history and our reliance upon funding commitments with two significant shareholders. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis and ultimately to attain profitability. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

- our ability to find suitable real estate projects; and
- our ability to generate sufficient revenues from those projects.

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We cannot guarantee that we will be successful in generating sufficient revenues or other funds in the future to cover these operating costs. Failure to generate sufficient revenues will cause us to go out of business.

WE WILL NEED ADDITIONAL FINANCING IN THE FUTURE BUT CANNOT GUARANTEE THAT IT WILL BE AVAILABLE TO US.

In order to expand our business, we will continue to need additional capital. To date, we have been successful in obtaining capital, but we cannot guarantee that additional capital will be available at all or under sufficient terms and conditions for us to utilize it. Because we have an ongoing need for capital, we may experience a lack of liquidity in our future operations. We will need additional financing of some type, which we do not now possess, to fully develop our business plan. We expect to rely principally upon our ability to raise additional financing, the success of which cannot be guaranteed. To the extent that we experience a substantial lack of liquidity, our development in accordance with our business plan may be delayed or indefinitely postponed, which would have a materially adverse impact on our operations and the investors investment.

AS A COMPANY WITH LIMITED OPERATING HISTORY, WE ARE INHERENTLY A RISKY INVESTMENT. OUR OPERATIONS ARE SUBJECT TO OUR ABILITY TO FINANCE REAL ESTATE PROJECTS.

Because we are a company with a limited history, our operations, which consist of real estate financing of build-to-suite projects for specific national retailers, must be considered an extremely risky business, subject to numerous risks. Our operations will depend, among other things, upon our ability to finance real estate projects and for those projects to be sold. Further, there is the possibility that our proposed operations will not generate income sufficient to meet operating expenses or will generate income and capital appreciation, if any, at rates lower than those anticipated or necessary to sustain the investment. The value of our assets may become impaired by a variety of factors, which would make it unlikely, if not impossible to profit from the sale of our real estate. We have already experienced impairments to our assets and may do so in the future. Our operations may be affected by many factors, some of which are beyond our control. Any of these problems, or a combination thereof, could have a materially adverse effect on our viability as an entity.

WE HAVE A HEAVY RELIANCE ON OUR CURRENT FUNDING COMMITMENTS WITH TWO SIGNIFICANT SHAREHOLDERS.

We are currently dependent upon our relationships with GDBA Investments, LLLP,(GDBA), our largest shareholder, and BOCO Investments, LLC,(BOCO) a private Colorado limited liability company. Each has provided us with funding through a $10 million subordinated debt vehicle and a $3 million preferred convertible equity. In addition, BOCO has recently extended a $3,000,000 term loan to us to facilitate the timing of the origination and completion of our fourth quarter projects. We would be unable to fund any projects if we lose our current funding commitment from these shareholders. In addition, our senior credit facility with Vectra Bank Colorado, which is renewable annually, has been guaranteed by GDBA. In any case, we expect to rely upon both GDBA and BOCO for funding commitments for the foreseeable future.

OUR INDEBTEDNESS UNDER OUR VARIOUS CREDIT FACILITIES ARE SUBSTANTIAL AND COULD LIMIT OUR ABILITY TO GROW OUR BUSINESS.

As of March 31, 2008, we had total indebtedness under our various credit facilities of approximately $25.0 million. Our indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness if we do not maintain specified financial ratios, thereby reducing the availability of our cash flow for other purposes; or
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a competitive disadvantage compared to our competitors that may have less indebtedness.

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In addition, our credit facilities permit us to incur substantial additional indebtedness in the future. As of March 31, 2008, we had approximately $31.0 million available to us for additional borrowing under our $55 million various credit facilities. If we increase our indebtedness by borrowing under our various credit facilities or incur other new indebtedness, the risks described above would increase.

OUR VARIOUS CREDIT FACILITIES HAVE RESTRICTIVE TERMS AND OUR FAILURE TO COMPLY WITH ANY OF THESE TERMS COULD PUT US IN DEFAULT, WHICH WOULD HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND PROSPECTS.

Our various credit facilities contain a number of significant covenants. These covenants limit our ability and the ability of our subsidiaries to, among other things:

- incur additional indebtedness;
- make capital expenditures and other investments above a certain level;
- merge, consolidate or dispose of our assets or the capital stock or assets of any subsidiary;
- pay dividends, make distributions or redeem capital stock in certain circumstances;
- enter into transactions with our affiliates;
- grant liens on our assets or the assets of our subsidiaries; and
- make or repay intercompany loans.

