Peak Resorts Inc
Form 10-Q
September 14, 2015

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 July 31, 2015.

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 001-35363

Peak Resorts, Inc.

(Exact name of registrant as specified in its charter)

Missouri	43-1793922
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
17409 Hidden Valley Drive Wildwood, Missouri (Address of principal executive offices)	63025 (Zip Code)

(636) 938-7474
(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, 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 (Do not check if a smaller reporting company)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 September 14, 2015, 13,982,400 shares of the registrant’s common stock were outstanding.

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Peak Resorts Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	(Unaudited) July 31, 2015	April 30, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 10,982	$ 16,849
Restricted cash balances	43,332	37,519
Income tax receivable	4,520	-
Accounts receivable	663	1,639
Inventory	1,715	1,583
Deferred income taxes	970	970
Prepaid expenses and deposits	1,956	1,930
	64,138	60,490
Property and equipment-net	146,185	143,944
Land held for development	35,780	35,780
Other assets	1,335	1,326
	$ 247,438	$ 241,540
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 9,210	$ 8,218
Accrued salaries, wages and related taxes and benefits	740	927
Unearned revenue	10,660	8,606
EB-5 investor funds in escrow	38,553	30,002
Current portion of deferred gain on sale/leaseback	333	333
Current portion of long-term debt and capitalized lease obligation	1,834	999
	61,330	49,085
Long-term debt	97,404	97,569
Capitalized lease obligation	4,405	1,494
Deferred gain on sale/leaseback	3,428	3,511
Deferred income taxes	8,831	8,831
Other liabilities	603	612
Commitments and contingencies		
Stockholders' Equity		
Common stock, $.01 par value, 20,000,000 shares authorized, 13,982,400 shares issued	140	140
Additional paid-in capital	82,538	82,538
Accumulated Deficit	(11,241)	(2,240)
	71,437	80,438
	$ 247,438	$ 241,540

See Notes to Unaudited Condensed Consolidated Financial Statements.

Peak Resorts, Inc. and Subsidiaries

Condensed Consolidated Statements of Loss (Unaudited)

(In thousands, except per share data)

	(Unaudited) Three months ended July 31,	
	2015	2014
Revenues	$ 5,432	$ 5,596
Costs and Expenses		
Resort operating expenses	10,207	10,446
Depreciation and amortization	2,448	2,306
General and administrative expenses	936	1,086
Land and building rent	338	357
Real estate and other taxes	466	477
	14,395	14,672
Loss from Operations	(8,963)	(9,076)
Other Income (expense)		
Interest, net of interest capitalized of $91 and $129 in 2015 and 2014, respectively	(2,721)	(4,342)
Gain on sale/leaseback	83	83
Investment income	2	4
	(2,636)	(4,255)
Loss before income tax benefit	(11,599)	(13,331)
Income tax benefit	(4,520)	(5,171)
Net Loss	$ (7,079)	$ (8,160)
Basic and diluted loss per share	$ (0.51)	$ (2.05)
Cash dividends declared per common share	$ 0.1375	$ -

See Notes to Unaudited Condensed Consolidated Financial Statements.

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Peak Resorts Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

(In thousands except share data)

Three Months ended July 31, 2015

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Dollars	Capital	Deficit	Total
Balances, April 30, 2015	13,982,400	$ 140	$ 82,538	$ (2,240)	$ 80,438
Net loss	-	-	-	(7,079)	(7,079)
Dividends declared	-	-	-	(1,922)	(1,922)
Balances, July 31, 2015	13,982,400	$ 140	$ 82,538	$ (11,241)	$ 71,437

See Notes to Unaudited Condensed Consolidated Financial Statements.

Peak Resorts, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

Three Months ended July 31,

	Three months ended July 31,	
	2015	2014
Cash Flows from Operating Activities		
Net loss	$ (7,079)	$ (8,160)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation and amortization of property and equipment	2,448	2,293
Amortization and write-off of deferred financing costs	12	14
Amortization of other liabilities	(9)	(9)
Gain on sale/leaseback	(83)	(83)
Changes in operating assets and liabilities, net of effect of acquisitions:		
Income tax receivable	(4,520)	(5,172)
Accounts receivable	976	48
Inventory	(132)	(163)
Prepaid expenses and deposits	(26)	(276)
Other assets	(9)	(39)
Accounts payable and accrued expenses	992	113
Accrued salaries, wages and related taxes and benefits	(187)	(264)
Unearned revenue	2,054	2,787
Net cash used in operating activities	(5,563)	(8,911)
Cash Flows from Investing Activities		
Additions to property and equipment	(4,689)	(3,043)
Additions to land held for development	-	(28)
Change in restricted cash	(5,813)	1,867
Net cash used in by investing activities	(10,502)	(1,204)
Cash Flows from Financing Activities		
Borrowings on long-term debt and capitalized lease obligation	3,950	-
Additions to EB-5 investor funds held in escrow	8,551	3,100
Payment on long-term debt and capital lease obligations	(381)	(175)
Distributions to stockholders	(1,922)	-
Net cash provided by financing activities	10,198	2,925

Net Decrease in Cash and Cash Equivalents	(5,867)	(7,190)
Cash and Cash Equivalents, April 30	16,849	13,186
Cash and Cash Equivalents, July 31	$ 10,982	$ 5,996
Supplemental Schedule of Cash Flow Information		
Cash paid for interest, including $91 and $129 capitalized in 2015 and 2014, respectively	$ 2,804	$ 4,474

See Notes to Unaudited Condensed Consolidated Financial Statements.

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PEAK RESORTS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended July 31, 2015 and 2014

Note 1. Nature of Business

Description of business: Peak Resorts, Inc. (the "Company") and its subsidiaries operate in a single business segment—ski resort operations. The Company's ski resort operations consist of snow skiing, snowboarding and snow sports areas in Wildwood and Weston, Missouri; Bellefontaine and Cleveland, Ohio; Paoli, Indiana; Blakeslee and Lake Harmony, Pennsylvania; Bartlett, Bennington and Pinkham Notch, New Hampshire; and West Dover, Vermont and an 18 hole golf course in West Dover, Vermont. The Company also manages hotels in Bartlett, New Hampshire and West Dover, Vermont.

