Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended March 31, 2002

☐ 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 333-47196

ATEL Capital Equipment Fund IX, LLC
(Exact name of registrant as specified in its charter)

California	**94-3375584**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

235 Pine Street, 6th Floor, San Francisco, California 94104
(Address of principal executive offices)

Registrant's telephone number, including area code: (415) 989-8800

Indicate by a 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 ☒

DOCUMENTS INCORPORATED BY REFERENCE

None

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

BALANCE SHEETS

MARCH 31, 2002 AND DECEMBER 31, 2001
(Unaudited)

ASSETS

	2002	2001
Cash and cash equivalents	$ 17,753,199	$ 13,568,058
Accounts receivable	742,323	1,186,719
Notes receivable	1,811,376	982,262
Investments in leases	28,331,406	21,091,372
Total assets	$ 48,638,304	$ 36,828,411

LIABILITIES AND MEMBERS' CAPITAL

	2002	2001
Accounts payable:		
Managing Member	$ 315,014	$ 157,719
Other	10,818	24,471
Unearned operating lease income	230,416	95,618
Total liabilities	556,248	277,808
Members' capital:		
Managing member	-	-
Other members	48,082,056	36,550,603
Total members' capital	48,082,056	36,550,603
Total liabilities and members' capital	$ 48,638,304	$ 36,828,411

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF OPERATIONS

THREE MONTH PERIODS ENDED
MARCH 31, 2002 AND 2001
(Unaudited)

	2002	2001
Revenues:		
Leasing activities:		
Operating leases	$ 951,867	$ 69,815
Direct financing leases	21,152	5,568
Interest	106,591	13,900
Other	136	5,000
	1,079,746	94,283
Expenses:		
Depreciation and amortization	784,536	41,288
Other	81,354	2,591
Asset management fees to Managing Member	58,256	1,798
Cost reimbursements to Managing Member	52,854	66,460
Professional fees	24,025	-
Interest expense	-	19,327
	1,001,025	131,464
Net income (loss)	$ 78,721	$ (37,181)
Net income (loss):		
Managing member	$ 86,510	$ (100)
Other members	(7,789)	(37,081)
	$ 78,721	$ (37,181)
Net income (loss) per Limited Liability Company Unit	$ (0.00)	$ (0.17)
Weighted average number of Units outstanding	5,055,796	221,235

STATEMENT OF CHANGES IN MEMBERS' CAPITAL

THREE MONTH PERIOD ENDED
MARCH 31, 2002
(Unaudited)

	Other Members		Managing	
	Units	Amount	Member	Total
Balance December 31, 2001	4,363,409	$ 36,550,603	$ -	$ 36,550,603
Capital contributions	1,446,708	14,467,080		14,467,080
Less selling commissions to affiliates		(1,374,373)		(1,374,373)
Other syndication costs to affiliates		(497,888)		(497,888)
Distributions to members		(1,055,577)	(86,510)	(1,142,087)
Net income (loss)		(7,789)	86,510	78,721
Balance March 31, 2002	5,810,117	$ 48,082,056	$ -	$ 48,082,056

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

STATEMENTS OF CASH FLOWS

THREE MONTH PERIODS ENDED
MARCH 31, 2002 AND 2001
(Unaudited)

	2002	2001
Operating activities:		
Net income (loss)	$ 78,721	$ (37,181)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	784,536	41,288
Changes in operating assets and liabilities:		
Accounts receivable	444,396	(86,551)
Accounts payable, Managing Member	157,295	10,717
Accounts payable, other	(13,653)	2,101
Unearned operating lease income	134,798	-
Net cash provided by (used in) operations	1,586,093	(69,626)
Investing activities:		
Purchases of equipment on operating leases	(6,859,596)	(2,285,186)
Note receivable advances	(1,177,028)	(1,000,000)
Purchases of equipment on direct financing leases	(980,570)	(819,124)
Payments received on notes receivable	347,914	152,042
Payments of initial direct costs to managing member	(126,727)	(40,376)
Investment in residuals	(91,809)	(100,000)
Reduction of net investment in direct financing leases	34,132	6,615
Net cash used in investing activities	(8,853,684)	(4,086,029)
Financing activities:		
Capital contributions received	14,467,080	7,123,500
Payment of syndication costs to managing member	(1,872,261)	(886,225)
Distributions to members	(1,142,087)	-
Net cash provided by financing activities	11,452,732	6,237,275
Net increase in cash and cash equivalents	4,185,141	2,081,620
Cash and cash equivalents at beginning of period	13,568,058	600
Cash and cash equivalents at end of period	$ 17,753,199	$ 2,082,220
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$ -	$ 19,327

See accompanying notes.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)

1. Summary of significant accounting policies:

Interim financial statements:

The unaudited interim financial statements reflect all adjustments which are, in the opinion of the managing member, necessary to a fair statement of financial position and results of operations for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited interim financial statements should be read in conjunction with the most recent report on Form 10K.