Our various credit facilities require us to maintain specified financial ratios. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not meet those ratios. A breach of any of these restrictive covenants or our inability to comply with the required financial ratios would result in a default under our various credit facilities or require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness. If the creditors accelerate amounts owing under our various credit facilities because of a default and we are unable to pay such amounts, the creditors have the right to foreclose on our assets.

WE PAY INTEREST ON ALL OF OUR CREDIT FACILITIES AT VARIABLE RATES, RATHER THAN FIXED RATES, WHICH COULD AFFECT OUR PROFITABILITY.

All of our credit facilities provide for the payment of interest at variable rates. None of our credit facilities provide for the payment of interest at fixed rates. We can potentially realize profitability to the extent that we can borrow at a lower rate of interest and charge a higher rate of interest in our operations. Because our credit facilities are at variable rates, our profit margins could be depressed or even eliminated by rising interest rates on funds we must borrow. Rising interest rates could have a materially adverse affect on our operations.

WE DO NOT HAVE A LONG HISTORY OF BEING ABLE TO SELL PROPERTIES AT A PROFIT

We have only been in business since 2003. We do not have a significant track record and may be unable to sell properties upon completion. We have already experienced impairments to our assets of approximately $3,046,196 in the fiscal year ended December 31, 2007 and as of March 31, 2008. We may incur additional impairments in the future. We may be forced to sell properties at a loss. Furthermore, in order to sell properties for a profit, we may be forced to hold properties for longer periods that we plan, which may require the need for additional financing sources. Any of these conditions would likely result in reduced operating profits and could likely strain current funding agreements.

MANAGEMENT OF POTENTIAL GROWTH.

We hope to experience rapid growth which, if achieved, will place a significant strain on our managerial, operational, and financial systems resources. To accommodate our current size and manage growth, we must continue to implement and improve our financial strength and our operational systems, and expand. There is no guarantee that we will be able to effectively manage the expansion of our operations, or that our systems, procedures or controls will be adequate to support our expanded operations or that we will be able to obtain facilities to support our growth. Our inability to effectively manage our future growth would have a material adverse effect on us.

THE MANNER IN WHICH WE FINANCE OUR PROJECTS CREATES THE POSSIBILITY OF A CONFLICT OF INTEREST.

We fund our projects with construction financing obtained through the efforts of our management and our shareholders, GDBA and BOCO. This arrangement could create a conflict of interest with respect to such financings. However, there may be an inherent conflict of interest in the arrangement until such time as we might seek such financings on a competitive basis.

LACK OF INDEPENDENT DIRECTORS.

We do not have a majority of independent directors on our board of directors and we cannot guarantee that our board of directors will have a majority of independent directors in the future. In the absence of a majority of independent directors, our executive officers, which are also principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof. This could present the potential for a conflict of interest between our stockholders and us generally and the controlling officers, stockholders or directors.

INTENSE COMPETITION IN OUR MARKET COULD PREVENT US FROM DEVELOPING REVENUE AND PREVENT US FROM ACHIEVING ANNUAL PROFITABILITY.

We provide a defined service to finance real estate projects. The barriers to entry are not significant. Our service could be rendered noncompetitive or obsolete. Competition from larger and more established companies is a significant threat and expected to increase. Most of the companies with which we compete and expect to compete have far greater capital resources, and many of them have substantially greater experience in real estate development. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources than we can.

POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS.

Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside of our control, including: the demand for our products or services; seasonal trends in financing; the amount and timing of capital expenditures and other costs relating to the development of our properties; price competition or pricing changes in the industry; technical or regulatory difficulties; general economic conditions; and economic conditions specific to our industry. Our quarterly results may also be significantly impacted by the accounting treatment of acquisitions, financing transactions or other matters. Particularly at our early stage of development, such accounting treatment can have a material impact on the results for any quarter. Due to the foregoing factors, among others, it is likely that our operating results will fall below our expectations or those of investors in some future quarter.

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OUR SUCCESS WILL BE DEPENDENT UPON OUR OPERATING PARTNERS EFFORTS.

Our success will be dependent, to a large extent, upon the efforts of our operating partners in our various projects. To the extent that these partners, individually or collectively, fail to develop projects in a timely or cost-effective manner, our profit margins could be depressed or even eliminated. If we cannot or do not select appropriate partners for our projects, our profitability and viability will suffer. The absence of one or more partners who develop projects in a timely or cost-effective manner could have a material, adverse impact on our operations.