In the opinion of management, the accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with Rule 10 01 of Regulation S X and include all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation of the interim periods presented.

Results for interim periods are not indicative of the results expected for a full fiscal year due to the seasonal nature of the Company's business. Due to the seasonality of the ski industry, the Company typically incurs significant operating losses during its first and second fiscal quarters. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2015.

Note 2. New Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013 11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). ASU 2013 11 requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. If a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date, the unrecognized tax benefit should be presented in the financial statements as a liability and not combined with deferred tax assets. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Pursuant to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), the Company is permitted to adopt the standard for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption and retrospective application is permitted. The Company is currently evaluating the impact of the adoption of ASU 2013 11 on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014 09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance under U.S. generally accepted accounting principles when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In July 2015, the FASB affirmed its proposal to defer the effective date of the new revenue standards for all entities by one year. The updated standard becomes effective for annual reporting periods beginning after December 15, 2017.. Pursuant to the JOBS Act, the Company is permitted to adopt the standard for annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In April 2015, the FASB issued guidance in ASU 2015-03, “Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs” (“ASU 2015-03”), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, and no longer recording these costs as assets. ASU 2015-03 is effective for annual periods beginning after December 15, 2015. As early adoption was permitted, the Company elected to incorporate the early adoption of this guidance into its financial statements filed as part of its first Annual Report on Form 10-K for the year ended April 30, 2015, including applying the guidance retrospectively to all prior periods presented. The transition method used involved reclassification of the Company's balance sheet of the unamortized debt issuance costs. The prior period unamortized debt issuance costs were retrospectively adjusted from an asset to a liability in the financial statements.

In July 2015, the FASB issued guidance in ASU 2015-11, Inventory (Topic 330): "Simplifying the Measurement of Inventory" ("ASU 2015-11"), which requires the Company to subsequently measure inventory at the lower of cost and net realizable value rather than the lower of cost or market. For public business entities, the guidance is effective on a prospective basis for interim and annual periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2015 11 on the consolidated financial statements.

Note 3. Income Taxes

Deferred income tax assets and liabilities are measured at enacted tax rates in the respective jurisdictions where the Company operates. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all deferred tax assets will not be realized and a valuation allowance would be provided if necessary. The FASB Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," also provides guidance with respect to the accounting for uncertainty in income taxes recognized in a Company's consolidated financial statements, and it prescribes a recognition threshold and measurement attribute criteria for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company does not have any material uncertain tax positions, and therefore, the adoption did not have a material impact on the Company's financial position or results of operations.

The income tax receivable is a result of the expected tax rate for the fiscal year ending April 30, 2016 applied to the net income (loss) before income tax for the quarter ended July 31, 2015. Due to the seasonality of the ski industry, the Company typically incurs significant operating losses during its first and second fiscal quarters.

Note 4. Long term Debt

Long term debt at July 31, 2015 and April 30, 2015 consisted of borrowings pursuant to the loans and other credit facilities discussed below, as follows (dollars in thousands):

	(Unaudited) July 31, 2015	April 30, 2015
Attitash/Mount Snow Debt; payable in monthly interest only payments at an increasing interest rate (10.93% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	$ 51,050	$ 51,050
Credit Facility Debt; payable in monthly interest only payments at an increasing interest rate (10.13% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	37,562	37,562
Sycamore Lake (Alpine Valley) Debt; payable in monthly interest only payments at an increasing interest rate (10.40% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	4,550	4,550
Wildcat Mountain Debt; payable in monthly installments of $27, including interest at a rate of 4.00%, with remaining principal and interest due on December 22, 2020	3,746	3,790
Other debt	1,840	1,931

Less unamortized debt issuance costs	(799)	(811)
	97,949	98,072
Less: current maturities	545	503
	$ 97,404	$ 97,569

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On November 10, 2014, in connection with the Company's initial public offering, the Company entered into a Restructure Agreement with certain affiliates of EPR Properties ("EPR"), the Company's primary lender, providing for the (i) prepayment of approximately $75.8 million of formerly non-prepayable debt secured by the Crotched Mountain, Attitash, Paoli Peaks, Hidden Valley and Snow Creek resorts and (ii) retirement of one of the notes associated with the future development of Mount Snow (the "Debt Restructure"). On December 1, 2014, the Company entered into various agreements in order to effectuate the Debt Restructure, as more fully described in the Company's Current Report on Form 8-K filed with the SEC on December 5, 2014. Pursuant to the Debt Restructure, the Company paid a defeasance fee of $5.0 million to EPR in addition to the consideration described below.

In exchange for the prepayment right, the Company granted EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties, subject to certain conditions. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each. All previously existing option agreements between the Company and EPR were terminated.

Over the years, the Company has depreciated the book value of these properties pursuant to applicable accounting rules, and as such, it has a low basis in the properties. As a result, the Company will realize significant gains on the sale of the properties to EPR if the option is exercised. The Company will be required to pay capital gains tax on the difference between the purchase price of the properties and the tax basis in the properties, which is expected to be a substantial cost. To date, EPR has not exercised the option.

Additionally, the Company agreed to extend the maturity dates on all non-prepayable notes and mortgages secured by the Mount Snow, Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties remaining after the Debt Restructure by seven years to December 1, 2034, and to extend the lease for the Mad River property, previously terminating in 2026, until December 31, 2034.

The Company also granted EPR a right of first refusal to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by the Company with respect to any new or existing ski resort property for a period of seven years or until financing provided by EPR for such transactions equals or exceeds $250 million in the aggregate. Proposed financings from certain types of institutional lenders providing a loan to value ratio of less than 60% (as relates to the applicable property being financed) are excluded from the right of first refusal. The Company granted EPR a separate right of first refusal in the event that the Company wishes to sell, transfer, convey or otherwise dispose of any or all of the Attitash ski resort for seven years. The Attitash right excludes the financing or mortgaging of Attitash.

