

Intrepid Potash, Inc.
Form 10-Q
May 05, 2011

Use these links to rapidly review the document
[INTREPID POTASH, INC. TABLE OF CONTENTS](#)

[Table of Contents](#)

**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 March 31, 2011**

Commission File Number: 001-34025

INTREPID POTASH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

26-1501877
(I.R.S. Employer
Identification No.)

**707 17th Street, Suite 4200
Denver, Colorado 80202
(303) 296-3006**

(Address of Principal Executive Offices, Including Zip Code)
(Registrant's Telephone Number, Including Area Code)

Edgar Filing: Intrepid Potash, Inc. - Form 10-Q

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, 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 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 April 30, 2011, 75,187,997 shares of the registrant's common stock, par value of \$0.001 per share, were outstanding.

INTREPID POTASH, INC.
TABLE OF CONTENTS

	Page
<u>PART I.</u>	
<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
<u>Consolidated Financial Statements</u>	
<u>Consolidated Balance Sheets</u>	<u>1</u>
<u>Consolidated Statements of Operations</u>	<u>2</u>
<u>Consolidated Statement of Stockholders' Equity and Comprehensive Income</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>Item 4.</u>	
<u>Controls and Procedures</u>	<u>43</u>
<u>PART II.</u>	
<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	
<u>Legal Proceedings</u>	<u>45</u>
<u>Item 1A.</u>	
<u>Risk Factors</u>	<u>45</u>
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
<u>Item 3.</u>	
<u>Defaults upon Senior Securities</u>	<u>46</u>
<u>Item 4.</u>	
<u>[Removed and Reserved]</u>	<u>47</u>
<u>Item 5.</u>	
<u>Other Information</u>	<u>47</u>
<u>Item 6.</u>	
<u>Exhibits</u>	<u>49</u>
<u>Signatures</u>	<u>50</u>

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

INTREPID POTASH, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share and per share amounts)

	March 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 69,230	\$ 76,133
Short-term investments	38,669	45,557
Accounts receivable:		
Trade, net	38,062	23,767
Other receivables	2,415	1,161
Refundable income taxes	3,524	6,543
Inventory, net	49,292	48,094
Prepaid expenses and other current assets	3,065	4,016
Current deferred tax asset	4,906	3,551
Total current assets	209,163	208,822
Property, plant, and equipment, net of accumulated depreciation of \$74,191 and \$66,615, respectively	305,084	285,920
Mineral properties and development costs, net of accumulated depletion of \$8,865 and \$8,431, respectively	33,822	34,372
Long-term parts inventory, net	7,365	7,121
Long-term investments	34,371	21,298
Other assets	5,211	5,311
Non-current deferred tax asset	249,305	266,040
Total Assets	\$ 844,321	\$ 828,884
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable:		
Trade	\$ 16,151	\$ 17,951
Related parties	39	126
Accrued liabilities	18,469	17,153
Accrued employee compensation and benefits	7,110	8,597
Other current liabilities	1,322	1,578
Total current liabilities	43,091	45,405
Asset retirement obligation	9,669	9,478
Deferred insurance proceeds		11,700

Edgar Filing: Intrepid Potash, Inc. - Form 10-Q

Other non-current liabilities	4,169	4,460
Total Liabilities	56,929	71,043
Commitments and Contingencies		
Common stock, \$0.001 par value; 100,000,000 shares authorized; and 75,154,388 and 75,110,875 shares outstanding at March 31, 2011, and December 31, 2010, respectively	75	75
Additional paid-in capital	560,926	559,675
Accumulated other comprehensive loss	(681)	(702)
Retained earnings	227,072	198,793
Total Stockholders' Equity	787,392	757,841
Total Liabilities and Stockholders' Equity	\$ 844,321	\$ 828,884

See accompanying notes to these consolidated financial statements.

Table of Contents**INTREPID POTASH, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****(In thousands, except share and per share amounts)**

	Three Months Ended	
	March 31, 2011	March 31, 2010
Sales	\$ 104,978	\$ 107,359
Less:		
Freight costs	7,991	9,766
Warehousing and handling costs	3,277	2,725
Cost of goods sold	51,991	67,253
Costs associated with abnormal production		470
Other	502	269
Gross Margin	41,217	26,876
Selling and administrative	6,871	6,613
Accretion of asset retirement obligation	191	176
Insurance settlements from property and business losses	(12,500)	
Other	41	168
Operating Income	46,614	19,919
Other Income (Expense)		
Interest expense, including realized and unrealized derivative gains and losses	(113)	(555)
Interest income	370	96
Other income	259	47
Income Before Income Taxes	47,130	19,507
Income Tax Expense	(18,851)	(7,661)
Net Income	\$ 28,279	\$ 11,846
Weighted Average Shares Outstanding:		
Basic	75,131,142	75,043,826
Diluted	75,263,447	75,131,530
Earnings Per Share:		
Basic	\$ 0.38	\$ 0.16
Diluted	\$ 0.38	\$ 0.16

See accompanying notes to these consolidated financial statements.

INTREPID POTASH, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (UNAUDITED)

(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Loss		
Balance, December 31, 2010	75,110,875	\$ 75	\$ 559,675	\$ (702)	\$ 198,793	\$ 757,841
Comprehensive income, net of tax:						
Pension liability adjustment				16		16
Unrealized gain on investments held for sale				5		5
Net income					28,279	28,279
Total comprehensive income						28,300
Stock-based compensation			1,112			1,112
Issuance of common stock upon exercise of stock options	11,346		254			254
Excess income tax benefit from stock-based compensation			372			372
Vesting of restricted common stock, net of restricted common stock used to fund employee income tax withholding due upon vesting	32,167		(487)			(487)
Balance, March 31, 2011	75,154,388	\$ 75	\$ 560,926	\$ (681)	\$ 227,072	\$ 787,392

See accompanying notes to these consolidated financial statements.

Table of Contents**INTREPID POTASH, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****(In thousands)**

	Three Months Ended	
	March 31, 2011	March 31, 2010
Cash Flows from Operating Activities:		
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 28,279	\$ 11,846
Deferred income taxes	15,380	4,533
Insurance settlements from property and business losses	(12,500)	
Items not affecting cash:		
Depreciation, depletion, amortization, and accretion	8,533	6,539
Stock-based compensation	1,112	987
Unrealized derivative gain	(321)	(89)
Other	492	181
Changes in operating assets and liabilities:		
Trade accounts receivable	(14,295)	(7,613)
Other receivables	(454)	(136)
Refundable income taxes	3,019	4,835
Inventory	(1,442)	19,821
Prepaid expenses and other assets	951	861
Accounts payable, accrued liabilities and accrued employee compensation and benefits	190	