2. Organization and Company matters:

ATEL Capital Equipment Fund IX, LLC (the Fund) was formed under the laws of the state of California on September 27, 2000 for the purpose of acquiring equipment to engage in equipment leasing and sales activities. The Fund may continue until December 31, 2019.

Upon the sale of the minimum amount of Units of Limited Liability Company interest (Units) of $1,200,000 and the receipt of the proceeds thereof on February 21, 2001, the Company commenced operations.

The Company does not make a provision for income taxes since all income and losses will be allocated to the Partners for inclusion in their individual tax returns.

3. Investment in leases:

The Company's investment in leases consists of the following:

	Balance December 31, 2001	Additions	Depreciation Expense and Amortization of Leases	Reclass-ifications and Dispositions	Balance March 31, 2002
Net investment in operating leases	$ 19,971,408	$ 6,859,596	$ (765,391)	$ -	$ 26,065,613
Net investment in direct financing leases	750,894	980,570	(34,132)	-	1,697,332
Residual values, other	75,983	91,809			167,792
Initial direct costs	293,087	126,727	(19,145)	-	400,669
	$ 21,091,372	$ 8,058,702	$ (818,668)	$ -	$ 28,331,406

3. Investment in leases (continued):

Operating leases:

Property on operating leases consists of the following:

	Balance December 31, 2001	Additions and Depreciation	Reclass-ifications and Dispositions	Balance March 31, 2002
Mining	$ 13,421,219	$ -	$ -	$ 13,421,219
Marine vessels	5,712,000	-	-	5,712,000
Manufacturing	989,709	4,052,809	-	5,042,518
Materials handling	207,486	2,211,915	-	2,419,401
Office furniture	998,540	325,719	-	1,324,259
Natural gas compressors	696,451	-	-	696,451
Communications	-	269,153	-	269,153
	22,025,405	6,859,596	-	28,885,001
Less accumulated depreciation	(2,053,997)	(765,391)	-	(2,819,388)
	$ 19,971,408	$ 6,094,205	$ -	$ 26,065,613

The average assumed residual values for assets on operating leases were 32% at December 31, 2001 and 26% at March 31, 2002.

Direct financing leases:

As of March 31, 2002, investment in direct financing leases consists office furniture and materials handling equipment. The following lists the components of the Company's investment in direct financing leases as of March 31, 2002:

Total minimum lease payments receivable	$ 1,886,069
Estimated residual values of leased equipment (unguaranteed)	209,873
Investment in direct financing leases	2,095,942
Less unearned income	(398,610)
Net investment in direct financing leases	$ 1,697,332

All of the property on leases was acquired in 2001 and 2002.

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)

3. Investment in leases (continued):

At March 31, 2002, the aggregate amounts of future minimum lease payments are as follows:

	Operating Leases	Direct Financing Leases	Total
Nine months ending December 31, 2002	$ 2,814,074	$ 278,277	$ 3,092,351
Year ending December 31, 2003	4,316,937	371,036	4,687,973
2004	4,191,708	371,036	4,562,744
2005	3,938,837	371,036	4,309,873
2006	3,484,311	361,172	3,845,483
Thereafter	539,209	133,512	672,721
	$ 19,285,076	$ 1,886,069	$ 21,171,145

4. Related party transactions:

The terms of the Limited Company Operating Agreement provide that the Managing Member and/or Affiliates are entitled to receive certain fees for equipment acquisition, management and resale and for management of the Company.

The Limited Liability Company Operating Agreement allows for the reimbursement of costs incurred by the Managing Member in providing services to the Company. Services provided include Company accounting, investor relations, legal counsel and lease and equipment documentation. The Managing Member is not reimbursed for services where it is entitled to receive a separate fee as compensation for such services, such as acquisition and management of equipment. Reimbursable costs incurred by the Managing Member are allocated to the Company based upon actual time incurred by employees working on Company business and an allocation of rent and other costs based on utilization studies.

Substantially all employees of the Managing Member record time incurred in performing services on behalf of all of the Companies serviced by the Managing Member. The Managing Member believes that the costs reimbursed are the lower of (i) actual costs incurred on behalf of the Company or (ii) the amount the Company would be required to pay independent parties for comparable administrative services in the same geographic location and are reimbursable in accordance with the Limited Liability Company Operating Agreement.

The Managing Member and/or Affiliates earned fees, commissions and reimbursements, pursuant to the Limited Liability Company Agreement as follows:

	2002	2001
Selling commissions (equal to 9.5% of the selling price of the Limited Liability Company units, deducted from Other Members' capital)	$ 1,374,373	$ 676,733
Reimbursement of other syndication costs to Managing Member	497,888	209,493
Asset management fees to Managing Member	58,256	1,798
Costs reimbursed to Managing Member	52,854	66,460
	$ 1,983,371	$ 954,484

ATEL CAPITAL EQUIPMENT FUND IX, LLC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002
(Unaudited)

5. Member's capital:

As of March 31, 2002, 5,810,117 Units ($58,101,170) were issued and outstanding. The Company is authorized to issue up to 15,000,050 Units, including the 50 Units issued to the initial members.