In connection with the Debt Restructure, the Company entered into a Master Credit and Security Agreement with EPR (the "Master Credit Agreement") governing the restructured debt with EPR. Pursuant to the Master Credit Agreement, EPR agreed to maintain the following loans to the Company following the prepayment of certain outstanding debt with proceeds from the Company's initial public offering: (i) a term loan in the amount of approximately $51.1 million to the Company and its subsidiary Mount Snow, Ltd., (included in the table above as the "Attitash/Mount Snow Debt"); (ii) a term loan in the amount of approximately $23.3 million to the Company and its subsidiaries Brandywine Ski Resort, Inc. and Boston Mills Ski Resort, Inc. (the "Boston Mills/Brandywine Debt"); (iii) a term loan in the amount of approximately $14.3 million to the Company and its subsidiary JFBB Ski Areas, Inc. (the "JFBB Debt" and together with the Boston Mills/Brandywine Debt, included in the table above as the "Credit Facility Debt"); and (iv) a term loan in the amount of approximately $4.6 million to the Company and its subsidiary Sycamore Lake, Inc. (included in the table above as the "Sycamore Lake (Alpine Valley) Debt").

Interest will be charged at a rate of (i) 10.13% per annum as to each of the Boston Mills/Brandywine Debt and JFBB Debt; (ii) 10.40% per annum as to the Sycamore Lake (Alpine Valley) Debt; and (iii) 10.93% per annum pursuant to the Attitash/Mount Snow Debt. Each of the notes governing the restructured debt provides that interest will increase each year by the lesser of the following: (x) three times the percentage increase in the Consumer Price Index as defined in the notes (“CPI”) from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.5% (the “Capped CPI Index). Past due amounts will be charged a higher interest rate and be subject to late charges.

The Master Credit Agreement further provides that in addition to interest payments, the Company must pay the following with respect to all restructured debt other than the Attitash/Mount Snow Debt: an additional annual payment equal to 10% of the gross receipts attributable to the properties serving as collateral of the restructured debt (other than Mount Snow) for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable pursuant to the notes governing the restructured debt (other than with respect to the Attitash/Mount Snow Debt) for the immediately preceding year by (ii) 10%. The Company must pay the following with respect to the Attitash/Mount Snow Debt: an additional annual payment equal to 12% of the gross receipts generated at Mount Snow for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable under the note governing the Attitash/Mount Snow Debt for the immediately preceding year by (ii) 12%. No additional interest payments were due for the three months ended July 31, 2015 and the year ended April 30, 2015.

The Master Credit Agreement includes restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Master Credit Agreement consist of a maximum leverage ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) covenant, which (i) requires the Company to increase the balance of its debt service reserve account if the Company’s consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations.

Under the terms of the Master Credit Agreement, the occurrence of a change of control is an event of default. A change of control will be deemed to occur if (i) within two years after the effective date of the Master Credit Agreement, the Company’s named executive officers (Messrs. Timothy Boyd, Stephen Mueller and Richard Deutsch) cease to beneficially own and control less than 50% of the amount of the Company’s outstanding voting stock that they own as of the effective date of the Master Credit Agreement, or (ii) the Company ceases to beneficially own and control less than all of the outstanding shares of voting stock of those subsidiaries which are borrowers under the Master Credit Agreement. Other events of default include, but are not limited to, a default on other indebtedness of the Company or its subsidiaries.

None of the restructured debt may be prepaid without the consent of EPR. Upon an event of default, as defined in the Debt Restructure Agreements, EPR may, among other things, declare all unpaid principal and interest due and payable. Each of the notes governing the restructured debt matures on December 1, 2034.

As a condition to the Debt Restructure, the Company entered into the Master Cross Default Agreement with EPR (the “Master Cross Default Agreement”). The Master Cross Default Agreement provides that any event of default under existing or future loan or lien agreements between the Company or its affiliates and EPR, and any event of default under the Lease Amendment, shall automatically constitute an event of default under each of such loan and lien agreements and Lease Amendment, upon which EPR will be entitled to all of the remedies provided under such agreements and Lease Amendment in the case of an event of default.

Also in connection with the Debt Restructure, the Company and EPR entered into the Guaranty Agreement (the “Guaranty Agreement”). The Guaranty Agreement obligates the Company and its subsidiaries as guarantors of all debt evidenced by the Debt Restructure Agreements. The table below illustrates the potential interest rates applicable to the Company’s fluctuating interest rate debt for each of the next five years, assuming an effective rate increase by the Capped CPI Index:

	Attitash/Mount Snow Debt	Credit Facility Debt	Sycamore Lake/(Alpine Valley) Debt
2015 (1)	10.93%	10.28%	10.56%
2016	11.09%	10.43%	10.71%
2017	11.26%	10.59%	10.88%
2018	11.43%	10.75%	11.04%
2019	11.60%	10.91%	11.20%

(1) For 2015, the dates of the rates presented are as follows: (i) April 1, 2015 for the Attitash/Mount Snow Debt; (ii) October 1, 2015 for the Credit Facility Debt; and (iii) December 1, 2015 for the Sycamore Lake (Alpine Valley) Debt.

The Capped CPI Index is an embedded derivative, but the Company has concluded that the derivative does not require bifurcation and separate presentation at fair value because the Capped CPI Index was determined to be clearly and closely related to the debt instrument.

The Wildcat Mountain Debt due December 22, 2020 represents amounts owed pursuant to a promissory note in the principal amount of $4.5 million made by WC Acquisition Corp. in favor of Wildcat Mountain Ski Area, Inc., Meadow Green Wildcat Skilift Corp. and Meadow Green Wildcat Corp. (the “Wildcat Note”). The Wildcat Note, dated November 22, 2010, was made in connection with the acquisition of Wildcat Mountain, which was effective as of October 20, 2010. The interest rate as set forth in the Wildcat Note is fixed at 4.00%.

A substantial portion of the Company’s assets serve as collateral for the Company’s long term debt.

Future aggregate annual principal payments under all indebtedness reflected by fiscal year are as follows (in thousands):

	(Unaudited) July 31, 2015
2016 (Remaining)	$ 407
2017	804
2018	560
2019	740
2020	198
Thereafter	95,240
	$ 97,949

The Mount Snow Development Debt represented obligations incurred to provide financing for the acquisition of land at Mount Snow that is in development stages. The Crotched Mountain Debt represented amounts incurred to pay off outstanding debt secured by the Crotched Mountain ski resort and for general working capital purposes. The Mount Snow Development Debt and Crotched Mountain Debt were paid in full in connection with the Debt Restructure.

