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CorEnergy Infrastructure Trust, Inc.
Form 10-Q
November 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 2013

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

COREENERGY INFRASTRUCTURE TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or
organization)
4200 W. 115th Street, Suite 210
Leawood, Kansas 66211
(Address of Principal Executive Offices) (ZIP Code)

20-3431375
(IRS Employer Identification No.)

(913) 387-2790
(Registrant's telephone number, including area code)

n/a
(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 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):

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 Act)

Yes No

As of October 31, 2013, the registrant had 24,156,163 common shares outstanding.

CorEnergy Infrastructure Trust, Inc.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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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 Management's Discussion & Analysis ("MD&A") included within, as well as provided in the 2012 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 and nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ended December 31, 2013. For further information, refer to the consolidated financial statements and footnotes thereto included in the CorEnergy Infrastructure Trust, Inc. Annual Report on Form 10-K for the year ended November 30, 2012.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CorEnergy Infrastructure Trust, Inc.

CONSOLIDATED BALANCE SHEETS

	September 30, 2013	November 30, 2012
Assets	(Unaudited)	
Leased property, net of accumulated depreciation of \$9,967,558, and \$1,131,680, respectively	\$234,763,415	\$12,995,169
Other equity securities, at fair value	22,168,268	19,866,621
Cash and cash equivalents	18,918,718	14,333,456
Trading securities, at fair value	—	55,219,411
Property and equipment, net of accumulated depreciation of \$1,966,766 and \$1,751,202, respectively	3,389,401	3,589,022
Escrow receivable	—	698,729
Accounts receivable	1,142,898	1,570,257
Intangible lease asset, net of accumulated amortization of \$656,863 and \$413,580, respectively	437,908	681,191
Deferred debt issuance costs, net of accumulated amortization of \$401,942 and \$0, respectively	1,146,411	—
Deferred lease costs, net of accumulated amortization of \$47,930 and \$0, respectively	872,533	—
Hedged derivative asset	516,305	—
Current tax asset	770,763	—
Prepaid expenses and other assets	268,040	2,477,977
Total Assets	\$284,394,660	\$111,431,833
Liabilities and Equity		
Long-term debt	\$70,000,000	\$—
Accounts payable and other accrued liabilities	2,574,541	2,885,631
Dividends payable to shareholders	3,018,990	—
Lease obligation	—	27,522
Deferred tax liability	4,576,499	7,172,133
Line of credit	—	120,000
Unearned revenue	—	2,370,762
Total Liabilities	\$80,170,030	\$12,576,048
Equity		
Warrants, no par value; 945,594 issued and outstanding at September 30, 2013 and November 30, 2012 (5,000,000 authorized)	\$1,370,700	\$1,370,700
Capital stock, non-convertible, \$0.001 par value; 24,151,870 shares issued and outstanding at September 30, 2013 and 9,190,667 shares issued and outstanding at November 30, 2012 (100,000,000 shares authorized)	24,152	9,191
Additional paid-in capital	173,411,657	91,763,475
Accumulated retained earnings	—	5,712,419
Accumulated other comprehensive income	658,470	—
Total CorEnergy Equity	175,464,979	98,855,785
Non-controlling Interest	28,759,651	—
Total Equity	204,224,630	98,855,785
Total Liabilities and Equity	\$284,394,660	\$111,431,833

See accompanying Notes to Consolidated Financial Statements.

CorEnergy Infrastructure Trust, Inc.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	August 31, 2012	September 30, 2013	August 31, 2012
Revenue				
Lease revenue	\$5,638,244	\$638,244	\$16,914,732	\$1,914,732
Sales revenue	1,935,868	1,927,626	6,381,213	5,804,894
Total Revenue	7,574,112	2,565,870	23,295,945	7,719,626
Expenses				
Cost of sales (excluding depreciation expense)	1,411,318	1,381,161	4,891,305	4,416,947
Management fees, net of expense reimbursements	647,380	298,051	1,937,588	800,397
Asset acquisition expenses	640,302	144,270	725,513	238,969
Professional fees	305,326	419,340	1,191,017	796,853
Depreciation expense	2,857,412	246,804	8,571,860	740,437
Amortization expense	15,342	—	45,963	—
Operating expenses	204,446	196,644		