

MONROE CAPITAL Corp
Form 10-Q
May 12, 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 March 31, 2014

OR

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

Commission file number: 814-00866

MONROE CAPITAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland **27-4895840**
(State or Other Jurisdiction of **(I.R.S. Employer**
Incorporation or Organization) **Identification No.)**
311 South Wacker Drive, Suite 6400
Chicago, Illinois **60606**
(Address of Principal Executive Office) (Zip Code)

(312) 258-8300

(Registrant's Telephone Number, Including Area Code)

Indicate by 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

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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 May 9, 2014, the registrant had 9,567,101 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)**

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Investments, at fair value		
Non-controlled/non-affiliate company investments, at fair value (cost of: \$213,438 and \$206,945, respectively)	\$ 214,266	\$ 207,920
Non-controlled affiliated company investments, at fair value (cost of: \$9,707 and \$0, respectively)	10,405	-
Total investments, at fair value (cost of: \$223,145 and \$206,945, respectively)	224,671	207,920
Cash	9,395	14,603
Receivable for open trades	2,734	-
Interest receivable	822	638
Deferred financing costs, net	1,958	2,091
Other assets	421	429
Total assets	240,001	225,681
LIABILITIES		
Revolving credit facility	94,500	76,000
Secured borrowings, at fair value (proceeds of \$6,179 and \$7,997, respectively)	6,181	7,943
Payable for open trades	1,311	840
Interest payable on credit facility	112	239
Management fees payable	953	845
Incentive fees payable	1,123	1,067
Accounts payable and accrued expenses	753	655
Total liabilities	104,933	87,589
Net assets	\$ 135,068	\$ 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, 9,656 and 9,918 shares issued and outstanding, respectively	\$ 10		\$ 10	
Capital in excess of par value	136,650		140,038	
Accumulated distributions in excess of net investment income	(3,115)	(2,985)
Accumulated net realized gain (loss) from investments	-		-	
Accumulated net unrealized appreciation (depreciation) on investments and secured borrowings	1,523		1,029	
Total net assets	\$ 135,068		\$ 138,092	
Net asset value per share	\$ 13.99		\$ 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 March 31,			
	2014	2013		
Investment income:				
Interest income:				
Non-controlled/non-affiliate company investments	\$ 6,211	\$ 3,719		
Non-controlled affiliated company investments	305	-		
Total investment income	6,516	3,719		
Operating expenses:				
Interest and other debt financing expenses	967	694		
Base management fees	953	587		
Incentive fees	917	431		
Professional fees	191	216		
Administrative service fees	201	178		
General and administrative expenses	157	110		
Total expenses	3,386	2,216		
Net investment income	3,130	1,503		
Net gain (loss) on investments and secured borrowings:				
Net realized gain (loss) on investments:				
Non-controlled/non-affiliate company investments	44	21		
Net realized gain (loss) on investments	44	21		
Net change in unrealized appreciation (depreciation) on investments:				
Non-controlled/non-affiliate company investments	(148)	1,799	
Non-controlled affiliated company investments	698	-		
Net change in unrealized appreciation (depreciation) on investments	550		1,799	
Net change in unrealized (appreciation) depreciation on secured borrowings	(56)	(23)
Net gain (loss) on investments and secured borrowings	538		1,797	

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Net increase (decrease) in net assets resulting from operations	\$ 3,668	\$ 3,300
Per common share data:		
Net investment income per share - basic and diluted	\$ 0.32	\$ 0.26
Net increase in net assets resulting from operations per share - basic and diluted	\$ 0.38	\$ 0.57
Weighted average common stock outstanding - basic and diluted	9,761	5,751

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	Accumulated net realized gain (loss) on Investments	Accumulated net realized appreciation (depreciation) on investments and secured borrowings	Total net assets
	Number of shares	Par value	excess of par value	excess of net investment income			
Balances at December 31, 2012	5,750	\$ 6	\$ 84,633	\$ (1,165)	\$ -	\$ 160	\$ 83,634
Net increase in net assets resulting from operations	-	-	-	1,503	21	1,776	3,300
Stockholder distributions paid, including stock issued in connection with dividend reinvestment plan	14	-	215	(1,955)	-	-	(1,740)
Balances at March 31, 2013	5,764	\$ 6	\$ 84,848	\$ (1,617)	\$ 21	\$ 1,936	\$ 85,194
Balances at December 31, 2013	9,918	\$ 10	\$ 140,038	\$ (2,985)	\$ -	\$ 1,029	\$ 138,092
Net increase in net assets resulting from operations	-	-	-	3,130	44	494	3,668
Stockholder distributions paid, including stock issued in connection with dividend reinvestment plan	-	-	-	(3,260)	(44)	-	(3,304)
Repurchases of common stock	(262)	-	(3,388)	-	-	-	(3,388)
Balances at March 31, 2014	9,656	\$ 10	\$ 136,650	\$ (3,115)	\$ -	\$ 1,523	\$ 135,068

See Notes to Consolidated Financial Statements

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

	Three months ended March	
	31,	
	2014	2013
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 3,668	\$ 3,300
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	(550)	(1,799)
Net change in unrealized appreciation (depreciation) on secured borrowings	56	23
Net realized (gain) loss on investments	(44)	(21)
Paid-in-kind interest income	(130)	(31)
Net accretion of discounts and amortization of premiums	(161)	(52)
Proceeds from principal payments and sales of investments	20,126	6,555
Purchases of investments	(35,991)	(6,240)
Amortization of deferred financing costs	133	115
Changes in operating assets and liabilities:		
Receivable for open trades	(2,734)	-
Interest receivable	(184)	(49)
Other assets	8	(329)
Payable for open trades	918	-
Interest payable on credit facility	(127)	24
Management fees payable	108	269
Incentive fees payable	56	432
Accounts payable and accrued expenses	98	279
Net cash provided by (used in) operating activities	(14,750)	2,476
Cash flows from financing activities		
Borrowings on credit facility	26,500	5,000
Repayments on credit facility	(8,000)	(13,000)
Proceeds from secured borrowings	-	10,000
Repayments on secured borrowings	(1,818)	(293)
Repurchases of common stock	(3,836)	-
Stockholder distributions paid (net of stock issued under dividend reinvestment plan of \$0 and \$215, respectively)	(3,304)	(1,740)

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Net cash provided by (used in) financing activities	9,542	(33)
Net increase (decrease) in cash	(5,208)	2,443
Cash, beginning of period	14,603		4,060
Cash, end of period	\$ 9,395		\$ 6,503
Supplemental disclosure of cash flow information:			
Cash interest paid during the period	\$ 844		\$ 474

See Notes to Consolidated Financial Statements

MONROE CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

(unaudited)

March 31, 2014

(in thousands, except for units)

Portfolio Company ^(a)	Industry	Spread Above Index ^(b)	Interest Rate	Maturity	Principal/Shares	Amortize Cost	Fair Value ^(c)	% of Net Assets ^(d)
Senior Secured Loans Alliance Time Holdings, LLC	Retail	L+11.50%						