OUR SUCCESS WILL BE DEPENDENT UPON OUR MANAGEMENT S EFFORTS.

Our success will be dependent upon the decision making of our directors and executive officers. These individuals intend to commit as much time as necessary to our business, but this commitment is no assurance of success. The loss of any or all of these individuals, particularly Mr. Peter Shepard, our President, and James W. Creamer, III, our Chief Financial Officer, could have a material, adverse impact on our operations. We have no written employment agreements with any officers and directors, including Mr. Shepard or Mr. Creamer. We have not obtained key man life insurance on the lives of any of these individuals.

LIMITATION OF LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS.

Our officers and directors are required to exercise good faith and high integrity in our management affairs. Our articles of incorporation provides, however, that our officers and directors shall have no liability to our stockholders for losses sustained or liabilities incurred which arise from any transaction in their respective managerial capacities unless they violated their duty of loyalty, did engage in intentional misconduct or gross negligence. Our articles and bylaws also provide for the indemnification by us of the officers and directors against any losses or liabilities they may incur as a result of the manner in which they operate our business or conduct the internal affairs.

OUR STOCK PRICE MAY BE VOLATILE, AND YOU MAY NOT BE ABLE TO RESELL YOUR SHARES AT OR ABOVE THE PUBLIC SALE PRICE.

There has been, and continues to be, a limited public market for our common stock. Our common stock trades on the NASD Bulletin Board. However, an active trading market for our shares has not, and may never develop or be sustained. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial price you paid. The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

* actual or anticipated fluctuations in our operating results;
* change in financial estimates by securities analysts or our failure to perform in line with such estimates;
* changes in market valuations of other real estate oriented companies, particularly those that market services such as ours;
* announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
* introduction of technologies or product enhancements that reduce the need for our services;
* the loss of one or more key customers; and
* departures of key personnel.

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Further, we cannot assure that an investor will be able to liquidate his investment without considerable delay, if at all. The factors which we have discussed in this document may have a significant impact on the market price of our common stock. It is also possible that the relatively low price of our common stock may keep many brokerage firms from engaging in transactions in our common stock.

As restrictions on the resale of our common stock end, the market price of our stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them.

BUYING A LOW-PRICED PENNY STOCK SUCH AS OURS IS RISKY AND SPECULATIVE.

Our shares are defined as a penny stock under the Securities and Exchange Act of 1934, and rules of the Commission. The Exchange Act and such penny stock rules generally impose additional sales practice and disclosure requirements on broker-dealers who sell our securities to persons other than certain accredited investors who are, generally, institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 jointly with spouse, or in transactions not recommended by a broker-dealer. For transactions covered by the penny stock rules, a broker-dealer must make a suitability determination for each purchaser and receive the purchaser s written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the SEC. Consequently, the penny stock rules may affect the ability of broker-dealers to make a market in or trade our common stock and may also affect your ability to sell any of our shares you may own in the public markets.

WE DO NOT EXPECT TO PAY CASH DIVIDENDS ON COMMON STOCK.

We have not paid any cash dividends with respect to our common stock, and it is unlikely that we will pay any cash dividends on our common stock in the foreseeable future. Earnings, if any, that we may realize will be retained in the business for further development and expansion.

Overview and History

We act as a co-developer, including as a financier, to develop built-to-suit real estate projects for specific retailers and other tenants who sign long-term leases for use of the property. Our primary source of revenue is from profits we receive upon the sale of our projects upon completion; however we also receive revenue from preferred dividends on our invested capital in projects, management fees we charge to our projects and rental income from our completed projects before their disposition. In addition, we may share in certain revenues directly related to our projects with our development partners such as development fees and leasing and sales commissions.

Our activities include raw land acquisition and facility construction. In such a situation, we provide construction and property management expertise in exchange for an equity interest in the property. We also develop projects with construction and permanent financing to be obtained through the efforts of our management and affiliates. To date, we have hired third party contractors to work on our projects but plan eventually to use our own staff as well.