Deferred financing costs are net of accumulated amortization of $203 and $385 at July 31, 2015 and 2014, respectively. Amortization of deferred financing costs will be $50 for each year of the five-year period ending April 30, 2020. This amortization is included in interest expense. Amortization for the periods ended July 31, 2015 and 2014 totaled $12 and $14, respectively.

Note 5. Financial Instruments and Concentrations of Credit Risk

The following methods and assumptions were used to estimate the fair value of each class of financial instruments to which the Company is a party:

Cash and cash equivalents, restricted cash: Due to the highly liquid nature of the Company’s short term investments, the carrying values of cash and cash equivalents and restricted cash approximate their fair values.

Accounts receivable: The carrying value of accounts receivable approximate their fair value because of their short term nature.

Accounts payable and accrued expenses: The carrying value of accounts payable and accrued liabilities approximates fair value due to the short term maturities of these amounts.

Long term debt: The fair value of the Company’s long term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The interest rates on the Company's long term debt instruments are consistent with those currently available to the Company for borrowings with similar maturities and terms and, accordingly, their fair values are consistent with their carrying values.

Concentrations of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and restricted cash. The Company's cash and cash equivalents and restricted cash are on deposit with financial institutions where such balances will, at times, be in excess of federally insured limits. Excess cash balances are collateralized by the backing of government securities. The Company has not experienced any loss as a result of those deposits.

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Note 6. Commitments and Contingencies

Restricted cash: The provisions of certain of the Company's debt instruments generally require that the Company make and maintain a deposit, to be held in escrow for the benefit of the lender, in an amount equal to the estimated minimum interest payment for the upcoming fiscal year. In addition, the Company has funds it is holding in escrow in connection with its efforts to raise funds under the U.S. government's Immigrant Investor Program, commonly known as the EB-5 program (the "EB-5 Program"). The EB-5 Program was first enacted in 1992 to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. In turn, these foreign investors are, pending petition approval, granted visas for lawful residence in the U.S. Under the EB-5 Program, a limited number of visas are reserved for such foreign investors each year. The Company intends to use the current and future funds for future development.

Loss contingencies: The Company is periodically involved in various claims and legal proceedings, many of which occur in the normal course of business. Management routinely assesses the likelihood of adverse judgments or outcomes, including consideration of its insurable coverage and discloses or records estimated losses in accordance with ASC 450, "Contingencies". After consultation with legal counsel, the Company does not anticipate that liabilities arising out of these claims would, if plaintiffs are successful, have a material adverse effect on its business, operating results or financial condition.

Leases: The Company leases certain land, land improvements, buildings and equipment under non cancelable operating leases. Certain of the leases contain escalation provisions based generally on changes in the CPI with maximum annual percentage increases capped at 1.5% to 4.5%. Additionally, certain leases contain contingent rental provisions which are based on revenue. The amount of contingent rentals was insignificant in all periods presented. Total rent expense under such operating leases was $433 and $448 for the three months ended July 31, 2015 and 2014, respectively. The Company also leases certain equipment under capital leases.

Future minimum rentals under all non cancelable leases with remaining lease terms of one year or more for years reflected by fiscal years subsequent to July 31, 2015 are as follows (in thousands):

	Capital Leases	Operating Leases
2016 (Remaining)	$ 1,357	$ 1,289
2017	1,653	1,635
2018	1,607	1,601
2019	1,602	1,563
2020	667	1,540
Thereafter	22	10,340
	6,908	$ 17,968
Less: amount representing interest	1,214	
	5,694	
Less: current portion	1,289	
Long-term portion	$ 4,405	

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Note 7. Earnings (Loss) Per Share

The computation of basic and diluted earnings (loss) per share for the three month periods ended July 31, 2015 and 2014 is as follows (in thousands except share and per share data):

	Three Months ended July 31,	
	2015	2014
Net loss	$ (7,079)	$ (8,160)
Weighted number of shares:		
Common shares outstanding for basic and diluted loss per share	13,982,400	3,982,400
Basic and diluted loss per share	$ (0.51)	$ (2.05)

Note 8. Subsequent Events

On June 12, 2015, the Company declared a cash dividend of 13.75 cents per share of common stock. The dividend is payable on August 21, 2015, to stockholders of record on July 10, 2015. The current indicated annualized dividend would be 55 cents per share.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2015. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. See "Cautionary Note About Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q.

Unless the context suggests otherwise, references in this Quarterly Report on Form 10-Q to the "Company", "Peak", "our", "us", or "we" refer to Peak Resorts, Inc. and its consolidated subsidiaries.

Overview

We are a leading owner and operator of high-quality, individually branded ski resorts in the U.S. We currently operate 13 ski resorts primarily located in the Northeast and Midwest, 12 of which we own. The majority of our resorts are located within 100 miles of major metropolitan markets, including New York City, Boston, Philadelphia, Cleveland and St. Louis, enabling day and overnight drive accessibility. Our resorts are comprised of nearly 1,650 acres of skiable terrain that appeal to a wide range of ages and abilities. We offer a breadth of activities, services and amenities, including skiing, snowboarding, terrain parks, tubing, dining, lodging, equipment rentals and sales, ski and snowboard instruction and mountain biking and other summer activities. We believe that both the day and overnight drive segments of the ski industry are appealing given their stable revenue base, high margins and attractive risk-adjusted returns. We have successfully acquired and integrated ten ski resorts since our incorporation in 1997, and we expect to continue executing this strategy.

We and our subsidiaries operate in a single business segment—resort operations. The consolidated unaudited financial data presented in this Quarterly Report on Form 10-Q is comprised of the data of our 13 ski resorts. Also included in the financial information presented are ancillary services, primarily consisting of food and beverage services, equipment rental, ski instruction, hotel/lodging and retail.

