

TORTOISE CAPITAL RESOURCES CORP
Form 10-Q
April 09, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended February 29, 2012

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER: 001-33292

TORTOISE CAPITAL RESOURCES CORPORATION

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of incorporation or organization)

20-3431375

(I.R.S. Employer Identification No.)

**11550 ASH STREET, SUITE 300
LEAWOOD, KANSAS 66211**

(Address of principal executive office) (Zip Code)

(913) 981-1020

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

The number of shares of the issuer's Common Stock, par value \$.001 outstanding as of March 31, 2012 was 9,180,935.

Tortoise Capital Resources Corporation

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2012

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This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter. It should be read in conjunction with the consolidated financial statements, related notes and with the MD&A analysis included within; as well as provided in the 2011 Annual Report on Form 10-K.

The condensed consolidated unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended February 29, 2012 are not necessarily indicative of the results that may be expected for the year ended November 30, 2012. For further information, refer to the consolidated financial statements and footnotes thereto included in the Tortoise Capital Resources Corporation (the Company s) Annual Report on Form 10-K for the year ended November 30, 2011.

Tortoise Capital Resources Corporation

CONSOLIDATED BALANCE SHEETS

	February 29, 2012 (Unaudited)	November 30, 2011
Assets		
Trading securities, at fair value	\$ 29,503,101	\$ 27,037,642
Other equity securities, at fair value	47,269,729	41,856,730
Leased property, net of accumulated depreciation of \$470,895 and \$294,309, respectively	13,655,954	13,832,540
Cash and cash equivalents	3,470,268	2,793,326
Property and equipment, net of accumulated depreciation of \$1,540,523 and \$1,483,616, respectively	3,799,102	3,842,675
Escrow receivable	1,677,052	1,677,052
Accounts receivable	2,215,991	1,402,955
Intangible lease asset, net of accumulated amortization of \$194,626 and \$121,641, respectively	900,145	973,130
Lease receivable	1,185,381	474,152
Prepaid expenses	217,800	140,017
Receivable for Adviser expense reimbursement		121,962
Deferred tax asset		27,536
Other assets	322,001	107,679
Total Assets	104,216,524	94,287,396
Liabilities and Stockholders Equity		
Liabilities		
Management fees payable to Adviser	247,381	365,885
Distribution payable to common stockholders	1,009,462	
Accounts payable	507,814	597,157
Line of credit	1,045,000	
Long-term debt	2,237,355	2,279,883
Lease obligation	87,860	107,550
Deferred tax liability	3,428,378	
Accrued expenses and other liabilities	489,382	510,608
Total Liabilities	9,052,632	3,861,083
Stockholders Equity		
Warrants, no par value; 945,594 issued and outstanding at February 29, 2012 and November 30, 2011 (5,000,000 authorized)	\$ 1,370,700	\$ 1,370,700
Capital stock, non-convertible, \$0.001 par value; 9,176,889 shares issued and outstanding at February 29, 2012 and 9,176,889 shares issued and outstanding at November 30, 2011 (100,000,000 shares authorized)	9,177	9,177
Additional paid-in capital	94,673,276	95,682,738
Accumulated deficit	(889,261)	(6,636,302)
Total Stockholders Equity	\$ 95,163,892	\$ 90,426,313
Total Liabilities and Stockholders Equity	\$ 104,216,524	\$ 94,287,396

See accompanying Notes to Consolidated Financial Statements.

