

PURE CYCLE CORP  
Form 10-Q  
April 08, 2019

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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 28, 2019

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 every Interactive Data File required to be submitted 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 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 Smaller reporting company  
Emerging growth company

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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 April 5, 2019:

Common stock, 1/3 of \$.01 par value	23,801,598
(Class)	(Number of Shares)

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## PART I – FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements

PURE CYCLE CORPORATION  
CONSOLIDATED BALANCE SHEETS

ASSETS:	February 28, 2019 (unaudited)	August 31, 2018
Current assets:		
Cash and cash equivalents	\$ 3,977,307	\$ 11,565,038
Short-term investments	7,136,735	8,717,967
Trade accounts receivable, net	229,932	1,067,268
Prepaid expenses and other current assets	1,506,631	1,372,886
Inventories	12,144,114	5,195,059
Total current assets	24,994,719	27,918,218
Long-term investments	—	190,370
Investments in water and water systems, net	41,993,268	36,721,884
Land and mineral interests	4,795,845	4,659,569
Notes receivable - related parties, including accrued interest	944,062	906,199
Other assets	885,398	777,734
Long-term land investment	450,641	450,641
Deferred tax asset	282,000	282,000
Total assets	\$ 74,345,933	\$ 71,906,615
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 189,767	\$ 787,662
Accrued liabilities	2,065,431	849,538
Deferred revenues, current	1,455,241	361,050
Deferred oil and gas lease payment, current	55,733	55,733
Total current liabilities	3,766,172	2,053,983
Deferred revenues, less current portion	32,511	60,378
Participating Interests in Export Water Supply	333,275	339,035
Total liabilities	4,131,958	2,453,396
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; 23,801,598 and 23,764,098 shares outstanding, respectively	79,344	79,218
Additional paid-in capital	172,107,735	171,831,293
Accumulated other comprehensive income	12,687	66,446
Accumulated deficit	(101,986,224 )	(102,524,171 )
Total shareholders' equity	70,213,975	69,453,219
Total liabilities and shareholders' equity	\$ 74,345,933	\$ 71,906,615

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 February 28,		Six Months Ended February 28,	
	2019	2018	2019	2018
Revenues:				
Metered water usage	\$ 159,018	\$ 803,771	\$ 1,526,869	\$ 1,726,344
Wastewater treatment fees	7,509	9,293	16,402	20,482
Water tap fees recognized	467,076	—	721,902	49,948
Lot sales	1,946,381	—	3,327,577	—
Other				