We are currently focused on the development of build-to-suit single pad, small box retail projects for national and regional retailers throughout the United States. We operate primarily in the sale-leaseback market whereby the retailers sign long term leases prior to development and our majority-owned subsidiary constructs the project with the intent of selling the property to third party investors upon project completion. Over the past few years we have had development activities in Arizona, California, Colorado, Florida, Georgia, Indiana, Kansas, South Carolina, Texas, Utah, Nevada and Washington. To date our projects have included Advanced Auto Parts, Starbuck s, Fed Ex Kinko s, Champps Americana, Boston Pizza, Goddard Schools, AT&T Wireless, Aspen Dental, IHOP Restaurant, Lone Star Steakhouse & Saloon, Grease Monkey, Family Dollar Stores, and Checker Auto Parts. We have generally acquired our projects through the relationships of our development partners.

In all of our transactions with affiliates, we examine current market conditions and attempt to develop terms and conditions no less favorable than could be negotiated in an arms-length transaction.

Management continues to assess our capital resources in relation to our ability to fund continued operations on an ongoing basis. As such, management may seek to access the capital markets to raise additional capital, which may include efforts to increase our senior and subordinated debt lines in addition to efforts to raise additional capital through a number of sources, including, but not limited to, equity or debt offerings, borrowings, or joint ventures.

In addition, we may expand through acquisition. We may not only look at our present industry but we will reserve the right to investigate and, if warranted, could merge with or acquire the assets or common stock of an entity actively engaged in business which generates revenues. We will seek opportunities for long-term growth potential as opposed to short-term earnings. As of the date hereof, we have no business opportunities under investigation. None of our officers, directors, promoters or affiliates have engaged in any preliminary contact or discussions with any representative of any other company regarding the possibility of an acquisition or merger between us and such other company.

Our principal business address is 700 17th Street, Suite 1200, Denver, Colorado 80202. We are in the business of financing and developing build-to-suit real estate projects for specific retailers who sign long-term leases for use of the property. We create each project such that it will generate income from the placement of the construction loan, rental income during the period in which the property is held, and capital appreciation upon sale of the facility. Our affiliates, subsidiaries and management develop the construction and permanent financing for our benefit.

We have not been subject to any bankruptcy, receivership or similar proceeding.

Results of Operations

The following discussion involves our results of operations for the quarters ending March 31, 2008 and March 31, 2007.

Our revenues for the quarter ended March 31, 2008 were $1,190,405 compared to revenues for the quarter ended March 31, 2007 of $227,984. Project sales accounted for $1,164,000 for the quarter ended March 31, 2008 compared to no project sales for the quarter ended March 31, 2007. Based on the projects we have classified as Held for Sale we would anticipate that project sales will increase in the next several quarters; however, the timing of these sales is difficult to predict. We recognize rental income from completed projects that are occupied and held for sale. For the quarter ended March 31, 2008, we recognized $26,405 in rental income compared to $36,329 for the quarter ended March 31, 2007. Based on our model, this line item should not grow substantially. Management fees are currently recognized as we enter into new projects. We had no revenues from management fees for the quarter ended March 31, 2008 compared to $191,655 in management fees for the quarter ended March 31, 2007.

We recognize cost of sales on projects during the period in which they are sold. The costs of sales on impaired projects are adjusted downward by the impairment amount taken either in the current or prior periods. Total cost of sales for the quarter ended March 31, 2008 was $1,164,000 which represents no gross margin due to the fact that the property sold was impaired in the prior period. We had no cost of sales for the quarter ended March 31, 2007.

Selling, general and administrative costs were $688,004 for the quarter ended March 31, 2008 compared to $826,202 for the quarter ended March 31, 2007. This decrease was largely attributable to lower payroll costs and cost cutting measures instituted by management in the fourth quarter of 2007. These cost savings were offset somewhat by a higher degree of project costs that were expensed corporately as opposed to capitalized into the project. Management continues to work to control selling, general and administrative costs.

We had a net loss of $637,359 for the quarter ended March 31, 2008 compared to a net loss of $407,020 for the quarter ended March 31, 2007. The net loss applicable to common shareholders, after preferred stock dividends was $714,697 for the quarter ended March 31, 2008 compared to $489,955 for the quarter ended March 31, 2007. Much of the increase in net loss is due to the substantial increase in interest expense recognized in the quarter ended March 31, 2008 compared to the quarter ended March 31, 2007. This increase is due to the larger number of properties classified as real estate held for sale where we no longer capitalize accrued interest into the cost of the project and begin realizing the expense. As we sell these properties we would anticipate that the interest cost expensed will decrease.