Seasonality and Quarterly Results

Our resort operations are seasonal in nature. In particular, revenue and profits for our operations are substantially lower and historically result in losses from late spring to late fall, which occur during our first and second fiscal quarters. Revenue and profits generated by our summer operations are not sufficient to fully offset our off-season expenses from our operations. Therefore, the operating results for any interim period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full year.

Recent Events

Initial Public Offering

On November 20, 2014, we completed our initial public offering of our common stock, selling 10,000,000 shares of our common stock at $9.00 per share. After deducting $6.3 million of underwriting discounts and commissions and $1.4 million of offering expenses payable by us, we received net proceeds of $82.3 million.

Debt Restructure

On November 10, 2014, in connection with our initial public offering, we entered into a Restructure Agreement (the "Restructure Agreement") with certain affiliates of EPR Properties ("EPR"), our primary lender, providing for the (i) prepayment of approximately $75.8 million of formerly non-prepayable debt secured by the Crotched Mountain, Attitash, Paoli Peaks, Hidden Valley and Snow Creek resorts and (ii) retirement of one of the notes associated with the future development of Mount Snow (the "Debt Restructure"). On December 1, 2014, we entered into various agreements in order to effectuate the Debt Restructure, as more fully described in the Company's Current Report on Form 8-K filed with the SEC on December 5, 2014. Pursuant to the Debt Restructure, we paid a defeasance fee of $5 million to EPR in addition to the consideration described below.

In exchange for the prepayment right, we granted EPR a purchase option on the Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties, subject to certain conditions. If EPR exercises a purchase option, EPR will enter into an agreement with the Company for the lease of each such acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each. All previously existing option agreements between the Company and EPR were terminated.

Additionally, we agreed to extend the maturity dates on all non-prepayable notes and mortgages secured by the Mount Snow, Boston Mills, Brandywine, Jack Frost, Big Boulder and Alpine Valley properties remaining after the Debt Restructure by seven years to December 1, 2034, and to extend the lease for the Mad River property, previously terminating in 2026, until December 31, 2034.

We also granted EPR a right of first refusal to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by the Company with respect to any new or existing ski resort property for a period of seven years or until financing provided by EPR for such transactions equals or exceeds $250 million in the aggregate. Proposed financings from certain types of institutional lenders providing a loan to value ratio of less than 60% (as relates to the applicable property being financed) are excluded from the right of first refusal. We granted EPR a separate right of first refusal in the event that the Company wishes to sell, transfer, convey or otherwise dispose of any or all of the Attitash ski resort for seven years. The Attitash right excludes the financing or mortgaging of Attitash.

In connection with the Debt Restructure, we entered into a Master Credit and Security Agreement with EPR (the "Master Credit Agreement") containing additional terms and conditions governing our restructure debt with EPR, including restrictions on certain transactions and the payment of dividends and required financial covenants.

Results of Operations

The following historical unaudited consolidated statements of operations during the three months ended July 31, 2015 and 2014 have been derived from the condensed unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Comparison of Operating Results for the Three Months Ended July 31, 2015 and 2014

The following table presents our condensed unaudited consolidated statements of operations for the three months ended July 31, 2015 and 2014 (dollars in thousands):

	Three months ended July 31,			
	2015	2014	$ change	% change
Revenues				
Food and beverage	$ 1,322	$ 1,712	$ (390)	-22.8%
Hotel/lodging	1,460	1,323	137	10.4%
Retail	159	160	(1)	-0.6%
Other	2,491	2,401	90	3.7%
	5,432	5,596	(164)	-2.9%

Costs and Expenses				
Resort operating expenses				
Labor and labor related expenses	6,231	6,259	(28)	-0.4%
Retail and food and beverage cost of sales	516	634	(118)	-18.6%
Power and utilities	583	691	(108)	-15.6%
Other	2,877	2,862	15	0.5%
	10,207	10,446	(239)	-2.3%
Depreciation and amortization	2,448	2,306	142	6.2%
General and administrative expenses	936	1,086	(150)	-13.8%
Land and building rent	338	357	(19)	-5.3%
Real estate and other taxes	466	477	(11)	-2.3%
	14,395	14,672	(277)	-1.9%
Loss from Operations	(8,963)	(9,076)	113	-1.2%

Other Income (expense)				
Interest, net of interest capitalized of $91 and $129 in 2015 and 2014, respectively	(2,721)	(4,342)	1,621	37.3%
Gain on sale/leaseback	83	83	-	0.0%
Investment income	2	4	(2)	-50.0%
	(2,636)	(4,255)	1,619	-38.0%
Loss before income tax benefit	(11,599)	(13,331)	1,732	13.0%
Income tax benefit	(4,520)	(5,171)	(651)	-12.6%
Net Loss	$ (7,079)	$ (8,160)	$ 1,081	13.2%
Total Reported EBITDA	$ (6,515)	$ (6,445)	$ (70)	1.1%

Food and beverage revenue decreased $0.4 million, or 22.8%, for the first three months of fiscal 2016 compared to the same period in fiscal 2015. In March 2015, the landlord of our restaurant adjacent to Big Boulder ski area bought us out of our lease for the restaurant facilities. The buyout was permitted under terms of the lease agreement. The decrease in food and beverage revenue was a result of the restaurant not being operated in the quarter ended July 31, 2015. Over the previous three fiscal years the restaurant adjacent to Big Boulder achieved annual average revenue of $1.4 million and average EBITDA of $0.2 million. Hotel/lodging revenue increased $0.1 million, or 10.4%, for the first three months of fiscal 2016 compared to the same period of fiscal 2015 because of an increase in revenue at Mount Snow of $0.1 million as a result of an increase in business bookings and weddings.

Other income increased $0.09 million, or 3.7%, for the first three months of fiscal 2016 compared to the same period of fiscal 2015 attributable to an increase in summer revenue of $0.27 million as a result of the first summer operation of the Zip Rider completed at the Attitash resort in September 2014. This increase was offset by the loss of summer revenue of $0.18 million related to the restaurant closure discussed above.

Retail and food and beverage cost of sales decreased $0.1 million, or 18.6%, related to the restaurant closure discussed above.

