

MONROE CAPITAL Corp  
Form 10-Q  
August 11, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-Q**

**(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended June 30, 2014**

**OR**

**..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**Commission file number: 814-00866**



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Large accelerated filer  Accelerated filer  x

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of August 8, 2014, the registrant had 9,517,910 shares of common stock, \$0.001 par value, outstanding.

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**Part I. Financial Information****MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(in thousands, except per share data)**

	June 30, 2014 (unaudited)	December 31, 2013
<b>ASSETS</b>		
Investments, at fair value		
Non-controlled/non-affiliate company investments, at fair value (cost of: \$230,152 and \$206,945, respectively)	\$ 231,007	\$ 207,920
Non-controlled affiliated company investments, at fair value (cost of: \$7,117 and \$0, respectively)	6,653	-
Total investments, at fair value (cost of: \$237,269 and \$206,945, respectively)	237,660	207,920
Cash	4,897	14,603
Receivable for open trades	58	-
Interest receivable	960	638
Deferred financing costs, net	2,217	2,091
Other assets	496	429
Total assets	246,288	225,681
<b>LIABILITIES</b>		
Revolving credit facility	95,500	76,000
SBA debentures payable	8,000	-
Secured borrowings, at fair value (proceeds of \$6,650 and \$7,997, respectively)	6,527	7,943
Payable for open trades	-	840
Interest payable	135	239
Management fees payable	1,030	845
Incentive fees payable	980	1,067
Accounts payable and accrued expenses	931	655
Total liabilities	113,103	87,589
Net assets	\$ 133,185	\$ 138,092

Commitments and contingencies (See Note 9)

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ANALYSIS OF NET ASSETS

Common stock, \$0.001 par value, 100,000 shares authorized, 9,559 and 9,918 shares issued and outstanding, respectively	\$ 10	\$ 10
Capital in excess of par value	135,353	140,038
Accumulated distributions in excess of net investment income	(2,692 )	(2,985 )
Accumulated net realized gain (loss) on investments	-	-
Accumulated net unrealized appreciation (depreciation) on investments and secured borrowings	514	1,029
Total net assets	\$ 133,185	\$ 138,092
Net asset value per share	\$ 13.93	\$ 13.92

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except per share data)**

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Investment income:				
Interest income:				
Non-controlled/non-affiliate company investments	\$ 6,883	\$ 3,752	\$ 13,291	\$ 7,471
Non-controlled affiliated company investments	163	-	271	-
Total investment income	7,046	3,752	13,562	7,471
Operating expenses:				
Interest and other debt financing expenses	1,115	680	2,082	1,374
Base management fees	1,030	618	1,983	1,205
Incentive fees	667	374	1,584	805
Professional fees	298	209	489	425
Administrative service fees	217	137	418	315
General and administrative expenses	205	184	362	294
Total expenses	3,532	2,202	6,918	4,418
Net investment income	3,514	1,550	6,644	3,053
Net gain (loss) on investments and secured borrowings:				
Net realized gain (loss) on investments:				
Non-controlled/non-affiliate company investments	161	125	205	146
Net realized gain (loss) on investments	161	125	205	146
Net change in unrealized appreciation (depreciation) on investments:				
Non-controlled/non-affiliate company investments	(1,243 )	313	(968 )	2,111
Non-controlled affiliated company investments	110	-	385	-
Net change in unrealized appreciation (depreciation) on investments	(1,133 )	313	(583 )	2,111

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Net change in unrealized (appreciation) depreciation on secured borrowings	124	-	68	(22 )
<b>Net gain (loss) on investments and secured borrowings</b>	(848 )	438	(310 )	2,235
Net increase (decrease) in net assets resulting from operations	\$ 2,666	\$ 1,988	\$ 6,334	\$ 5,288
Per common share data:				
Net investment income per share - basic and diluted	\$ 0.37	\$ 0.27	\$ 0.69	\$ 0.53
Net increase in net assets resulting from operations per share - basic and diluted	\$ 0.28	\$ 0.34	\$ 0.65	\$ 0.92
Weighted average common shares outstanding - basic and diluted	9,582	5,765	9,671	5,758

See Notes to Consolidated Financial Statements

## MONROE CAPITAL CORPORATION

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(unaudited)

(in thousands)

	Common Stock		Capital in	Accumulated distributions in excess of	Accumulated net realized	Accumulated net unrealized appreciation (depreciation) on investments and secured borrowings	Total net assets
	Number of shares	Par value	excess of par value	net investment income	gain (loss) on investments		
Balances at December 31, 2012	5,750	\$ 6	\$84,633	\$ (1,165 )	\$ -	\$ 160	\$83,634
Net increase in net assets resulting from operations	-	-	-	3,053	146	2,089	5,288
Stockholder distributions paid, including stock issued in connection with dividend reinvestment plan	28	-	417	(3,914 )	-	-	(3,497 )
Balances at June 30, 2013	5,778	\$ 6	\$85,050	\$ (2,026 )	\$ 146	\$ 2,249	\$85,425
Balances at December 31, 2013	9,918	\$ 10	\$140,038	\$ (2,985 )	\$ -	\$ 1,029	\$138,092
Net increase in net assets resulting from operations	-	-	-	6,644	205	(515 )	6,334
Stockholder distributions paid	-	-	-	(6,351 )	(205 )	-	(6,556 )
Repurchases of common stock	(359 )	-	(4,685 )	-	-	-	(4,685 )
Balances at June 30, 2014	9,559	\$ 10	\$135,353	\$ (2,692 )	\$ -	\$ 514	\$133,185

See Notes to Consolidated Financial Statements



**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 6,334	\$ 5,288
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (appreciation) depreciation on investments	583	(2,111 )
Net change in unrealized appreciation (depreciation) on secured borrowings	(68 )	22
Net realized (gain) loss on investments	(205 )	(146 )
Paid-in-kind interest income	(329 )	(68 )
Net accretion of discounts and amortization of premiums	(311 )	(90 )
Proceeds from principal payments and sales of investments	41,616	14,767
Purchases of investments		