

COPART INC  
Form 10-Q  
November 26, 2014  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

**(Mark One)**

**T Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**for the quarterly period ended October 31, 2014**

**OR**

**o 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: 0-23255**

**COPART, INC.**

(Exact name of registrant as specified in its charter)

Delaware                                      94-2867490  
(State or other jurisdiction              (I.R.S. Employer  
of incorporation or organization) Identification No.)  
**14185 Dallas Parkway, Dallas, Texas 75254**

(Address of principal executive offices) (Zip Code)

**(972) 391-5000**

(Registrant's telephone number, including area code)

**N/A**

(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 T NO o

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 T NO o

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company   
 (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 YES  NO

As of November 25, 2014, 126,335,253 shares of the registrant's common stock were outstanding.

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**Copart, Inc.**  
**Index to the Quarterly Report**  
**October 31, 2014**

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**Copart, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

(In thousands, except share amounts)

**ASSETS**

Current assets:

Cash and cash equivalents

Accounts receivable, net

Vehicle pooling costs

Inventories

Income taxes receivable

Deferred income taxes

Assets held for sale

Prepaid expenses and other assets

Total current assets

Property and equipment, net

Intangibles, net

Goodwill

Deferred income taxes

Other assets

Total assets

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:

Accounts payable and accrued liabilities

Deferred revenue

Income taxes payable

Current portion of long-term debt and capital lease obligations

Total current liabilities

Deferred income taxes

Income taxes payable

Long-term debt and capital lease obligations

Other liabilities

Total liabilities

Commitments and contingencies

Stockholders' equity:

Preferred stock: \$0.0001 par value - 5,000,000 shares authorized; none issued

Common stock: \$0.0001 par value - 180,000,000 shares authorized; 126,335,253 and 126,143,366 shares issued and outstanding

Additional paid-in capital

Accumulated other comprehensive loss

Retained earnings

Total stockholders' equity

Total liabilities and stockholders' equity

The accompanying notes are an integral part of these consolidated financial statements.

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**Copart, Inc.**  
**Consolidated Statements of Income**  
**(Unaudited)**

Three Months Ended October  
31,

The accompanying notes are an integral part of these consolidated financial statements.

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**Copart, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**(Unaudited)**

(In thousands)	Three Months Ended October 31,	
	2014	2013
Comprehensive income, net of tax:		
Net income	\$52,615	\$41,422
Other comprehensive income:		
Unrealized gain on interest rate swaps, net (a)	404	301
Reclassification adjustment of interest rate swaps, net (b)	(312 )	(378 )
Foreign currency translation adjustments	(23,968 )	14,558
Total comprehensive income	\$28,739	\$55,903

(a) Net of tax effect of \$(228) and \$(164) for the three months ended October 31, 2014 and 2013, respectively.

(b) Net of tax effect of \$176 and \$208 for the three months ended October 31, 2014 and 2013, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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**Copart, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

(In thousands)	Three Months Ended October 31,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Net Income	\$52,615	\$41,422
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,967	14,504
Allowance for doubtful accounts	113	350
Stock-based compensation	4,366	4,867
Excess tax benefit from stock-based payment compensation	(361 )	(58 )
Gain on sale of property and equipment	(261 )	(674 )
Deferred income taxes	(1,295 )	(3,010 )
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(9,004 )	(4,706 )
Vehicle pooling costs	825	(693 )
Inventories	(553 )	1,759

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Prepaid expenses and other current assets	633	(3,699 )
Other assets	2,586	(15,027)
Accounts payable and accrued liabilities	(79 )	6,483
Deferred revenue	(353 )	(654 )
Income taxes receivable	2,236	7,633
Income taxes payable	18,434	16,909
Other liabilities	(503 )	2,309
Net cash provided by operating activities	83,366	67,715
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(23,388 )	(21,302)
Proceeds from sale of property and equipment	472	853
Proceeds from sale of assets held for sale	217	
Purchases of assets and liabilities in connection with acquisition, net of cash acquired		(293 )
Net cash used in investing activities	(22,699)	(20,742)
<b>Cash flows from financing activities:</b>		
Proceeds from the exercise of stock options	1,931	