Power and utilities decreased $0.1 million, or 15.6%, for the first three months of fiscal 2016 versus the same period of fiscal 2015 primarily as a result of a reduction in kilowatt hours used at our Attitash, Wildcat and Mount Snow resorts. This reduction in kilowatt hour usage is a result of the installation of energy saving snow gun technology in fiscal 2015.

General and administrative expense decreased $0.2 million, or 13.8%, for the first three months of fiscal 2016 versus the same period of fiscal 2015 primarily due to a decrease in legal fees related to litigation settled in the second quarter of fiscal 2015. The charge related to the ultimate settlement of this litigation was recognized in the consolidated financial statements for the year ended April 30, 2014.

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Non-GAAP Financial Measures

Reported EBITDA is not a measure of financial performance under U.S. generally accepted accounting principles (“GAAP”). The following table includes a reconciliation of Reported EBITDA to net income (loss) (in thousands):

	Three months ended July 31, 2015	2014
Net loss	$ (7,079)	$ (8,160)
Income tax benefit	(4,520)	(5,171)
Interest expense, net	2,721	4,342
Depreciation and amortization	2,448	2,306
Investment income	(2)	(4)
Gain on sale/leaseback	(83)	(83)
Non-routine legal and settlement of lawsuit, net	-	325
	$ (6,515)	$ (6,445)

We have chosen to specifically include Reported EBITDA (defined as net income before interest, income taxes, depreciation and amortization, gain on sale leaseback, investment income, other income or expense and other non recurring items) as a measurement of our results of operations because we consider this measurement to be a significant indication of our financial performance and available capital resources. Because of large depreciation and other charges relating to our ski resorts, it is difficult for management to fully and accurately evaluate our financial results and available capital resources using net income. Management believes that by providing investors with Reported EBITDA, investors will have a clearer understanding of our financial performance and cash flow because Reported EBITDA: (i) is widely used in the ski industry to measure a company’s operating performance without regard to items excluded from the calculation of such measure, which can vary by company primarily based upon the structure or existence of their financing; (ii) helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure; and (iii) is used by our management for various purposes, including as a measure of performance of our operating entities and as a basis for planning.

Items excluded from Reported EBITDA are significant components in understanding and assessing financial performance or liquidity. Reported EBITDA should not be considered in isolation or as alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Reported EBITDA is not a measurement determined in accordance with GAAP and is susceptible to varying calculations, Reported EBITDA as presented may not be comparable to other similarly titled measures of other companies.

Liquidity and Capital Resources

Significant Sources of Cash

Our available cash is the highest in our third and fourth quarters primarily due to the seasonality of our resort business. We had $11.0 million of cash and cash equivalents at July 31, 2015 compared to $16.8 million at April 30, 2015. We used $5.6 million of cash from operating activities during the three months ended July 31, 2015 compared to $8.9 million of cash used in the three months ended July 31, 2014. We generate the majority of our cash from operations during the ski season, which occurs in our third and fourth quarters. We currently anticipate that Reported EBITDA will continue to provide a significant source of our future operating cash flows. We expect that our liquidity needs for the near term and the next fiscal year will be met by continued use of operating cash flows (primarily those generated in our third and fourth fiscal quarters).

Long-term debt at July 31, 2015 and April 30, 2015 consisted of borrowings pursuant to the loans and other credit facilities with EPR, our primary lender. As discussed in “Recent Events”, in November 2014, we entered into a Restructure Agreement with EPR providing for the prepayment of a portion of our outstanding debt. We have presented in the table below the borrowings at July 31, 2015 and April 30, 2015 (dollars in thousands):

	(Unaudited) July 31, 2015	April 30, 2015
Attitash/Mount Snow Debt; payable in monthly interest only payments at an increasing interest rate (10.93% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	$ 51,050	$ 51,050
Credit Facility Debt; payable in monthly interest only payments at an increasing interest rate (10.13% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	37,562	37,562
Sycamore Lake (Alpine Valley) Debt; payable in monthly interest only payments at an increasing interest rate (10.40% at July 31, 2015 and April 30, 2015); remaining principal and interest due on December 1, 2034	4,550	4,550
Wildcat Mountain Debt; payable in monthly installments of $27, including interest at a rate of 4.00%, with remaining principal and interest due on December 22, 2020	3,746	3,790
Other debt	1,840	1,931
Less unamortized debt issuance costs	(799)	(811)
	97,949	98,072
Less: current maturities	545	503
	$ 97,404	$ 97,569

In connection with the Debt Restructure, the Company entered into the Master Credit Agreement with EPR (the "Master Credit Agreement") governing the restructured debt with EPR. Pursuant to the Master Credit Agreement, EPR agreed to maintain the following loans to the Company following the prepayment of certain outstanding debt with proceeds from the Company's initial public offering: (i) a term loan in the amount of approximately $51.1 million to the Company and its subsidiary Mount Snow, Ltd., (included in the table above as the "Attitash/Mount Snow Debt"); (ii) a term loan in the amount of approximately $23.3 million to the Company and its subsidiaries Brandywine Ski Resort, Inc. and Boston Mills Ski Resort, Inc. (the "Boston Mills/Brandywine Debt"); (iii) a term loan in the amount of approximately $14.3 million to the Company and its subsidiary JFBB Ski Areas, Inc. (the "JFBB Debt" and together with the Boston Mills/Brandywine Debt, included in the table above as the "Credit Facility Debt"); and (iv) a term loan in the amount of approximately $4.6 million to the Company and its subsidiary Sycamore Lake, Inc. (included in the table above as the "Sycamore Lake (Alpine Valley) Debt").

Interest will be charged at a rate of (i) 10.13% per annum as to each of the Boston Mills/Brandywine Debt and JFBB Debt; (ii) 10.40% per annum as to the Sycamore Lake (Alpine Valley) Debt; and (iii) 10.93% per annum pursuant to the Attitash/Mount Snow Debt. Each of the notes governing the restructured debt provides that interest will increase each year by the lesser of the following: (x) three times the percentage increase in the Consumer Price Index as defined in the notes ("CPI") from the CPI in effect on the applicable adjustment date over the CPI in effect on the immediately preceding adjustment date or (y) 1.5%. Past due amounts will be charged a higher interest rate and be subject to late charges.

