

Edgar Filing: Liberty Tax, Inc. - Form 10-Q

Liberty Tax, Inc.  
Form 10-Q  
October 05, 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 January 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 001-35588

Liberty Tax, Inc.  
(Exact name of registrant as specified in its charter)  
Delaware 27-3561876  
(State of incorporation) (IRS employer identification no.)

1716 Corporate Landing Parkway  
Virginia Beach, Virginia 23454  
(Address of principal executive offices)  
(757) 493-8855  
(Registrant's telephone number, including area code)

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 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.:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
(Do not check if a smaller reporting company)	<input type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>

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If an emerging growth company, indicate by check mark if the registrant has elected not 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

The number of shares outstanding of the registrant's Class A common stock as of October 1, 2018 was 14,036,684 shares.

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LIBERTY TAX, INC.

Form 10-Q for the Quarterly Period Ended January 31, 2018

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PART I. FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENTS

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## LIBERTY TAX, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

January 31, 2018, April 30, 2017 and January 31, 2017

(In thousands, except share data)

	January 31, 2018 (unaudited)	April 30, 2017	January 31, 2017 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$4,084	\$16,427	\$3,459
Receivables:			
Accounts receivable	67,550	54,723	63,013
Notes receivable - current	69,015	27,845	79,122
Interest receivable, net of uncollectible amounts	4,476	1,967	5,201
Allowance for doubtful accounts - current	(7,987)	(10,052)	(8,529)
Total current receivables, net	133,054	74,483	138,807
Assets held for sale	12,070	11,989	17,549
Income taxes receivable	14,820	55	12,827
Deferred income tax asset	—	6,956	3,881
Other current assets	19,473	5,757	23,079
Total current assets	183,501	115,667	199,602
Property, equipment, and software, net	40,050	39,789	41,734
Notes receivable, non-current	17,676	18,213	27,455
Allowance for doubtful accounts, non-current	(1,006)	(1,968)	(1,713)
Total notes receivables, non-current	16,670	16,245	25,742
Deferred tax asset - non-current	174	—	—
Goodwill	9,210	8,576	4,811
Other intangible assets, net	23,068	21,224	22,648
Other assets	2,535	2,767	3,214
Total assets	\$275,208	\$204,268	\$297,751
Liabilities and Stockholders' Equity			
Current liabilities:			
Current installments of long-term obligations	\$5,223	\$7,738	\$5,688
Accounts payable and accrued expenses	22,027	12,953	22,259
Due to Area Developers (ADs)	11,742	23,143	13,157
Income taxes payable	—	6,442	—
Deferred revenue - current	2,024	2,892	3,436
Total current liabilities	41,016	53,168	44,540
Long-term obligations, excluding current installments, net	16,421	18,461	19,238
Revolving credit facility	120,189	—	131,215
Deferred revenue and other - non-current	5,193	5,817	5,307
Deferred income tax liability	3,682	10,367	8,203
Total liabilities	186,501	87,813	208,503
Commitments and contingencies			
Stockholders' equity:			
Special voting preferred stock, \$0.01 par value per share, 10 shares authorized, issued and outstanding	—	—	—
Class A common stock, \$0.01 par value per share, 21,200,000 shares authorized, 12,750,057, 12,682,550 and 12,681,245 shares issued and outstanding,	127	127	

respectively