

PURE CYCLE CORP
Form 10-Q
July 06, 2018

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: May 31, 2018

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 0-8814

PURE CYCLE CORPORATION
(Exact name of registrant as specified in its charter)

Colorado 84-0705083
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

34501 E. Quincy Avenue, Bldg. 34, Watkins, CO 80137
(Address of principal executive offices) (Zip Code)

(303) 292 – 3456
(Registrant’s telephone number, including area code)

(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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth 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

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Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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 July 6, 2018:

<u>Common stock, 1/3 of \$.01 par value</u>	<u>23,764,098</u>
(Class)	(Number of Shares)

PURE CYCLE CORPORATION
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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial StatementsPURE CYCLE CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS:	May 31, 2018 (unaudited)	August 31, 2017
Current assets:		
Cash and cash equivalents	\$2,876,152	\$5,575,823
Short-term investments	17,005,914	20,055,345
Trade accounts receivable	1,218,251	663,762
Notes receivable - related parties, including accrued interest, current	-	215,504
Notes receivable, current	173,249	-
Prepaid expenses and other current assets	1,340,409	503,100
Inventories	2,074,543	-
Assets of discontinued operations, net	86,789	110,748
Total current assets	24,775,307	27,124,282
Long-term investments	189,774	187,975
Investments in water and water systems, net	35,609,275	34,575,713
Land and mineral interests	6,075,834	6,248,371
Notes receivable - related parties, including accrued interest	2,375,352	776,364
Other assets	654,027	424,226
Assets of discontinued operations held for sale	450,641	450,641
Total assets	\$70,130,210	\$69,787,572
LIABILITIES:		
Current liabilities:		
Accounts payable	\$269,025	\$492,410
Accrued liabilities	379,336	380,852
Deferred revenues, current	-	55,800
Deferred oil and gas lease payment, current	55,733	-
Liabilities of discontinued operations	5,559	11,165
Total current liabilities	709,653	940,227
Deferred revenues, less current portion	-	999,688
Deferred oil and gas lease payment, less current portion	74,311	-
Participating Interests in Export Water Supply	339,406	341,558
Total liabilities	1,123,370	2,281,473
SHAREHOLDERS' EQUITY:		
Preferred stock:		
Series B - par value \$.001 per share, 25 million shares authorized; 432,513 shares issued and outstanding (liquidation preference of \$432,513)	433	433
Common stock:		
Par value 1/3 of \$.01 per share, 40 million shares authorized; 23,764,098 and 23,754,098 shares outstanding, respectively	79,218	79,185

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Additional paid-in capital	171,747,662	171,431,486
Accumulated other comprehensive income (loss)	60,225	(11,105)
Accumulated deficit	(102,880,698)	(103,993,900)
Total shareholders' equity	69,006,840	67,506,099
Total liabilities and shareholders' equity	\$70,130,210	\$ 69,787,572

See accompanying Notes to Consolidated Financial Statements

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PURE CYCLE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2018	2017	2018	2017
Revenues:				
Metered water usage	\$ 1,162,570	\$ 47,695	\$ 2,888,913	\$ 379,462
Wastewater treatment fees	11,675	6,967	32,157	30,516
Special facility funding recognized	-	10,377	-	31,131
Water tap fees recognized	-	46,978	49,948	54,125
Other	37,874	21,991	95,893	74,952
Total revenues	1,212,119	134,008	3,066,911	570,186
Expenses:				
Water service operations	(418,280)	(76,878)	(906,899)	(234,444)
Wastewater service operations	(6,632)	(7,509)	(21,303)	(22,478)
Depletion and depreciation	(79,772)	(69,013)	(179,913)	(178,394)
Other	(24,243)	(13,649)	(64,822)	(45,921)