Our income tax benefit for the quarter ended March 31, 2008 was $377,400 compared to $212,735 for the quarter ended March 31, 2007. In our assessment of our ability to utilize our loss carry forward in the future, we increased our deferred tax asset by the full income tax benefit for the quarter ended March 31, 2008; however, as part of this assessment we also reclassified our full current tax asset of $965,498 to a deferred tax asset.

Liquidity and Capital Resources

Cash and cash equivalents, were $631,362 on March 31, 2008 compared to $803,204 on March 31, 2007 and $2,035,620 on December 31, 2007.

Cash provided by operating activities was $546,205 for the quarter ended March 31, 2008 compared to cash used in operating activities of $4,126,219 for the quarter ended March 31, 2007. This change was primarily the result of fewer projects under construction in the current period in addition to a large note receivable issued in conjunction with a property sold in December 2007, which was collected in January 2008. Cash used in operations has typically been substantial, driven by project funding requirements and we anticipate that it will continue to be significant moving forward.

Cash used in investing activities decreased to $8,839 for the quarter ended March 31, 2008 compared to $380,168 for the quarter ended March 31, 2007. We issue promissory notes to our development partners when we invest earnest money on potential new projects which are retired when we purchase the land into the subsidiary. The issuance of these notes receivable was substantially lower for the quarter ended March 31, 2008 compared to March 31, 2007.

Cash used in financing activities was $1,941,624 for the quarter ended March 31, 2008 compared cash provided by financing activities of $4,212,151 for the quarter ended March 31, 2007. As we continue to increase our project pipeline we expect that our cash provided by financing activities will continue to be significant. On March 31, 2008 we had $1,000,000 of availability on our Senior Subordinated Revolving Notes and we had availability of $29,969,146 on our Senior Credit Facilities as of March 31, 2008.

Management continues to assess our capital resources in relation to our ability to fund continued operations on an ongoing basis. As such, management may seek to access the capital markets to raise additional capital through the issuance of additional equity, debt or a combination of both in order to fund our operations and continued growth.

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Recently Issued Accounting Pronouncements

We continue to evaluate the impact of SFAS No. 141 (R), Business Combinations and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, which are required to be adopted at the beginning of our 2009 fiscal year.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the U.S. and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On January 1, 2008 the Company only partially adopted the provisions of SFAS No. 157 because of the issuance of Staff Position (the FSP) FAS 157-2, Effective Date of FASB Statement No. 157 which allows companies to delay the effective date of SFAS No. 157 for non-financial assets and liabilities. The partial adoption had no impact on the Company s consolidated financial position and results of operations. Management does not believe that the remaining provisions will have a material effect on the Company s consolidated financial position and results of operations when they become effective on January 1, 2009.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). SFAS No. 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. SFAS No. 159 is intended to improve financial reporting by allowing companies to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently and to do so without having to apply complex hedge accounting provisions. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value and does not effect disclosure requirements in other accounting standards. The Company adopted SFAS No. 159 effective for the fiscal year beginning December 29, 2007, and the adoption had no impact on the Company s consolidated financial position and results of operations.

Seasonality

At this point in our business operations our revenues are not impacted by seasonal demands for our products or services. As we penetrate our addressable market and enter new geographical regions, we may experience a degree of seasonality.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make a number of 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. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. We believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition and results of operations, in that they require subjective or complex judgments, form the basis for the accounting policies deemed to be most critical to us. These relate to bad debts, impairment of intangible assets and long lived assets, contractual adjustments to revenue, and contingencies and litigation. We believe estimates and assumptions related to these critical accounting policies are appropriate under the circumstances; however, should future events or occurrences result in unanticipated consequences, there could be a material impact on our future financial conditions or results of operations.

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ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, based on an evaluation of our disclosure controls and procedures (as defined in Rules 13a -15(e) and 15(d)-15(e) under the Exchange Act), each our Chief Executive Officer and the Chief Financial Officer has concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the applicable time periods specified by the SEC s rules and forms.

There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings, to which we are a party, which could have a material adverse effect on our business, financial condition or operating results.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

21	List of Subsidiaries
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

We filed the following report under cover of Form 8K for the fiscal quarter ended March 31, 2008: February 28, 2008 relating to Form FD Disclosures.

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SIGNATURES

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

ACROSS AMERICA REAL ESTATE CORP.

Dated: May 14, 2008

By: */s/ Peter Shepard*
Peter Shepard
President, Chief Executive Officer

Dated: May 14, 2008

By: */s/ James W Creamer III*
James W Creamer III
Treasurer, Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	**Description**
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