The Master Credit Agreement further provides that in addition to interest payments, the Company must pay the following with respect to all restructured debt other than the Attitash/Mount Snow Debt: an additional annual payment equal to 10% of the gross receipts attributable to the properties serving as collateral of the restructured debt (other than Mount Snow) for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable pursuant to the notes governing the restructured debt (other than with respect to the Attitash/Mount

Snow Debt) for the immediately preceding year by (ii) 10%. The Company must pay the following with respect to the Attitash/Mount Snow Debt: an additional annual payment equal to 12% of the gross receipts generated at Mount Snow for such year in excess of an amount equal to the quotient obtained by dividing (i) the annual interest payments payable under the note governing the Attitash/Mount Snow Debt for the immediately preceding year by (ii) 12%. No additional interest payments were due for the nine months ended July 31, 2015 and the year ended April 30, 2015.

The Master Credit Agreement includes restrictions on certain transactions, including mergers, acquisitions, leases, asset sales, loans to third parties, and the incurrence of certain additional debt and liens. Financial covenants set forth in the Master Credit Agreement consist of a maximum leverage ratio (as defined in the Master Credit Agreement) of 65%, above which the Company and certain of its subsidiaries are prohibited from incurring additional indebtedness, and a consolidated fixed charge coverage ratio (as defined in the Master Credit Agreement) covenant, which (i) requires the Company to increase the balance of its debt service reserve account if the Company's consolidated fixed charge coverage ratio falls below 1.50:1.00 and (ii) prohibits the Company from paying dividends if the ratio is below 1.25:1.00. The payment of dividends is also prohibited during default situations.

The Wildcat Mountain Debt due December 22, 2020 represents amounts owed pursuant to a promissory note in the principal amount of $4.5 million made by WC Acquisition Corp. in favor of Wildcat Mountain Ski Area, Inc., Meadow Green-Wildcat Skilift Corp. and Meadow Green-Wildcat Corp. (the "Wildcat Note"). The Wildcat Note, dated November 22, 2010, was made in connection with the acquisition of Wildcat Mountain, which was effective as of October 20, 2010. The interest rate as set forth in the Wildcat Note is fixed at 4.00%.

A substantial portion of the Company's assets serve as collateral for the Company's long-term debt.

Significant Uses of Cash

Our cash uses currently include operating expenditures and capital expenditures for assets to be used in operations. We have historically invested significant cash in capital expenditures for our resort operations and expect to continue to invest in the future. Resort capital expenditures for fiscal 2015 were approximately $14.0 million. We currently anticipate we will spend approximately $5.0 million to $6.0 million on resort capital expenditures, exclusive of capital expenditures for the West Lake Project which is funded through the EB-5 program discussed below, for fiscal 2016. Except for the West Lake Project, there are no single major capital expenditure projects for fiscal 2016 anticipated at the resorts. We currently plan to use cash on hand, borrowings and/or cash flow generated from future operations to provide the cash necessary to execute our capital plans and believe that these sources of cash will be adequate to meet our needs.

In October 2014, we entered into a capital lease to finance the construction of the Zip Rider at Attitash. The lease is payable in 60 monthly installments of $37,000, commencing November 2014. The Company has a $1.00 purchase option at the end of the lease term. Messrs. Boyd, Mueller and Deutsch have personally guaranteed the lease.

In addition, in June 2015, the Company entered into capital leases to finance the installation of Low-E snow guns at Mount Snow, Attitash and Wildcat, as well as to fund the purchase of groomers for Mount Snow and Attitash. The Low-E snow guns lease is payable in 48 monthly payments of $61,770 and the groomers lease is payable in 60 monthly payments of $23,489, both commencing July 2015. The Company has a $1.00 purchase option at the end of each lease term. Messrs. Boyd, Mueller and Deutsch have personally guaranteed the leases. The Company originally funded these purchases during fiscal year 2015 with operating cash.

Although we have no significant third party commitments currently outstanding, we may incur substantial costs for our ongoing Mount Snow development, subject to obtaining required permits and approvals. We plan to finance any future development activity through operating cash reserves and bridge loans, which would be paid upon project completion mostly through the receipt of remaining committed condominium unit sales. We intend to fund our Mount Snow development by raising funds under the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services (''USCIS'') pursuant to the Immigration and Nationality Act. This program was created to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. The program allocates 10,000 immigrant visas (''EB-5 Visas'') per year to qualified individuals seeking lawful permanent resident status on the basis of their investment in a U.S. commercial enterprise. Under the regional center pilot immigration program first enacted in 1992, certain EB-5 Visas also are set aside for investors in regional centers designated by the USCIS based on proposals for promoting economic growth. Regional centers are organizations, either publicly owned by cities, states or regional development agencies or privately owned, which facilitate investment in job-creating economic development projects by pooling capital raised under the EB-5 Immigrant Investor Program. Areas within regional centers that are rural areas or areas experiencing unemployment numbers higher than the national unemployment average rates are designated as Targeted Employment Areas (‘‘TEA’’). The regional center pilot program expires in September 2015, but given that it has been regularly reauthorized since its enactment in 1992, we expect the pilot program to continue. We refer to the Immigrant Investor Program and the regional center pilot program herein as the ‘‘EB-5 program.’’

We have established two wholly-owned subsidiary limited partnerships (collectively, the ‘‘Partnership’’) of Mount Snow to operate within a TEA within the State of Vermont Regional Center. Through the Partnership, we are seeking to raise $52.0 million by offering units in the Partnership to qualified accredited EB-5 investors for a subscription price of $500,000

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per unit, which is the minimum investment that an investor in a TEA project is required to make pursuant to EB-5 program rules. The proceeds of the offering will be used to fund loans that will be advanced to newly-created wholly-owned subsidiaries of Mount Snow to finance the development of two capital projects at Mount Snow—the West Lake Project and the Carinthia Ski Lodge Project (together, the ‘‘Projects’’). The terms of these loans are expected to be 1.0% fixed for five years with up to a two year extension at 7.0% in year six and 10.0% in year seven. Upon funding of the loans, the Company will receive a development fee equal to 15.0% of the loans as well as costs incurred in developing the program. The Mount Snow EB-5 program must be approved by both the State of Vermont Regional Business Center and the USCIS. We have received approval from the State of Vermont’s Regional Business Center and expect to receive approval from the USCIS due to the operation of the Partnership in a TEA and the large number of jobs to be created in connection with the Projects.

