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Enservco Corp
Form 10-Q
November 14, 2011

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

MARK ONE

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

For the quarterly period ended September 30, 2011

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 0-9494

ENSERVCO CORPORATION

(Exact Name of registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

84-0811316
(IRS Employer
Identification No.)

501 South Cherry St., Ste. 320
Denver, CO
(Address of principal executive offices)

80246
(Zip Code)

Issuer's telephone number: (303) 333-3678

830 Tenderfoot Hill Road, Suite 310
Colorado Springs, CO 80906

(Former name or former address 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 for such shorter period that Enservco 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

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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.

Large accelerated filer Accelerated filer
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

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at November 1, 2011
Common stock, \$.005 par value	21,778,866

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 525,801	\$ 1,637,807
Accounts receivable, net	3,249,885	4,101,331
Marketable securities	154,212	365,786
Prepaid expenses and other current assets	651,593	315,521
Inventories	344,537	300,527
Income taxes receivable	-	634,941
Deferred tax asset	109,233	20,041
Total current assets	5,035,261	7,375,954
Property and Equipment, net		
Property and Equipment, net	15,477,129	14,452,298
Non-Competition Agreements, net	240,000	420,000
Goodwill	301,087	301,087
Other Assets	58,503	71,537
TOTAL ASSETS	\$ 21,111,980	\$ 22,620,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,195,287	\$ 2,066,353
Line of credit borrowings	1,314,358	1,050,000
Current portion of long-term debt	3,771,842	3,107,122
Total current liabilities	7,281,487	6,223,475
Long-Term Liabilities		
Deferred rent payable	5,511	-
Subordinated debt – related party	1,477,760	1,700,000
Long-term debt, less current portion	7,735,372	8,657,675
Deferred income taxes, net	731,908	1,434,282
Total long-term liabilities	9,950,551	11,791,957
Total liabilities	17,232,038	18,015,432
Stockholders' Equity		
Common and preferred stock, \$.005 par value		
Authorized: 100,000,000 common shares and 10,000,000 preferred shares Issued:		
21,882,466 common shares and -0- preferred shares		
Treasury Stock: 103,600 common shares		
Issued and outstanding: 21,778,866 common shares and -0- preferred shares at		
September 30, 2011 and December 31, 2010	108,894	108,894

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Additional paid-in-capital	5,990,260	5,489,823
Retained deficit	(2,245,651)	(1,150,011)
Accumulated other comprehensive income – marketable securities	26,439	156,738
Total stockholders' equity	3,879,942	4,605,444
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 21,111,980	\$ 22,620,876

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Operations

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
Revenues	\$ 4,532,274	\$ 3,406,290	\$ 18,265,614	\$ 12,626,500
Cost of Revenue	3,952,923	2,960,385	13,619,711	10,102,887
Gross Profit	579,351	445,905	4,645,903	2,523,613
Operating Expenses				
General and administrative expenses	1,058,602	1,031,883	2,450,153	1,878,011
Depreciation and amortization	1,215,524	993,977	3,410,063	2,918,670
Total operating expenses	2,274,126	2,025,860	5,860,216	4,796,681
Loss from Operations	(1,694,775)	(1,579,955)	(1,214,313)	(2,273,068)
Other Expense				
Interest expense	(161,642)	(177,553)	(513,918)	(551,794)
Loss on disposals of equipment	-	(19,200)	(44,286)	(12,075)
Interest and other (expense) income	(726)	108,996	(38,436)	192,360
Total other expense	(162,368)	(87,757)	(596,640)	(371,509)
Loss Before Income Tax Benefit	(1,857,143)	(1,667,712)	(1,810,953)	(2,644,577)
Income Tax Benefit	726,719	661,913	715,313	962,374
Net Loss	\$ (1,130,424)	\$ (1,005,799)	\$ (1,095,640)	\$ (1,682,203)
Other Comprehensive (Loss) Income				
Unrealized (loss) gain on marketable securities, net of tax	(46,451)	37,168	(130,300)	(484,296)
Comprehensive Loss	\$ (1,176,875)	\$ (968,631)	\$ (1,225,940)	\$ (2,166,499)
Earnings per Common Share				
Loss Per Common Share – Basic Income	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.10)
Loss Per Common Share –Diluted	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.10)
Basic weighted average number of common shares outstanding (on an equivalent basis)				
	21,778,866	19,648,325	21,778,866	16,247,725
Add: Dilutive shares assuming exercise of options and warrants				
	-	-	-	-
Diluted weighted average number of common shares outstanding (on an equivalent basis)				
	21,778,866	19,648,325	21,778,866	16,247,725

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
OPERATING ACTIVITIES				
Net loss	\$ (1,130,424)	\$ (1,005,799)	\$ (1,095,640)	\$ (1,682,203)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,215,524	993,977	3,410,063	2,918,670
Loss on disposal of equipment	-	19,200	44,286	12,075
Deferred income taxes	(756,417)	(1,049,455)	(791,566)	(1,349,915)
Unrealized gain on derivatives	-	-	-	(140,733)
Stock-based compensation	345,219	292,596	454,084	292,596
Warrants issued in consideration to vendor	-	81,771	46,353	