The Company's Net Income, Net Losses, and Distributions are to be allocated 92.5% to the Members and 7.5% to the Managing Member.

6. Line of credit:

The Partnership participates with the General Partner and certain of its affiliates in a $62,000,000 revolving line of credit with a financial institution that includes certain financial covenants. The line of credit expired on April 12, 2002 and has been extended through June 30, 2002. The General Partner is currently negotiating a new line of credit and anticipates that the current line of credit will be replaced before its extended expiration date. The terms and conditions on the new line of credit are expected to be substantially the same as on the expiring line of credit. As of March 31, 2002, borrowings under the facility were as follows:

Amount borrowed by the Partnership under the acquisition facility	$ -
Amounts borrowed by affiliated partnerships and limited liability companies under the acquisition facility	19,300,000
Total borrowings under the acquisition facility	19,300,000
Amounts borrowed by the General Partner and its sister corporation under the warehouse facility	5,235,045
Total outstanding balance	$ 24,535,045
Total available under the line of credit	$ 62,000,000
Total outstanding balance	(24,535,045)
Remaining availability	$ 37,464,955

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Partnership and the General Partner.

The credit agreement includes certain financial covenants applicable to each borrower. The Partnership was in compliance with its covenants as of March 31, 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources and Liquidity

During the first quarters of 2002 and 2001, the Company's primary activities were raising funds through its offering of Limited Liability Company Units (Units) and engaging in equipment leasing activities. Through March 31, 2002, the Company had received subscriptions for 5,810,117 Units ($58,101,170) all of which were issued and outstanding.

During the funding period, the Company's primary source of liquidity is subscription proceeds from the public offering of Units. The liquidity of the Company will vary in the future, increasing to the extent cash flows from leases exceed expenses, and decreasing as lease assets are acquired, as distributions are made to the members and to the extent expenses exceed cash flows from leases.

As another source of liquidity, the Company has contractual obligations with a diversified group of lessees for fixed lease terms at fixed rental amounts. As the initial lease terms expire the Company will re-lease or sell the equipment. The future liquidity beyond the contractual minimum rentals will depend on the Managing Member's success in re-leasing or selling the equipment as it comes off lease.

The Partnership participates with the General Partner and certain of its affiliates in a $62,000,000 revolving line of credit with a financial institution that includes certain financial covenants. The line of credit expired on April 12, 2002 and has been extended through June 30, 2002. The General Partner is currently negotiating a new line of credit and anticipates that the current line of credit will be replaced before its extended expiration date. The terms and conditions on the new line of credit are expected to be substantially the same as on the expiring line of credit. As of March 31, 2002, borrowings under the facility were as follows:

Amount borrowed by the Partnership under the acquisition facility	$ -
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Total outstanding balance	$ 24,535,045
Total available under the line of credit	$ 62,000,000
Total outstanding balance	(24,535,045)
Remaining availability	$ 37,464,955

Draws on the acquisition facility by any individual borrower are secured only by that borrower's assets, including equipment and related leases. Borrowings on the warehouse facility are recourse jointly to certain of the affiliated partnerships and limited liability companies, the Partnership and the General Partner.

The Company anticipates reinvesting a portion of lease payments from assets owned in new leasing transactions. Such reinvestment will occur only after the payment of all obligations, including debt service (both principal and interest), the payment of management and acquisition fees to the Managing Member and providing for cash distributions to the Limited Partners.

The Company currently has available adequate reserves to meet contingencies, but in the event those reserves were found to be inadequate, the Company would likely be in a position to borrow against its current portfolio to meet such requirements. The Managing Member envisions no such requirements for operating purposes.

The credit agreement includes certain financial covenants applicable to each borrower. The Company was in compliance with its covenants as of March 31, 2002.

No commitments of capital have been or are expected to be made other than for the acquisition of additional equipment. There were a total of approximately $700,000 of such commitments as of March 31, 2002.

If inflation in the general economy becomes significant, it may affect the Company inasmuch as the residual (resale) values and rates on re-leases of the Company's leased assets may increase as the costs of similar assets increase. However, the Company's revenues from existing leases would not increase, as such rates are generally fixed for the terms of the leases without adjustment for inflation.

If interest rates increase significantly, the lease rates that the Company can obtain on future leases will be expected to increase as the cost of capital is a significant factor in the pricing of lease financing. Leases already in place, for the most part, would not be affected by changes in interest rates.

