

Edgar Filing: FRONTIER AIRLINES INC /CO/ - Form 10-Q

FRONTIER AIRLINES INC /CO/
Form 10-Q
February 08, 2001

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 December 31, 2000

☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-24126

FRONTIER AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Colorado

84-125

(State or other jurisdiction of incorporated or organization)

(I.R.S. Employer Identification Number)

7001 Tower Road, Denver, CO

80249

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number including area code: (720) 374-4200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by
15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter
the registrant was required to file such reports), and (2) has been subject to such filing requirements
the past 90 days. Yes ☒ No ☐

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The number of shares of the Company's Common Stock outstanding as of February 6, 2001 was 18,674,000

Item 1. Financial Statements
FRONTIER AIRLINES, INC.
Balance Sheets
(Unaudited)

December 31,
2000

Assets

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Current assets:

Cash and cash equivalents	\$ 104,275,276
Short-term investments	2,000,000
Restricted investments	5,000,000
Trade receivables, net of allowance for doubtful accounts of \$342,951 and \$170,819 at December 31 and March 31, 2000, respectively	18,392,271
Maintenance deposits	27,591,167
Prepaid expenses and other assets	7,214,043
Inventories	3,368,112
Deferred tax assets	1,583,812
Deferred lease expense	82,214

Total current assets	169,506,895
Security, maintenance and other deposits	38,222,409
Property and equipment, net	28,590,293
Deferred lease and other expenses	62,910
Restricted investments	12,026,660

	\$ 248,409,167 \$
	=====

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 10,435,331
Air traffic liability	39,716,040
Other accrued expenses	15,815,475
Income taxes payable	8,248,063
Accrued maintenance expense	31,018,751
Current portion of obligations under capital leases	122,274

Total current liabilities	105,355,934
Accrued maintenance expense	10,418,179
Deferred tax liability	447,049
Obligations under capital leases, excluding current portion	236,333

Total liabilities	116,457,495

Stockholders' equity:

Preferred stock, no par value, authorized 1,000,000 shares; none issued	-
Common stock, no par value, stated value of \$.001 per share, authorized 40,000,000 shares; 18,208,381 and 17,732,273 shares issued and outstanding at December 31 and March 31, 2000, respectively	18,208
Additional paid-in capital	73,284,951
Unearned ESOP shares	(2,216,250)
Retained earnings	60,864,763

Total stockholders' equity	131,951,672

	\$ 248,409,167 \$
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See accompanying notes to financial statements.

FRONTIER AIRLINES, INC.

Statements of Stockholders' Equity

For the Year Ended March 31, 2000 and the

Nine Months Ended December 31, 2000

Common Stock

Retained

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	Shares	Stated value	Additional paid-in capital	Unearned ESOP shares	earnings (accumulated deficit)	st
Balances, March 31, 1999	16,141,172	\$ 16,141	\$58,054,844	\$ (609,375)	\$ (13,070,961)	\$
Exercise of common stock warrants	1,147,726	1,148	4,758,969			
Exercise of common stock options	343,375	343	563,712			
Tax benefit from exercises of common stock options and warrants			3,425,055			
Contribution of common stock to employees stock ownership plan	100,000	100	1,143,650	(1,143,750)		
Amortization of employee stock compensation				895,412		
Net income					27,009,253	
Balances, March 31, 2000	17,732,273	\$ 17,732	\$67,946,230	\$ (857,713)	\$ 13,938,292	
Exercise of common stock warrants	21,755	22	75,147			
Exercise of common stock options	454,353	364	934,831			
Tax benefit from exercises of common stock options and warrants			2,112,583			
Contribution of common stock to employees stock ownership plan		90	2,216,160	(2,216,250)		
Amortization of employee stock compensation				857,713		
Net income					46,926,471	
Balances, December 31, 2000	18,208,381	\$ 18,208	\$73,284,951	\$ (2,216,250)	\$ 60,864,763	\$

See accompanying notes to financial statements.

FRONTIER AIRLINES, INC.
Statements of Cash Flows
For the Nine Months Ended December 31, 2000 and 1999
(Unaudited)

	2000	
Cash flows from operating activities:		
Net income	\$ 46,926,471	\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Employee stock option plan compensation expense	857,713	
Depreciation and amortization	3,796,195	
Deferred tax (benefit) expense	(484,083)	
Changes in operating assets and liabilities:		

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Restricted investments	(1,632,400)	
Trade receivables	3,798,564	
Security, maintenance and other deposits	(12,131,674)	
Prepaid expenses and other assets	172,808	
Inventories	(1,132,929)	
Accounts payable	(3,972,582)	
Air traffic liability	(4,802,797)	
Other accrued expenses	3,756,720	
Income taxes payable	4,877,382	
Accrued maintenance	12,329,447	

Net cash provided by operating activities	52,358,835	

Cash flows from investing activities:		
Decrease (increase) in short-term investments	13,760,000	
Aircraft lease and purchase deposits, net	(16,431,652)	
Increase in restricted investments	(3,580,500)	
Capital expenditures	(10,609,580)	

Net cash used by investing activities	(16,861,732)	

Cash flows from financing activities:		
Net proceeds from issuance of common stock	1,010,364	
Principal payments on obligations under capital leases	(83,124)	

Net cash provided by financing activities	927,240	

Net increase in cash and cash equivalents	36,424,343	
Cash and cash equivalents, beginning of period	67,850,933	

Cash and cash equivalents, end of period	\$ 104,275,276	\$
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See accompanying notes to financial statements.		

FRONTIER AIRLINES, INC. Notes to Financial Statements December 31, 2000

(1) Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. The results of operations for the three and nine months ended December 31, 2000, should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1999. In the preparation of these financial statements, management has considered all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the financial statements. The results of operations for the three and nine months ended December 31, 2000, are not necessarily indicative of the results that will be realized for the full year.

(2) Common Stock Transactions

In April 1998, the Company issued a warrant to purchase 716,929 shares of the Company's Common Stock.

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per share. In January 2001, the warrant holder purchased 366,929 shares of Common Stock proceeds to the Company of \$1,375,984.