Tortoise Capital Resources Corporation

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the three months ended February 29, 2012	For the three months ended February 28, 2011
Revenue		
Sales revenue	\$ 2,437,310	\$
Lease income	638,244	
Total Revenue	3,075,554	
Expenses		
Cost of sales (excluding depreciation expense)	2,004,672	
Management fees, net of expense reimbursements	247,381	234,680
Professional fees	108,578	80,876
Depreciation expense	246,805	
Operating expenses	172,641	
Directors fees	14,581	14,573
Interest expense	27,409	
Other expenses	57,260	58,394
Total Expenses	2,879,327	388,523
Gain (loss) from operations	196,227	(388,523)
Other Income		
Net distributions and dividend income on securities	85,262	561,786
Net realized and unrealized gain (loss) on trading securities	2,862,272	1,422,329
Net realized and unrealized gain (loss) on other equity securities	6,069,194	(744,584)
Total Other Income	9,016,728	1,239,531
Income before income taxes	9,212,955	851,008
Taxes		
Current tax expense	(10,000)	
Deferred tax (expense) benefit	(3,455,914)	262,262
Income tax (expense) benefit, net	(3,465,914)	262,262
Net Income	\$ 5,747,041	\$ 1,113,270
Earnings Per Common Share:		
Basic and Diluted	\$ 0.63	\$ 0.12
Weighted Average Shares of Common Stock Outstanding:		
Basic and Diluted	9,176,889	9,146,506
Dividends declared per share	\$ 0.11	\$ 0.10

See accompanying Notes to Consolidated Financial Statements.

Tortoise Capital Resources Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the three months ended February 29, 2012	For the three months ended February 28, 2011
Operating Activities		
Net Income	\$ 5,747,041	\$ 1,113,270
Adjustments:		
Distributions received from investment securities	1,053,007	305,725
Deferred income tax, net	3,455,914	(262,262)
Depreciation expense	246,805	
Amortization of intangible lease asset	72,985	
Amortization of assumed debt premium	(42,527)	
Realized and unrealized gain on trading securities	(2,862,272)	(1,422,329)
Realized and unrealized (gain) loss on other equity securities	(6,069,194)	744,584
Changes in assets and liabilities:		
Decrease in interest, dividend and distribution receivable		42,811
Increase in lease receivable	(711,229)	
Increase in accounts receivable	(813,036)	
Increase in prepaid expenses and other assets	(292,105)	(5,971)
Increase in management fees payable to Adviser, net of expense reimbursement	3,458	16,389
Decrease in accounts payable	(89,343)	
Decrease in accrued expenses and other liabilities	(21,226)	(6,489)
Net cash (used in) provided by operating activities	\$ (321,722)	\$ 525,728
Investing Activities		
Purchases of long-term investments		(7,970,756)
Proceeds from sales of long-term investments		8,177,504
Proceeds from sale of property and equipment	3,076	
Purchases of property and equipment	(29,722)	
Net cash provided by (used in) investing activities	\$ (26,646)	\$ 206,748
Financing Activities		
Payments on lease obligation	(19,690)	
Advances from revolving line of credit	1,045,000	
Net cash provided by financing activities	\$ 1,025,310	\$
Net change in cash and cash equivalents	676,942	732,476
Cash and cash equivalents at beginning of year	2,793,326	1,466,193
Cash and cash equivalents at end of quarter	\$ 3,470,268	\$ 2,198,669
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 11,665	\$
Income taxes paid	\$ 96,000	\$

See accompanying Notes to Consolidated Financial Statements.

Tortoise Capital Resources Corporation**CONSOLIDATED STATEMENTS OF EQUITY** *(Unaudited)*

	Capital Stock			Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Warrants			
Balance at						
November 30, 2009	9,078,090	\$ 9,078	\$ 1,370,700	\$ 101,929,307	\$ (19,012,500)	\$ 84,296,585
Net Income					14,666,874	14,666,874
Distributions to stockholders sourced as return of capital				(3,915,124)		(3,915,124)
Reinvestment of distributions to stockholders	68,416	69		430,769		430,838
Balance at						
November 30, 2010	9,146,506	9,147	1,370,700	98,444,952	(4,345,626)	95,479,173
Net Income					2,922,143	2,922,143
Distributions to stockholders sourced as return of capital				(3,755,607)		(3,755,607)
Reinvestment of distributions to stockholders	30,383	30		252,212		252,242
Consolidation of						