Cash Flows

During the first quarters of 2002 and 2001, the Company's primary source of liquidity was the proceeds of its offering of Units.

In 2002 and 2001, the primary source of cash from operations was rents from operating leases.

Rents from direct financing leases and payments received on notes receivable were the primary sources of cash from investing activities. Uses of cash for investing activities consisted of cash used to purchase operating and direct financing lease assets, payments of initial direct costs associated with the lease asset purchases and advances on notes receivable.

In 2002 and 2001, the primary source of cash from financing activities was the proceeds of the Company's public offering of Units of Limited Liability Company interest. Financing uses of cash consisted of payments of syndication costs associated with the offering.

Results of operations

On February 21, 2001, the Company commenced operations. Operations resulted in net income of $78,721 in 2002 compared to a net loss of $37,181 in 2001. The Company's primary source of revenues is from operating leases. Depreciation is related to operating lease assets and thus, to operating lease revenues. They are expected to increase in future periods as acquisitions continue.

Asset management fees are based on the gross lease rents of the Company plus proceeds from the sales of lease assets. They are limited to certain percentages of lease rents, distributions to members and certain other items. As assets are acquired, lease rents are collected and distributions are made to the members, these fees are expected to increase.

Interest expense for the first quarter of 2001 related to the borrowings under the line of credit incurred by an affiliate of the Managing Member. It included all amounts related to those borrowings related transactions transferred to the Company. All of the revenues and related carrying costs for these transactions were attributed to the Company in the first quarter of 2001. There was no interest expense or debt in the first quarter of 2002.

Results of operations in future periods are expected to vary considerably from those of the first quarter of 2002 as the Company continues to acquire significant amounts of lease assets.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Inapplicable.

Item 2. Changes In Securities.

Inapplicable.

Item 3. Defaults Upon Senior Securities.

Inapplicable.

Item 4. Submission Of Matters To A Vote Of Security Holders.

Inapplicable.

Item 5. Other Information.

Information provided pursuant to § 228.701 (Item 701(f))(formerly included in Form SR):

(1) Effective date of the offering: December 7, 1998; File Number: 333-47196
(2) Offering commenced: January 16, 2001
(3) The offering did not terminate before any securities were sold.
(4) The offering has not been terminated prior to the sale of all of the securities.
(5) The managing underwriter is ATEL Securities Corporation.
(6) The title of the registered class of securities is "Units of Limited Liability Company interest"
(7) Aggregate amount and offering price of securities registered and sold as of April 30, 2002

Title of Security	Amount Registered	Aggregate price of offering amount registered	Amount sold	Aggregate price of offering amount sold
Limited Company units	15,000,000	$ 150,000,000	5,809,517	$ 58,095,170

(8) Costs incurred for the issuers account in connection with the issuance and distribution of the securities registered for each category listed below:

	Direct or indirect payments to directors, officers, general partners of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of the issuer	Direct or indirect payments to others	Total
Underwriting discounts and commissions	$ -	$ 5,519,041	$ 5,519,041
Other expenses		2,864,283	2,864,283
Total expenses	$ -	$ 8,383,324	$ 8,383,324

(9) Net offering proceeds to the issuer after the total expenses in item 8: $ 49,711,846

(10) The amount of net offering proceeds to the issuer used for each of the purposes listed below:

	Direct or indirect payments to directors, officers, general partners of the issuer or their associates; to persons owning ten percent or more of any class of equity securities of the issuer; and to affiliates of the issuer	Direct or indirect payments to others	Total
Purchase and installation of machinery and equipment	$ 444,711	$ 30,892,639	$ 31,337,351
Working capital		18,374,496	18,374,496
	$ -	$ 49,267,135	$ 49,711,846

(11) The use of the proceeds in Item 10 does not represent a material change in the uses of proceeds described in the prospectus.

Item 6. Exhibits And Reports On Form 8-K.

(a) Documents filed as a part of this report

1. Financial Statements

   Included in Part I of this report:

   Balance Sheets, March 31, 2002 and December 31, 2001.

   Statements of operations for the three month periods ended March 31, 2002 and 2001.

   Statement of changes in partners' capital for the three month period ended March 31, 2002.

   Statements of cash flows for the three month periods ended March 31, 2002 and 2001.

   Notes to the Financial Statements

2. Financial Statement Schedules

   All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(b) Report on Form 8-K

   None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date:
May 13, 2002

ATEL CAPITAL EQUIPMENT FUND IX, LLC
(Registrant)

By: ATEL Financial Corporation
Managing Member of Registrant

By: /s/ Dean L. Cash
Dean L. Cash
President and Chief Executive Officer
of Managing Member

By: /s/ Paritosh K. Choksi
Paritosh K. Choksi
Principal financial officer
of registrant

By: /s/ Donald E. Carpenter
Donald E. Carpenter
Principal accounting
officer of registrant