

H&R BLOCK INC
Form 10-Q
September 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended July 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 1-06089

H&R Block, Inc.

(Exact name of registrant as specified in its charter)

MISSOURI 44-0607856

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One H&R Block Way, Kansas City, Missouri 64105

(Address of principal executive offices, including zip code)

(816) 854-3000

(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 (§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. (Check one)

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

(Do not check if a smaller reporting company)

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 Common Stock, without par value, at the close of business on August 31, 2018: 205,520,820 shares.

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Form 10-Q for the Period Ended July 31, 2018

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS

	(unaudited, in 000s, except per share amounts)	
Three months ended July 31,	2018	2017
REVENUES:		
Service revenues	\$ 126,860	\$ 124,695
Royalty, product and other revenues	18,323	13,107
	145,183	137,802
OPERATING EXPENSES:		
Costs of revenues	221,560	227,715
Selling, general and administrative	105,740	95,249
Total operating expenses	327,300	322,964
Other income (expense), net	4,542	1,220
Interest expense on borrowings	(21,190)	(21,277)
Loss from continuing operations before income tax benefit	(198,765)	(205,219)
Income tax benefit	(49,968)	(77,401)
Net loss from continuing operations	(148,797)	(127,818)
Net loss from discontinued operations, net of tax benefits of \$1,162 and \$1,605	(3,873)	(2,749)
NET LOSS	\$(152,670)	\$(130,567)
BASIC AND DILUTED LOSS PER SHARE:		
Continuing operations	\$(0.72)	\$(0.62)
Discontinued operations	(0.02)	(0.01)
Consolidated	\$(0.74)	\$(0.63)
DIVIDENDS DECLARED PER SHARE	\$0.25	\$0.24
COMPREHENSIVE LOSS:		
Net loss	\$(152,670)	\$(130,567)
Unrealized gains on securities, net of taxes:		
Unrealized holding gains arising during the period, net of taxes of \$1 and \$ -	3	2
Change in foreign currency translation adjustments	(1,734)	2,460
Other comprehensive income (loss)	(1,731)	2,462
Comprehensive loss	\$(154,401)	\$(128,105)

See accompanying notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS		(unaudited, in 000s, except share and per share amounts)		
As of		July 31, 2018	July 31, 2017	April 30, 2018
ASSETS				
Cash and cash equivalents		\$979,116	\$551,566	\$1,544,944
Cash and cash equivalents - restricted		131,376	116,594	118,734
Receivables, less allowance for doubtful accounts of \$65,445, \$54,924 and \$81,813		70,576	91,004	146,774
Income taxes receivable		15,776	—	12,310
Prepaid expenses and other current assets		85,279		