The West Lake Project includes the construction of a new water storage reservoir for snowmaking with capacity of up to 120 million gallons, three new pump houses and the installation of snowmaking pipelines, trail upgrades and expansion, new ski lift and ancillary equipment. The Carinthia Ski Lodge Project includes the construction of Carinthia Ski Lodge, a new three-story, approximately 36,000-square foot skier service building located at the base of the Carinthia slopes. Carinthia Ski Lodge will include a restaurant, cafeteria and bars with seating for over 600 people, a retail store, convenience store and sales center for lift tickets and rentals. The anticipated overall cost of the Projects is $66.0 million, of which $52.0 million is intended to be funded with the proceeds from the EB-5 offering. We expect the remaining $14.0 million to be provided by Mount Snow with an additional investment in cash, land or value.

The Partnership intends to offer the units to investors primarily located in China, Taiwan, Vietnam and certain countries in the Middle East either directly or through relationships with agents qualified in their respective countries, in which case the Partnership typically pays a sales commission. Once an investor’s subscription and funds are accepted by the Partnership, the investor must file a petition (‘‘I-526 Petition’’) with the USCIS seeking, among other things, approval of the investment’s suitability under the EB-5 program requirements and the investor’s suitability and source of funds. All investments will be held in a non-interest bearing escrow account and will not be released until the USCIS approves the first I-526 Petition filed by an investor in the Partnership, which typically occurs between 12 and 18 months from the initial I-526 Petition filing date.

As of September 4, 2015, we have commitments for $52.0 million in Partnership investments, $50.8 million of which has been funded and is being held in escrow. The first investor’s I-526 Petition was filed in May 2014 and is pending approval by the USCIS, which we expect will occur by the end of calendar 2015 in line with the typical approval timeline. As such, we intend to release funds from escrow and commence the Projects in the second half of calendar year 2015. If the Projects commence in the second half of calendar year 2015 and plans occur as scheduled, we estimate that the Projects will be completed by the end of calendar year 2016.

The Company’s board of directors declared a cash dividend of $0.1375 payable on August 21, 2015 to shareholders of record on July 10, 2015. We intend to pay cash dividends on our common stock on a quarterly basis. However, we cannot assure you that this initial dividend rate will be sustained or that we will continue to pay dividends in the future. The declaration and payment of future dividends will be at the sole discretion of our board of directors and will depend on many factors, including our actual results of operations, financial condition, capital requirements, contractual restrictions, restrictions in our debt agreements, including the Master Credit Agreement, economic conditions and other factors that could differ materially from our current expectations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Forward-Looking Statements

Except for any historical information contained herein, the matters discussed in this Form 10-Q contain certain “forward-looking statements" within the meaning of the federal securities laws. This includes statements regarding our future financial position, economic performance, results of operations, business strategy, budgets, projected costs, plans and objectives of management for future operations, and the information referred to under “Management's Discussion and Analysis of Financial Condition and Results of Operations".

These forward-looking statements generally can be identified by the use of forward-looking terminology, such as “may," “will," “expect," “intend," “estimate," “anticipate," “believe," “continue" or similar terminology, although not all forward-looking statements contain these words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this Form 10-Q. Important factors that could cause actual results to differ materially from our expectations include, among others:

- weather, including climate change;
- seasonality;
- competition with other indoor and outdoor winter leisure activities and ski resorts;
- the leases and permits for property underlying certain of our ski resorts;
- ability to integrate new acquisitions;
- environmental laws and regulations;
- our dependence on key personnel;
- funds for capital expenditures, including funds raised under the EB-5 program;
- the effect of declining revenues on margins;
- the future development and continued success of our Mount Snow ski resort;
- our reliance on information technology;
- our current dependence on a single lender and the lender's option to purchase certain of our ski resorts;
- our dependence on a seasonal workforce; and
- the securities markets.

You should also refer to Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended April 30, 2015 for a discussion of factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Form 10-Q will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may prove to be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time-frame, or at all.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuations

On December 1, 2014, the Company completed its Debt Restructure as discussed more fully in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" providing for the prepayment of certain of its debt owed to EPR and the restructuring of all existing loan terms. Debt owed to EPR as of July 31, 2015, was $93.2 million. The interest rate on this debt is subject to fluctuation, but the interest rate can be only increased by a factor of 1.015 annually. At the factor of 1.015, the additional annual interest expense on the variable rate outstanding debt is approximately $0.15 million. If interest rates increased 1%, the additional interest cost to the Company would be approximately $0.9 million for one year. We do not perform any interest rate hedging activities related to this debt.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Quarterly Report on Form 10-Q, are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Change in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that have materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

We are not aware of any pending or threatened legal proceedings against us that could have a material adverse effect on our business, operating results or financial conditions. The ski industry is characterized by periodic litigation and as a result, we may be involved in various additional legal proceedings from time to time.

Item 1A. RISK FACTORS.

The Company has included in Part I, Item 1A of its Annual Report on Form 10-K for the year ended April 30, 2015, a description of certain risks and uncertainties that could affect the Company's business, future performance or financial condition (the "Risk Factors"). There are no material changes to the Risk Factors as disclosed in the Company's Annual Report on Form 10-K for the year ended April 30, 2015.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. MINE SAFETY DISCLOSURES.

None.

Item 5. OTHER INFORMATION.

(a) None.

(b) There have been no material changes to the procedures by which stockholders may recommend nominees to the Company's board of directors implemented in the quarter ended July 31, 2015.

Item 6. EXHIBITS.

The exhibits filed or furnished are set forth in the Exhibit Index at the end of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEAK RESORTS, INC.

	By:	/s/ TIMOTHY D. BOYD
Date: September 14, 2015		Timothy D. Boyd Chief Executive Officer, President and Chairman of the Board
	By:	/s/ STEPHEN J. MUELLER
Date: September 14, 2015		Stephen J. Mueller Chief Financial Officer, Vice President and Director

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 USC. Section 1350).